

**22<sup>nd</sup> Annual Report**  
**2013 - 2014**

*Going Beyond Tomorrow...*

**SPENTEX INDUSTRIES LIMITED**



**CLC**<sup>TM</sup>

## BOARD OF DIRECTORS

Ajay Kumar Choudhary	- Chairman
Mukund Choudhary	- Managing Director
Kapil Choudhary	- Deputy Managing Director
Amrit Agrawal	- Director Finance
Sitaram Parthasarathy	- Director Works
Deepak Diwan	- Independent Director
Prem Malik	- Independent Director
Ram Kumar Thapliyal	- Independent Director
Shyamal Ghosh	- Independent Director
Dhananjaya Prasad Singh	- Independent Director
Rajeev Kalra	- Nominee CVCI

## BANKERS / INSTITUTIONS

### Indian :

State Bank of India
ING Vysya Bank
Bank of Baroda
Indusind Bank
Canara Bank
Indian Bank
Yes bank Ltd.
ICICI Bank Ltd.
Industrial Development Bank of India
Axis Bank Ltd.
Oriental Bank of Commerce

## SR. VICE PRESIDENT CORPORATE AND LEGAL AFFAIRS & COMPANY SECRETARY

Ranjan Mangtani

## AUDITORS

J.C. Bhalla & Company

## REGISTERED & CORPORATE OFFICE

A-60, Okhla Industrial Area  
Phase-II, New Delhi-110020  
Ph.: 011-26387738, 41614999  
Fax : 011-26385181

## PLANTS

B-1, MIDC, Chincholi - Kondi  
Dist. - Solapur, Maharashtra - 413255 (India)

D-48, MIDC, Baramati, Dist. Pune  
Maharashtra - 413133 (India)

51-A, Industrial Area, Sector-III, Pithampur  
Distt. Dhar, Madhya Pradesh - 454774 (India)

31-A, MIDC Industrial Area, Butibori  
Nagpur - 441122, Maharashtra (India)

## INDEX

	Page No.
Directors' Report and Management Discussions & Analysis	1
Corporate Governance Report	6
Auditor's Report	15
Balance Sheet	21
Statement of Profit & Loss	22
Cash Flow Statement	23
Notes	24
Auditors' Report on Consolidated Financial Statements	46
Consolidated Balance Sheet	48
Consolidated Statement of Profit & Loss	49
Consolidated Cash Flow Statement	50
Consolidated Notes	51

**NOTICE**

Notice is hereby given that the **22nd Annual General Meeting** of the Members of Spentex Industries Limited will be held on **Thursday, the 11th day of September, 2014 at 10.30 A.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019** to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014, Statement of Profit & 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. Amrit Agrawal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors for a period of 3 years and fix their remuneration

**SPECIAL BUSINESS :**

4. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in supersession of the Ordinary Resolution adopted at the 15th Annual General Meeting of the Company held on 21st August, 2007 pursuant to the provisions of Section 293 (1)(d) of the Companies Act'1956/Section 180(1)(c) 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), the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money, on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from and/or to be obtained from Company's bankers in the ordinary course of business) in excess of aggregate of paid up capital and free reserves i.e. reserves not set apart for any specific purpose as the Board may, from time to time deem necessary, provided that the sum or sums so borrowed and remaining outstanding (exclusive of interest) at any time shall not exceed in the aggregate Rs. 2500 crores (Rupees Two thousand Five hundred Crore only).

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to do all such acts, deeds and things and to take all such steps as may be necessary for the purpose of giving effect to this resolution

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to Banking committee of Board of Directors of the Company."

5. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in supersession of the Ordinary Resolution adopted at the shareholders meeting held on 21st December, 2006 under postal ballot procedures with respect mortgaging/charging/leasing and/or selling of company properties on such terms and conditions pursuant to Section 293 (1)(a) of the Companies Act'1956/section 180(1)(a) of the companies act 2013 and other applicable provisions and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force if any), the consent of the company be and is hereby accorded to the board of directors to mortgage/charge (by way of first/second manner or other subservient charge) and/or selling on such terms and conditions from time to time in such form/manner as may be agreed to between the Company and the lenders and/or Debenture Trustees, all the immovable and movable properties, present and future, pertaining to any one or more of the Company's Units and any other undertaking of the Company wheresoever situated, the whole or substantially the whole of anyone or more of the said undertakings of the Company, with the right to take over the management and concern of the undertaking(s) whose properties are agreed to be mortgaged and/or charged on certain events, to or in favour of any Financial Institutions, Banks and other lending Institutions, body corporate(s), firms or Funds, Trustees for Debentures, to secure their respective Rupee and Foreign Currency Loans or any other Financial Assistance lent/granted and advances or agreed to be lent, granted and advanced to the Company or the Debentures, Bonds or any other financial instruments issued and allotted or as may be issued by the Company and subscribed to or agreed to be subscribed to by such Institution(s)/Bank(s)/Fund(s), body corporate(s), Government/ other agencies or any other persons, of such amount or amounts not exceeding to Rs. 2,000 Crores in the aggregate on account of principal, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Trustees, costs, charges and other moneys payable by the Company to the respective Financial Institutions, Banks and other lending institutions and Debenture holders and/or Trustees under the Loan/ Subscription Agreement(s) entered into/to be entered into by the Company in respect of the said term loans, debentures or other financial instrument(s) and assistance.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to do all such acts, deeds and things and to take all such steps as may be necessary for the purpose of giving effect to this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to Banking committee of Board of Directors of the Company."

6. To consider and if thought fit to pass with or without modifications the following resolution as **Special Resolution**:

**"RESOLVED THAT** in supersession of the Ordinary Resolution adopted at the shareholders meeting held on 21st December, 2006

under postal ballot procedures with respect to providing guarantee/loans and/or security on such terms pursuant to section 372A of the Companies Act 1956/ Section 186 of the Companies Act, 2013 and other applicable provisions and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force if any), the consent of the Company be and is hereby accorded in favour of Board of Directors to make loans or investments and to provide/give guarantee(s)/loan and/or security in connection to loan made by any other person/body corporate/subsidiary/step down subsidiary/group/associated company as the Board of Directors may think fit for an amount not exceeding to Rs. 1000.00 crores (Rupees one thousand crores only) notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under section 186 of the Companies Act, 2013.

**FURTHER RESOLVED THAT** the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred to Banking Committee of the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Director and/or Banking Committee of the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

**"RESOLVED THAT** subject to approval of members of the Company, other requisite approvals as may be required from time to time and as per provisions of section 196, 197, and 198 read with Schedule V and such other applicable provisions, if any, of the Companies Act, 2013, the consent of the Company be and is hereby accorded for re-appointment of Mr. Ajay Kumar Choudhary (DIN 00051629) as a Chairman of the Company for a period of another four years from the date of expiry of his tenure (w.e.f. 02-12-2013) and accordingly fix his remuneration for a period of three years from the date of expiry of approval of Central Government (w.e.f. 02-12-2013) on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration upto 15% increase per annum of his remuneration, subject to maximum limits specified under Schedule V of the Companies Act, 2013 or any other statutory modification(s) or re-enactment thereof or in accordance with the approval of Central Government."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

8. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

**"RESOLVED THAT** subject to approval of members of the Company, other requisite approvals as may be required from time to time and as per provisions of section 196, 197, and 198 read with Schedule V and such other applicable provisions, if any, of the Companies Act, 2013, the consent of the Company be and is hereby accorded for re-appointment of Mr. Kapil Choudhary (DIN 00051580) as a Dy. Managing Director of the Company for a period of another five years from the date of expiry of his tenure (w.e.f. 02-12-2013) and accordingly fix his remuneration for a period of three years from the date of expiry of approval of Central Government (w.e.f. 02-12-2013) on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration upto 15% increase per annum of his remuneration, subject to maximum limits specified under Schedule V of the Companies Act, 2013 or any other statutory modification(s) or re-enactment thereof or in accordance with the approval of Central Government."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

9. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

**"RESOLVED THAT** subject to approval of members of the Company, other requisite approvals as may be required from time to time and as per provisions of section 196, 197, and 198 read with Schedule V and such other applicable provisions, if any, of the Companies Act, 2013, the consent of the Company be and is hereby accorded for re-appointment of Mr. Sitaram Parthasarathy (DIN 00196358) as a Director Works of the Company for a period of another five years from the date of expiry of his tenure (w.e.f. 02-12-2013) and accordingly fix his remuneration for a period of three years from the date of expiry of approval of Central Government (w.e.f. 02-12-2013) on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration upto 15% increase per annum of his remuneration, subject to maximum limits specified under Schedule V of the Companies Act, 2013 or any other statutory modification(s) or re-enactment thereof or in accordance with the approval of Central Government."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

10. To consider and, if thought fit, to pass with or without modifications the following resolutions as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of sections 149, 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 of the said Act and Clause 49 of the Listing Agreement, Mr. R K Thapliyal (having DIN 00306812), a non-executive Independent Director of the Company in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 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 a term of 5 consecutive years ( i.e upto 27th Annual General Meeting).”

11. 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 149, 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 of the said Act and Clause 49 of the Listing Agreement, Mr. Prem Malik (having DIN 00023051), a non-executive Independent Director of the Company in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 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 a term of 5 consecutive years (i.e upto 27th Annual General Meeting).”

12. 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 149, 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 of the said Act and Clause 49 of the Listing Agreement, Mr. Shyamal Ghosh (having DIN 00267341), a non-executive Independent Director of the Company in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 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 a term of 5 consecutive years (i.e upto 27th Annual General Meeting).”

13. 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 149, 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 of the said Act and Clause 49 of the Listing Agreement, Mr. Dhananjaya Prasad Singh (having DIN 02578314), a non-executive Independent Director of the Company in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 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 a term of 5 consecutive years (i.e upto 27th Annual General Meeting).”

14. 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 149, 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 of the said Act and Clause 49 of the Listing Agreement, Mr. Deepak Diwan (having DIN 00764774), a non-executive Independent Director of the Company in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 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 a term of 5 consecutive years ( i.e upto 27th Annual General Meeting).”

15. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions 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 Companies (incorporation) Rules 2014 and other approvals as may be required from time to time, the draft regulations contained in the Articles of the association submitted to this meeting be and are hereby approved and adopted in substitution /alteration and to the entire exclusion, of the regulations contained in the existing Articles of Association of the company.

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things including take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board  
For **Spentex Industries Limited**

Sd/-

**Ranjan Mangtani**  
**Company Secretary**

Place: New Delhi  
Date : August 13, 2014

**NOTES:**

- A. Explanatory Statement setting out all material facts regarding Special Business contained in Item Nos. 4 to 15 as required under Section 102 (1) of the Companies Act, 2013, is annexed hereto.
- B. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- C. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- D. The Register of Members and Share Transfer Books of the Company will be closed from Monday, the 8th day of September, 2014 to Thursday the 11th day of September, 2014 (both days inclusive) for the purpose of this Annual General Meeting.
- E. All documents referred in the accompanying notice are available for inspection at the Registered Office of the Company during working days between 10.00 A.M. to 1.00 P.M. till the date of Annual General Meeting and also at the meeting.
- F. Members are requested to intimate the change, if any, in their registered address immediately.
- G. Members/Proxies should bring the attendance slips duly filled in and signed for attending the meeting.
- H. It will be appreciated that queries, if any, on accounts and operations of the Company are sent to the Registered Office of the company ten days in advance of the meeting so that the information may be made readily available.
- I. As per provisions of the Companies Act, facility of nomination is available to the members in respect of the shares held by them.
- J. For any queries on the Depository System, members may contact any depository participant or the Share Department at the Registered Office of the Company.
- K. In terms of Clause 49 of the Listing Agreement, a brief resume of directors who are proposed to be appointed/re-appointed at this meeting are provided in Corporate Governance Report, forming part of the Annual Report.
- L. Securities and Exchange Board of India (SEBI) made it mandatory for the transferees to furnish copy of PAN card to the Company/RTA for registration of shares held in Physical Form.
- M. Members are requested to send queries, if any, at E-mail ID [secretarial@clcindia.com](mailto:secretarial@clcindia.com) which is being used exclusively for the purpose of redressing the complaint(s) of the investors.

**N. VOTING THROUGH ELECTRONIC MEANS**

In accordance with provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner.

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

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "**SPENTEX INDUSTRIES LIMITED**" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
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. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant "SPENTEX INDUSTRIES LIMITED" on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (xviii) The voting period begins on **Friday, September 5, 2014 (9:00 AM)** and ends on **Saturday, September 6, 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 of Friday, August 8, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (xix) 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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) The shareholders can opt for only one mode of voting, i.e. either physically by attending AGM or e-voting. If any shareholders opt for e-voting, he/she will not be eligible to vote physically in AGM.

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****ITEM NO. 4 to 6**

The members of the Company at their meeting held on 21st December, 2006 authorized Board of Directors of the Company by way of Ordinary Resolution under Section 293 (1)(d), 293(1)(a) and by way of Special Resolution under Section 372A of the Companies Act, 1956 to borrow money, mortgage/lease and/or sell the Company properties and provide guarantee/security and/or investment in any other group/associated companies/body corporate upto limit as mentioned in the respective resolutions. The limits prescribed in the said resolutions are already approved by the members by way of postal ballot and subsequent shareholders meeting held on 21st December, 2006. Since the notification of various sections under Companies Act, 2013, the Board can exercise aforesaid powers only with the approval of members of the Company by way of Special Resolution.

The members are hereby informed that the Company has borrowed money from banks/financial institutions for the purpose of ordinary course of business. Accordingly to safe guard the interest of the lenders, the Company has pledged/mortgaged its properties against the borrowed money. The resolution passed by the members on 21st December, 2006 has since become redundant, because of Companies Act'2013 coming into operation and Company is now required to obtain fresh approval through special resolution under Section 180(1)(c) and 180(1)(a) under Companies Act, 2013. Keeping in view of company's business requirements and growth plans, Board of Directors proposed to continue the same limits approved by the members under postal ballot procedures and subsequent shareholders meeting held on 21st December, 2006.

The members are hereby further informed that the Company makes/has made investments and given Loans to the subsidiary companies and provided Guarantee/Corporate guarantee on behalf of its subsidiaries and other group/associated/body corporate (hereinafter called associated Companies) as and when required to the Banks for the financial assistance provided by them to such associated Companies. The loans and investments made and guarantees issued by a holding company to or on behalf of its wholly owned subsidiary/step subsidiary companies were earlier exempted under the provisions of previous Companies Act, 1956 and whereas, as per Companies Act, 2013 the same has not been exempted accordingly, members permission is sought to enable the Board of Directors with powers for continue to make or making further investment/loans/guarantees and providing securities whenever required upto the limit mentioned in the resolution in relation to such associated Companies.

The resolutions as at item No. 4, 5 and 6 are being proposed in view of the provisions contained in Section 180(1)(c), 180(1)(a) and 186 of Companies Act, 2013.

None of the Directors, Key Managerial Personnel of the Company, and/ or their relatives may be deemed to be concerned or interested in the proposed resolution.

Your Directors recommend the Special Resolutions set out at Item No 4 to 6 of the Notice for the approval by the shareholders.

**ITEM NO. 7 to 9**

The members of the Company at their 19th Annual General Meeting held on 30th June, 2011 approved the appointment of Mr. Ajay Kumar Choudhary, as Chairman, Mr. Kapil Choudhary, as Dy. Managing Director and Mr. Sitaram Parthasarathy, as Director Works for 3 years w.e.f. 2nd December, 2010. Thereafter, Central Government vide its letter dated 27th April, 2012 had granted its approval for the said appointments and payment of remuneration, as per details given below.

The Current term of appointment and Central Government approval with regard to remuneration of aforesaid directors has accordingly ceased in the following manner :

<b>Name of the Director</b>	<b>Appointment valid till</b>	<b>CG approval for remuneration valid till</b>	<b>Remuneration approved by CG per month (Rs.)</b>
Mr. Ajay Kumar Choudhary	01-Dec. 13	01-Dec. 13	6,50,000/-
Mr. Kapil Choudhary	01-Dec. 13	01-Dec. 13	6,50,000/-
Mr. Sitaram Parthasarathy	01-Dec. 13	01-Dec. 13	6,50,000/-



The Nomination and Remuneration Committee (formerly known as Remuneration Committee) and Board of Directors, subject to approval of members and other requisite approvals as may be required from time to time, have re-appointed them as whole time directors and designated as Chairman, Dy. Managing Director and Director Works respectively and fixed their remuneration, vide their meetings held on 13th February, 2013 and 13th November, 2013 respectively, in the following manner :

Name of Director	Proposed Reappointment		Proposed CG Approval / shareholders approval		Proposed Remuneration
	No. years	effect from	No. years	effect from	
Mr. Ajay Kumar Choudhary**	4 years	02-Dec-13	3 years	02-Dec-13	Rs. 6,50,000/-* pm
Mr. Kapil Choudhary	5 years	02-Dec-13	3 years	02-Dec-13	Rs. 6,50,000/-* pm
Mr. Sitaram Parthasarathy	5 years	02-Dec-13	3 years	02-Dec-13	Rs. 6,50,000/-* pm

\* Subject to overall increase upto 15% per annum with the approval of the Board and relevant provisions.

\*\* Mr. Ajay Kumar Choudhary will attain 70 years on 30th October, 2017. As per provisions of Companies Act, after completion of 70 years of age, his re-appointment would have to be approved by passing Special Resolution, accordingly his appointment is proposed for 4 years.

### OVERALL REMUNERATION

Subject to the provisions of Section 196, 197, 198 and 203 read with Schedule V and such other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personal) Rules, 2014, the remuneration payable to Chairman, Dy. Managing Director, and Director works, in a financial year shall not exceed 5% of the annual net profit of the Company for one such managerial person and subject to further overall limit of 10% of the annual net profit of the Company computed in accordance with applicable provisions/schedules of Companies Act, 2013 for all the working directors taken together.

Notwithstanding anything contrary herein contained, where in any financial year during the currency of tenure of the aforesaid Directors, the Company has no profits or its profits are inadequate, the Company will pay remuneration in respect of above directors, by way of salary, commission and perquisites as provided herein below as per the limits set out in Section II of the Part II of Schedule V of the Companies Act, 2013.

SI.No.	Description	Mr. Ajay Kumar Choudhary	Mr. Kapil Choudhary	Mr. Sitaram Parthasarathy
1.	Tenure of Agreement	02/12/2013 to 01/12/2017	02/12/2013 to 01/12/2018	02/12/2013 to 01/12/2018
2.	Salary	Rs. 6,50,000 per month w.e.f. 02/12/2013	Rs. 6,50,000 per month w.e.f. 02/12/2013	Rs. 6,50,000 per month w.e.f. 02/12/2013
	Salary including additional Salary, Special Allowance, Performance Salary, Performance linked incentive, Choice Pay and any other allowance as may be determined by the Board/Committee from time to time.			
3.	Perks/Perquisites	a) Company Car(s) with Chauffeur(s), b) Mobile, Data Card, Land line & Fax connection with Internet facility at residence. c) Club Fee subject to maximum of two clubs. d) Personal Accident Insurance, Mediclaim Insurance as per Company policy. e) Company's contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. f) Leave encashment/ encashment of un-availed leave in accordance with rules specified by the Company. g) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.		
4.	Other Terms	a) No sitting fees shall be paid to aforesaid directors for attending meetings of Board of Directors/Committee of the Board. b) Reimbursement of all entertainment, travelling, hotel and other expenses actually incurred by him in connection with the business of the Company. c) The above directors shall be liable to retire by rotation. d) Normal annual Increment, subject to maximum 15% per annum during the aforesaid tenure as may be granted by the Managing Director whereas in case of Chairman, the annual increment will be granted by the Board of Directors.		

# SPENTEX INDUSTRIES LIMITED

As required under Schedule V of the Companies Act, 2013, the relevant details to be sent alongwith the notice calling the General Meeting, are as under :

## I. General Information

1. Nature of Industry – Textiles Industry
2. Date or expected date of commencement of commercial production: The Company was incorporated on 25.11.1991 and had already commenced commercial production thereafter.
3. In case of new Companies, Expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
4. Financial performance based on given indicators (as per audited financial statements for the year ended 31.03.2014)

Particulars	Rs. In Crores
Sales and other Income	1142.90
EBIDTA	87.96
Net Profit/(Loss)	(11.29)

5. Export performance and net foreign exchange collaborations (as per audited financial statements for the year ended 31.03.2014)  
Earnings in foreign exchange by exports (FOB value):. Rs. 726.41 Crores
6. Foreign investments or collaborations, if any: Not applicable

## II. Information about the appointee:

Sl.No.	Description	Mr. Ajay kumar Choudhary	Mr. Kapil Choudhary	Mr. Sitaram Parsarthy
1.	Background details	Mr. Ajay Kumar Choudhary (66) is Chairman of the Company since 5th May, 2004. He is a Commerce Graduate and having about 44 years of experience in textile industry.	Mr. Kapil Choudhary (41) is a Director of the Company since 5th May, 2004. He is a Commerce Graduate and having rich experience in operations and marketing aspects. He has developed a very strong marketing network all over the world.	Mr. Sitaram Parthasarathy (53) is a Director of the Company since 12th May, 2004 and is a textile professional with more than thirty years of experience in the spinning and weaving industry. He has an impressive track record, both academically and in setting up a number of textile projects and running them successfully. He has a sound academic background and did B. Sc. Physics (Hons) from Calcutta University and B. Tech Textiles from Bangalore University and was awarded Sri Yadalam Subbiah Setty Gold Medal in recognition of the academic distinction achieved by securing first rank in B. Tech. During his tenure with some of the leading groups of the country he underwent various trainings and traveled extensively for enhancing knowledge, skills, customer management and vetting technology. His skill sets include benchmarking operational performances for optimization and meeting market and customer requirement, establishing systems for effective management through consistent and best practices.
2.	Past remuneration (Rs.)	6,50,000/- per month	6,50,000/- per month	6,50,000/- per month

Sl.No.	Description	Mr. Ajay kumar Choudhary	Mr. Kapil Choudhary	Mr. Sitaram Parsarthy
3.	Job profile and his responsibility	He provides Overall supervision to the Company and looking day to day activities of the Company	He is in charge of entire operations including marketing in India and abroad	Define and provide directions in achieving overall efficiency in all manufacturing plants in India and Abroad.
4.	Remuneration proposed (Rs.)	6,50,000/-* per Month	6,50,000/-* per month	6,50,000/-* per month
5.	Comparative profile with respect to industry, size of the Company, profile of the position and person.	Considering the size of the Company, the profile of the Chairman, Dy. Managing Director and Director Works, the responsibilities shouldered by them, indepth knowledge in operations and the industry benchmarks, the remuneration proposed are in commensurate with the remuneration paid to similar appointees in other Companies.		
6.	P e c u n i a r y relationship directly or indirectly with the C o m p a n y o r relationship with the managerial personnel, if any	Does not have any pecuniary relationship with the Company. However, he is having pecuniary relationship with the Managing Director and Dy. Managing Director of the Company.	Does not have any pecuniary relationship with the Company. However, he is having pecuniary relationship with the Chairman and Managing Director of the Company	Does not have any pecuniary relationship with the Company and its managerial personnel.

**•Subject to overall increase upto 15% per annum with the approval of the Board and relevant provisions.**

The draft of Agreement to be entered into between the Company and Mr. Ajay Kumar Choudhary, Mr. Kapil Choudhary and Mr. Sitaram Parthasarathy for appointment and remuneration is available for inspection by the members at the Registered Office of the Company during the business hours on any working day. The explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

None of the Directors of the Company except Mr. Ajay Kumar Choudhary, Mr. Kapil Choudhary and Mr. Sitaram Parthasarathy are interested in the resolution placed before the meeting directly or indirectly.

In compliance with the provisions of sections 196, 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013, the Board recommends the Special Resolution set out at Item No. 7, 8 and 9 of the accompanying Notice for the approval of the Members.

**ITEM NO. 10 to 14**

Mr. Ram Kumar Thapliyal, Mr. Prem Malik and Mr. Shyamal Ghosh, the Independent Directors are due for retiring by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. Whereas, Mr. Dhananjaya Prasad Singh and Mr. Deepak Diwan, other two Independent Directors whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. All of the aforesaid directors being eligible and offering themselves for appointment, are proposed to be appointed as Independent Directors under Section 149 and other all applicable provisions of the Companies Act, 2013 to hold office for a term of 5 consecutive years (i.e upto the conclusion of 27th Annual General Meeting). As the aforesaid directors are not disqualified from being appointed as directors in terms of Section 164 of the Act, they have given their consent to act as directors.

The Company has received notices in writing form members alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of each of Mr. Ram Kumar Thapliyal, Mr. Prem Malik, Mr. Shyamal Ghosh, Mr. Dhananjaya Prasad Singh and Mr. Deepak Diwan, for the office of Independent Directors of the Company. The Company has received the declarations from aforesaid directors that they meet with the criteria of Independent director, as prescribed both under sub section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Brief resume of Mr. Ram Kumar Thapliyal, Mr. Prem Malik, Mr. Shyamal Ghosh, Mr. Deepak Diwan and Mr. D.P. Singh, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges are provided in the Corporate governance Report forming part of the Annual Report.

Further, the copy of the draft letters for respective appointments of aforesaid directors as independent directors, setting out the terms and conditions, are available for inspection by members at the Registered Office of the Company.

None of the Directors or Key Managerial Personnel or their relatives other than the aforesaid Independent Directors and their relatives, are in any way concerned or interested in the proposed resolution.

Your Directors recommend the ordinary resolutions set out at Item No 10 to 14 of the Notice for approval by the shareholders.

**ITEM NO. 15:**

The Members of the Company at their 13th Annual General Meeting held on 31st December, 2005 approved the amendment of the Articles of Association ("AoA") of the Company as presently in force. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the now applicable, Companies Act 2013 (Act).

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections, barring those provisions, which require sanction/ confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies. With the implementation of the Act several regulations of the existing AoA of the Company require alteration or deletions, in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA, contains among others, provisions of Table 'F' of the Act which sets out the model articles of association for a company, limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- a) Existing definitions are appropriately modified to align with the provisions of the Companies Act, 2013;
- b) New provisions relating to appointment of Chief Executive Officer and Chief Finance Officer, in addition to Manager and Company Secretary, have been incorporated;
- c) Existing articles have been streamlined and aligned with the Companies Act, 2013;
- d) Provisions of existing Articles of Association which are already part of statute in the Act have not been reproduced in the new draft of AOA as they would only lead to duplication and their non-inclusion makes the new AOA crisp, concise and clear and aids ease of reading and understanding;
- e). Provisions relating to e-voting, quorum, demand for poll and increase of maximum directorships have been brought in line with Companies Act, 2013;
- f). Provisions relating to quorum for the General Meeting and servicing of notices/documents as per the provisions of Companies Act, 2013, have been included.

Certain provisions of existing Articles of Association have been simplified by providing reference to relevant sections to the Companies Act, 2013 and the rules framed thereunder, to avoid repetition in its entirety.

The proposed new draft of AOA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, or otherwise, in the Special Resolution set out at Item No. 15 of the Notice.

Your Directors recommend the ordinary resolutions set out at Item No 15 of the Notice for approval by the shareholders.

By Order of the Board  
For **Spentex Industries Limited**

**Sd/-**  
**Ranjan Mangtani**  
**Company Secretary**

Place: New Delhi  
Date : August 13, 2014

**SPENTEX INDUSTRIES LIMITED**

Regd. Office: A-60, Okhla Industrial Area, Phase II, New Delhi 110 020

**ATTENDANCE SLIP**

DP ID .....

Regd. Folio No. ....

Client ID .....

No. of Shares held .....

I certify that I am a registered Member/Proxy for the registered member of the Company. I hereby record my presence at the **22nd Annual General Meeting** of the Company on **Thursday, the 11th day of September, 2014 at 10:30 A.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019**

.....  
Name of the Member/Proxy ( in BLOCK LETTERS)

.....  
Signature of Member/Proxy

Note: Please complete this attendance slip and hand it over at the Entrance of the Meeting Hall

**SPENTEX INDUSTRIES LIMITED**

Regd. Office: A-60, Okhla Industrial Area, Phase II, New Delhi 110 020

**PROXY FORM**

I/We ..... of ..... being a member/members of the above named Company hereby appoint Mr./Mrs./Ms. .... of ..... or failing him/her ..... of ..... as my/our Proxy to attend and vote for me/us on my/our behalf at the **22nd Annual General Meeting** of the Company to be held on **Thursday, the 11th day of September, 2014 at 10.30 A.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019.**

Signed this ..... day of ..... 2014.

Signature .....

DPID & Client ID No. ....

Folio No. ....

No of Shares held .....

Affix  
Rupee One  
Revenue  
Stamp

**Note :** THIS FORM DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.



## DIRECTORS' REPORT

## Dear Members,

Your Directors are pleased to present the 22<sup>nd</sup> Annual Report together with the Audited Accounts for the year ended March 31, 2014.

## FINANCIAL RESULTS

The highlights of the financial results for the year ended 31st March, 2014 are as under: (₹ in Crores)

Particulars	2013-2014		2012-2013	
	Consolidated	Standalone	Consolidated	Standalone
Net Sales (Turnover)	1142.94	1142.90	1190.72	1129.66
Other Income	16.49	13.87	27.66	20.75
<b>EBIDTA</b>	<b>87.07</b>	<b>87.96</b>	<b>119.33</b>	<b>126.24</b>
Financial charges	92.48	81.04	88.57	76.81
Depreciation	22.31	18.21	75.43	26.20
<b>Profit/(Loss) before tax (PBT)</b>	<b>(27.72)</b>	<b>(11.29)</b>	<b>(44.67)</b>	<b>23.23</b>
Extra ordinary items (income)/ Impairment loss @ Fixed Assets	-	-	(4.02)	-
Exceptional Items	-	-	-	-
<b>Net Profit from Operations</b>	<b>(27.72)</b>	<b>(11.29)</b>	<b>(40.65)</b>	<b>23.23</b>
Prior Period Items	0.57	0.57	2.65	2.65
Tax expenses	-	-	-	-
<b>Net Profit/(Loss)</b>	<b>(28.29)</b>	<b>(11.86)</b>	<b>(43.30)</b>	<b>20.58</b>
<b>EPS</b>	<b>(3.16)</b>	<b>(1.32)</b>	<b>(4.90)</b>	<b>2.34</b>

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

The Indian Textile Industry is the one of leading Industry in the World and is one of the oldest, largest and significant industrial sectors in India. The Textile Industry is providing basic necessity and an important contributor to the GDP, employment, Industrial output and exports of India. Considering the demand in Asian Markets, the Indian textile producers are taking advantage of the current situation and have increased their exposure in these emerging markets. During the year 2013-14 the exports of textile industry has increased by 15-20% and is expected to touch around US\$ 220 billion by 2020. The export opportunities are opening up for Indian Cotton/Synthetic Yarn in overseas markets and the same is bound to increase exports volume.

During the Fiscal 2013-14 under review, the cost of production has considerably increased owing to the increase in power tariff, production loss, fortnight increase of fuel prices, procurement of raw material at higher price and due to shortage of working capital funds etc, leading to decrease in EBITA levels. While the management has increased its sales volume as compared to last year but the factors like, the inadequate working capital limits and adverse external environment has impacted the margins negatively.

Further the Government's sudden decision for removal of the exports benefits under focus market scheme (FMS) on cotton yarn, has decreased, the yarn exports by 20%, coupled with lower demand from key markets of the US & EU has adversely affected the operations of your Company and it could not achieve expected margins. However, with the gradual improvement in business dynamics viz. restoration of TUF subsidy, removal of ban on export of cotton yarn, upward revision of duty drawback rates on some of the textile products and revival of demand from the US market alongwith continued weakness of rupee against US dollar, Spentex is quite confident for improvement in its operational performance in near future.

## FINANCIAL ANALYSIS AND PERFORMANCE REVIEW

During the Fiscal 2013-14 under review, your company has suffered production losses due to increase in Production cost and inadequate margins. Frequent increases in power tariff and fuel prices, higher payment for procurement of raw material and sudden glut in the domestic & international market has lead to decrease in EBITA levels. Inadequate working capital limits and adverse external environment also impacted the margins negatively.

The financial performance of the Company has been presented in two parts, as under:

- (i) Spentex Industries Limited (Standalone) which excluded the performance of its subsidiaries and step-down subsidiaries.
- (ii) Spentex Industries Limited (Consolidated) which included the performance of its subsidiaries and step-down subsidiaries. The Consolidated Financial Statements have brought out comprehensively the performance of Spentex Group of companies and are more relevant for understanding the overall performance of Spentex Group.

## SEGMENT-WISE PERFORMANCE

## Yarn Manufacturing

During the year under review, your Company on standalone basis has manufactured 68941.08 MT of yarn as compared to 55100.47 MT of yarn produced during the previous year.

**PERFORMANCE OF SUBSIDIARIES**

The details of turnover and overall performance of material subsidiary companies is as under:

**Amit Spinning Industries Ltd., India:** During the year under review, due to financial constraints, the subsidiary could although manufacture 5123.08 MT of yarn under job work basis as compared to 4983.01 MT of yarn produced under job work basis in the previous year, yet it could not utilize its full capacity. However, during the current year its operations have improved and it would try utilizing its capacity to full extent. The Company has its manufacturing facilities at Kolhapur, Maharashtra with a capacity of 30,672 spindles.

**Spentex Tashkent Toytepa LLC, Uzbekistan (STTL) & Spentex Netherlands B.V, Netherlands (SNBV):** During the period of investment, Government of Uzbekistan (GOU) changed certain laws and policies breaching the investment agreement and rendered operation of STTL not only unviable, but also expropriated its investment. SNBV (a subsidiary company), which had made around 99% investment in the equity of STTL, has filed request for Arbitration against GOU for its Investment Dispute Claim through its lawyer before International Center for Settlement of Investment Dispute (ICSID). As per the schedule prescribed in the Procedural Order issued by ICSID, SNBV has filed the memorial on Jurisdictions and Merits on 30th June, 2014.

**Schoeller Litvinov k.s., Czech Republic:** During the year under review, the step down subsidiary could only manufacture 1525.31 MT of yarn as compared to 2530.40 MT of yarn produced during the previous year, due to adverse market conditions and financial constraints. The Company has manufacturing unit situated at Czech Republic with a capacity of 59,000 spindles.

**INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company has adequate internal control systems for business processes, with regards to efficiency of operations, financial reporting and controls, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibilities down the line for all managerial positions have also been institutionalized. All operating parameters are monitored and controlled. Regular internal audits and checks to ensure that responsibilities are being executed effectively are carried out. The Audit Committee of the Board of Directors also reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

**MANAGEMENT PERCEPTION ON OPPORTUNITIES, RISKS, CONCERN & OUTLOOK**

Rebounding of economic growth in key export destinations, the Indian Textile Industry is reasonably expected to bounce back its margins from negative to stable. Indian Yarn manufactures are further likely to be benefited in the Fiscal 2014-15 due to decreased yarn exports from China and simultaneous increase in demand for its exports in overseas market and as well Asian domestic market, which will in turn improve the fortunes of textile sector. With market oriented product mix, high value added products developed by the management of Spentex, the production-Sell of yarn is likely to go up and Company is optimistic to achieve better margins in near future.

Devaluation of Indian Rupee has continued to offer an opportunity of short term benefit to Textile Industry to optimize its day to day sales volumes and margins, by increased exports. Continued subsidy benefits under the revised TUF scheme, focus market scheme and reinstating of export incentives, are further likely to help Spentex to improve its margins.

However, any change in demand pattern from key markets of the US and EU, which are still reeling under recessionary condition could impact dip in exports, besides high import duty imposed by China against textile imports, uncertainty in fuel prices, strengthening of Indian rupee and inconsistent change in government policies etc are other factors which may impact margins in coming years.

Whereas, factors like formation of Stable Government, increase in demand of cotton yarn in domestic market and talk of economic reforms of new Government, have already improved market sentiments and the same is resulting in showing some recovery signs in the business environment prevailing since last year and further with the support of company bankers, your directors believe that sales volumes are reasonably expected to increase and consequently margins are also expected to be strengthened in due course.

**HUMAN RESOURCES/INDUSTRIAL RELATIONS**

The Company and its management value the talent, commitment and dedication of its employees and acknowledge their contribution. Consequently, the employee turnover is negligible. Everybody, in the Company is working as a team and is an integral part of the family, sharing their ideas and concerns through conclaves, Town Hall meetings and intranet network installed across the units and is instrumental in making your Company, a globally admired company. Management of your Company believes that it is an integration of human resources and business strategy that has culminated into its success. High performance orientation is the pivot of the HR philosophy of the Company and all the HR policies and strategies are centered on the same.

Industrial Relations scenario at all units continues to be healthy and enthusiastic.

**CONSOLIDATED FINANCIAL STATEMENTS IN RESPECT TO SUBSIDIARIES**

The Company, having five subsidiaries/step down subsidiaries, the Board of Directors at their meeting held on 14th February, 2014 approved to disclose the financial information of the subsidiary companies in the Annual Report as per format approved by the Board. Accordingly, the Balance Sheet and Profit & Loss Account and other documents of subsidiary companies are not being attached with the Balance Sheet of the Company. These documents will however be available for inspection at the registered office of the Company during business hours. The Consolidated Financial Statements presented by the Company includes financial results of its subsidiary companies.

**CONSOLIDATED FINANCIAL STATEMENT**

In accordance with the Accounting Standard AS-21 of Institute of Chartered Accountants of India, (ICAI) an audited Consolidated Financial Statement read with Accounting Standard AS-23 of ICAI in respect of Investments in Associates, has been provided in the Annual Report.

**INFORMATION TECHNOLOGY**

Information Technology continues to be an integral part of your company's business strategy. The Company is working on SAP platform integrating all its units located at different places/locations, its business processes, financial parameters, customer transactions and people, effectively on real time basis. Besides, it minimizes the chances of manipulation of accounts by any individual.



**DIVIDEND**

During the year under review, the Company has no distributable profits hence your Directors do not recommend payment of any dividend.

**CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS**

As stipulated under Clause 49 of the Listing Agreement entered with the Stock Exchanges, a report on Corporate Governance is attached separately as a part of the Annual Report and the Management Discussion and Analysis (MD & A) is also included in this report so that duplication and overlapping between Directors' Report and a separate MD & A is avoided and the entire information is provided in a composite and comprehensive manner.

**DIRECTORS**

Mr. Amrit Agrawal is retiring by rotation in the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment. During the year, subject to approval of shareholders in the ensuing General Meeting, the members of Remuneration Committee and Board of Directors at their respective meetings held on 13th November, 2013, have re-appointed Mr. Ajay Kumar Choudhary as Chairman for another term of 4 years w.e.f. 02-12-2013, Mr. Kapil Choudhary as Dy. Managing Director and Mr. Sitaram Parthasarthy as Director Works, both for another term of 5 years w.e.f. 02-12-2013.

Pursuant to Section 149 and 152 of Companies Act, 2013 and applicable provisions, Mr. Prem Malik, Mr. R K Thapliyal, Mr. Shyamal Ghosh, Mr. D.P. Singh, and Mr. Deepak Diwan, being the Independent Directors of the Company are proposed to be re-appointed as Independent Directors for a period of five years effecting from the ensuing Annual General Meeting.

Brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas and names of the companies in which they hold directorship and membership/chairmanships of the Board or its Committees, as stipulated under Clause 49 of the listing agreement entered by the Company with stock exchanges in India, is provided in the Report of Corporate Governance forming part of the Annual Report.

**AUDITORS**

The Auditors of the Company M/s. J C Bhalla, Chartered Accountants retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment for a period of three financial years.

**AUDITORS REPORT**

The Auditors' Report read with the Notes to Accounts is self-explanatory and do not call for any further explanation under Section 217 (3) of the Companies Act, 1956, except for the responses in respect of some observations as mentioned here in below.

**DIRECTORS' VIEW OF AUDITOR'S OBSERVATIONS**

Directors' response to the various observations of the auditors made in their report, even though explained wherever necessary through appropriate notes to accounts, is reproduced hereunder in compliance with the relevant legal requirements:

**Note No. 41 of the Financial Statement qualified by Auditors**

The company has an investment of ` 20,44,69,921/- in and has amount recoverable amounting to ` 54,82,77,206/- to Amit Spinning Industries Limited (ASIL), a subsidiary, as on March 31, 2014. The accumulated losses of ASIL, at the year end exceeded its net worth. There is also reduction in market value of the investment at the year end by ` 19,60,77,490. In the opinion of the management, diminution in this long term investment is due to adverse business conditions in the past. Management believes that diminution in the value of investment is of temporary nature and that outstanding would be realised within a reasonable period of time. Accordingly no provision considered necessary in the value of investment held and amount due from ASIL.

**Note No. 42 of the Financial Statement qualified by Auditors**

The Company has an investment of ` 56,10,11,339 and ` 93,23,779 in its subsidiary Spentex Netherlands B. V. (SNBV) and its step down subsidiary Spentex Tashkent Toytepa LLC (STTL) respectively. Further it has ` 7,00,12,404 as export receivable from STTL and advances of ` 9,50,70,902 in SNBV as on March 31, 2014. During the period of investment, Government of Uzbekistan (GOU) changed certain laws and policies by breaching the investment agreement and rendered operation of STTL unviable and insolvency proceedings have been initiated against it. Since investment agreement entered between GOU and company, Treaties entered between countries were breached, Company has initiated Arbitration proceeding against GOU for protection of investment and dues & compensation dispute Claim in International Centre for Settlement of Investment Dispute (ICSID) SNBV appointed various experts to assess losses suffered by the company. Based on the reports and claims lodged with ICSID, Board of Director's have decided not to make any provision for the aforesaid amounts.

**Note No. 43 of the Financial Statement without qualifying Auditors, have drawn attention:**

As on March 31, 2012, the accumulated losses of the Company had exceeded its net worth. Accordingly company in compliance with the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 filed a reference with Board for Industrial and Financial Restructuring (BIFR). The Company's operations were adversely affected in 2011-12 due to adverse Govt policies and high volatility of Raw Material prices. Further, considering the change in scenario, recent performance and trends of the company as well as overall industry outlook, the management believes that losses incurred in the past would reasonably be made good, in due course. The financial statements, as such have been prepared on a going concern basis on the strength of management's plan of revival including reorganization of business.

**Note No. 44 of the Financial Statement qualified by Auditors**

` 1,28,30,469 dues from Government Authorities against which company has filed an application for release with concerned authorities. The Company is making effort to recover the same and expects to reduce the outstanding dues significantly. The management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at the stage.

**Note No. 44 of the Financial Statement without qualifying by Auditors, have drawn attention:**

Trade receivables, advance balances and receivables amount aggregating to ` 63,71,477, ` 2,73,14,712, ` 1,78,69,256 respectively due from certain parties where payments are not forthcoming. Against the above, the Company has filed a suit for recovery. The Company is

making effort to recover the same and expects to reduce the outstanding dues significantly. Based on outcome of the legal suit coupled with further negotiations with these parties, the management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at the stage.

**Note No. 45 of the Financial Statement without qualifying by Auditors, have drawn attention:**

The company has applied to Securities & Exchange Board of India (SEBI) seeking exemption for maintaining at least 15% of the amount of its debenture maturing during the financial year 2013-14 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry of Corporate Affairs, which is still awaited

**Note No. 46 of the Financial Statement without qualifying by Auditors, have drawn attention:**

The outstanding balance as on 31st March, 2014 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation and consequential adjustment if any, from the respective parties. The management, however, does not expect any material variations

**COST AUDITORS**

Mr. Rajesh Goyal, a Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants has been appointed to carry out audit of the Cost Accounts maintained by the Company for the financial year ending 31st March, 2014. The Central Government has approved the appointment of Mr. Rajesh Goyal, Cost Accountant to conduct the audit of the Cost Accounts of the Company for the financial year ending 31st March, 2014 for the product "Textile". Cost Auditor would submit its report to concerned authorities in due course, in terms of applicable rules, guidelines and statutory provisions.

**FIXED DEPOSITS**

The Company has not accepted any deposit during the year and there are no outstanding and/or overdue deposits as at 31st March, 2014.

**LISTING OF SHARES**

Presently Company's shares are listed and traded at the Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange of India, Mumbai (NSE), for which annual Listing Fee has been paid by the Company, till 31st March, 2015.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby state and confirm that:

- i) in preparing the Annual Accounts for the year ended 31st March 2014 all the applicable Accounting Standards have been followed,
- ii) accounting policies were adopted and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014,
- iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Companies Act for safeguarding the assets of the Company and for preventing / detecting fraud and irregularities has been taken and
- iv) the Annual Accounts have been prepared on a "going concern" basis.

**PARTICULARS OF EMPLOYEES**

In terms of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1) (b)(iv) of the Companies Act, 1956 the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

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

Company has implemented energy conservation methods and such action has resulted into major savings in energy consumption as well as in cost control. However the information as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in the Annexure – I; the same is forming part of this Report.

**INDUSTRIAL RELATIONS**

The industrial relations during the year under review remained harmonious and cordial. Your Directors wish to place on record their appreciation for the wholehearted co-operation received from all the employees at various units/divisions of the Company.

**CONCLUSION**

Your Company enjoys the leadership position in domestic market with strong competitive advantage in the export segment. However due to losses in recent past, the Company is in consolidation mode. We will, however continue to explore the opportunities to make investments and progress to further strengthen our leadership position.

**ACKNOWLEDGEMENTS**

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Governments authorities, Regulatory authorities, Stock Exchanges, stakeholders, customers and vendors for their continued support and co-operation, and also thank them for their trust reposed in the Management. Your Directors also wish to thank all the employees of the Company for their commitment and contributions.

For and on behalf of **Board of Directors**

Place: New Delhi  
Dated: August 13, 2014

Sd/-  
**Ajay Kumar Choudhary**  
Chairman

**Annexure to the Directors' Report**

Additional 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 and forming part of the Directors' Report for the year ended March 31, 2014, is given hereunder:.

**A. CONSERVATION OF ENERGY**

During the year under review continuous efforts were being made to ensure optimum utilization of fuel and electricity and reduction of energy costs.

- a. The Company is continuously taking steps in energy conservation, by installing and developing fuel efficient equipments and accessories such as installation of electronic chokes in place of copper chokes, installation of energy efficient water pumps, humidification plant & energy efficient spindles etc, resulting in lower consumption of power. The Company has installed 90 W LED Street lights – 14 nos in place of 250 W Halogen Lamp at Baramati Plant resulting in lower consumption of power by 9454 KWh and at Butibory it replaced copper chokes of tube fitting with electronic choke, main motors of Ring frame with high efficiency motors and changed dia of 2 ring frame spindles etc among other steps, resulting in saving of approx 1822 units/day.
- b. Relevant data in respect of energy consumption is as below:

	<b>Current year 2013-14</b>	<b>Previous year 2012-13</b>
<b>A. Power and Fuel Consumption</b>		
<b>Electricity</b>		
a. Purchased		
- Total Units consumed (KWH)	15,49,88,893	16,84,08,872
Total Amount ( ` in Lacs)	95,24.02	1,02,23.43
Rate/unit ( ` )	6.14	6.07
b. Own Generation (Through Genset)		
- Units (KWH)	Nil	Nil
- Units per litre of Diesel/Furnace Oil	Nil	Nil
- Cost/Unit ( ` )	Nil	Nil
<b>B. Electricity Consumption (Units)</b>		
Per Kg. of Production of yarn	2.25	3.06

**B. TECHNOLOGY ABSORPTION**

**RESEARCH & DEVELOPMENT (R&D)**

1. Specific areas in which R&D has been carried out by the Company:  
Continuing to identify improvements to processes through properly documented systems to strengthen yarn quality, improve productivity and effective maintenance of Plant and Machinery. New development of Spun Core Yarn & Siro Yarn
2. Benefits derived as result of the above R & D  
Meeting customer requirements, reduced rejections and effective resource utilization,
3. Future plan of action:  
Identifying measures to further improve productivity and there by contribution per unit of production.
4. Expenditure on R & D.
 

a) Capital	` Nil
b) Revenue	` 3.65 Lacs
c) Total	` 3.65 Lacs
d) Total R & D Expenditure as percentage of total turnover	0.003%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- a) **Efforts:** upgrading machines with technologically advanced accessories and spares
  - Upgraded Contamination Removal Machine
  - Upgraded Leopfe Yarn Clearer.
- b) **Benefits:** Higher output and improved quality of product
- c) Technology imported during the last 5 years: None

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) **Efforts:** Significant exports to various countries round the globe on very competitive prices have brought in foreign exchange to the National Ex-chequer.
- b) **Earnings and Outgo:** Particulars with regard to foreign exchange earnings and outgo appears in Note No. 35 and 36 in Annual Accounts.

For and on behalf of **Board of Directors**

Place: New Delhi  
Dated: August 13, 2014

Sd/-  
**Ajay Kumar Choudhary**  
Chairman

**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2013-14**

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

**1. Company's Philosophy on Corporate Governance**

The Company's philosophy on Corporate Governance envisages greater accountability, transparency, responsibility, fairness and commitment to values in all spectrums of business through continual assessment of internal control mechanism vis-à-vis proactive risk management system for upholding ethos of corporate citizenship. The Company is committed to attend best-in-class higher levels disclosures to board and shareholders & society at large. The Company has a strong desire to enhance long-term shareholder value and respect minority rights in addition to complying with all complex and statutory requirements for Corporate Governance.

**2. Board of Directors**

The Company has 11 Directors, with an Executive Chairman. of the 11 Directors, 5 (i.e. 45.45%) are Executive Directors and 6 (i.e. 54.55%) are Independent Directors. The composition of the Board is not only in conformity with clause 49 of the Listing Agreement entered into with Stock Exchanges but also exceeds the percentages prescribed in the said Agreement.

During the year 4 Board Meetings were held (as stipulated by law in force) and the interval between any two meetings had been around four months only. The respective dates on which Board Meetings were held are 29th May, 2013, 8th August, 2013, 13th November, 2013, and 14th February, 2014.

The names and category of the Directors on the Board, their attendance at the Board Meetings, committees and last Annual General Meeting and number of Directorships/ Committees Chairmanships/Memberships of each Director in other companies are as follows :

Directors	No. of Board Meetings Attended	No. of Directorship(s) and Chairmanship(s)/Membership(s) of Board / Committees of other companies			Attendance at last AGM Yes/No
		Directorship*	Member**	Chairperson**	
<b>Executive Directors</b>					
Mr. Ajay Kumar Choudhary (Chairman)	4	1	-	-	No
Mr. Mukund Choudhary (Managing Director)	4	3	-	-	No
Mr. Kapil Choudhary (Deputy Managing Director)	4	2	-	-	No
Mr. Sitaram Parthasarathy (Director – Works)	4	-	-	-	No
Mr. Amrit Agrawal (Director – Finance)	4	2	-	-	Yes
<b>Non Executive/Independent Directors :</b>					
Mr. Deepak Diwan	3	-	-	-	No
Mr. Prem Malik	4	7	3	-	No
Mr. Ram Kumar Thapliyal	3	-	-	-	Yes
Mr. Shyamal Ghosh	4	2	1	1	No
Mr. D P Singh	3	1	-	1	No
Mr. Rajeev Kalra	3	-	-	-	No

\* The Directorship(s) held by Directors do not include Alternate Directorships and Directorships of Foreign Companies, Private Limited Companies and Section 25 Companies.

\*\* In accordance with Clause 49, Memberships/Chairmanships of only Audit Committees and Shareholders'/Investors' Grievance Committees of all Public Limited Companies (excluding Spentex Industries Limited) have been considered.

**Details of shares held by the Non-Executive/Independent Directors as on 31st March 2014**

Name	No. of shares held	Name	No. of shares held
Mr. Deepak Diwan	NIL	Mr. Prem Malik	15,500
Mr. Ram Kumar Thapliyal	NIL	Mr. Shyamal Ghosh	NIL
Mr. Dhananjaya Prasad Singh	NIL	Mr. Rajeev Kalra	NIL

**Board Agenda**

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the

Board to take informed decisions. Agenda papers are circulated at least seven working days prior to the Board meeting.

#### Information supplied to the Board

1. Annual operating plans of business, Capital budget and updates.
2. Quarterly results of the Company and its operating divisions/manufacturing units, subsidiary and step-down subsidiary companies and business segments.
3. Performance of manufacturing units and functioning of key executives.
4. Performance of Quality Standards and platform for decision making on quality.
5. Image and credibility of the Company in the eyes of domestic and international customers by consistent disclosure and transparency.
6. Minutes of meetings of audit committee and other committees of the board, and also resolutions passed by circulation.
7. The information on recruitment and remuneration of senior officials next to the Board of Directors, including appointment or removal of the Company Secretary.
8. Details of joint venture or collaboration agreements entered into.
9. Borrowing Term Loans and Investment of surplus funds as and when happened.
10. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
11. Notices like show cause, demand, penalty which are materially important or relating to effluents and material default in financial obligations to and by the company and also relating to non-receipt of payments for goods sold by the Company.
12. Significant development in Human Resources, Labour problems and their proposed solutions, signing of Wage Agreements etc.
13. Investments in subsidiaries, foreign exchange exposures and steps taken by the management on exchange rate movement and adverse exchange ratio etc.
14. Sale of material nature, of investment/subsidiaries/assets, which is not in normal course of business.
15. Fulfillment of various statutory compliances/listing requirements. All other matters required to be placed before the Board for its review / information / approval under the statutes, including Clause 49 of the Listing Agreement.

#### Post-meeting follow-up system

The Governance processes in the Company include an effective post-meeting follow-up, review and reporting process in respect of action taken or pendency thereof, on decisions of the Board and Committees.

#### Disclosure of Appointment/Re-appointment of Directors at the Annual General Meeting

Mr. Amrit Agrawal will retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The current term of Mr. Ajay Kumar Choudhary, Chairman, Mr. Kapil Choudhary, Deputy Managing Director and Mr. Sitaram Parthasarathy, Director-Works expired on 1st December, 2013. The Board of Directors, subject to approval of members and other requisite approvals as may be necessitated from time to time, re-appointed Mr. Ajay Kumar Choudhary as Chairman for a period of another 4 years; Mr. Kapil Choudhary as Dy. Managing Director, and Mr. Sitaram Parthasarathy as Director Works of the Company for a period of another five years from the date of expiry of their tenure (i.e. from 2nd December, 2013) and fixed their remuneration for the period of three years w.e.f. 2nd December, 2013.

As per applicable provisions of the Companies Act, 2013, Mr. Prem Malik, Mr. Ram Kumar Thapliyal, Mr. Shyamal Ghosh whose period of office is liable to retire by rotation and Mr. D.P. Singh & Mr. Deepak Diwan whose period of office is liable to determination by retirement of directors by rotation are proposed to be appointed as Independent Directors for a period five years from the conclusion this Annual General Meeting and upto conclusion of 27th Annual General Meeting. Pursuant to Clause 49 of the Listing Agreement, the brief details of the aforesaid directors are given herein below:

- a) **Mr. Amrit Agrawal (46)** is a Director of the Company since April 28, 2007. He is a Fellow Member of the Institute of Chartered Accountants of India and Fellow Member of the Institute of Company Secretaries of India. He has an outstanding academic record – rank holder in Chartered Accountants and having about 25 year experience in Finance, Corporate, Secretarial & Legal. He is a Director in Himalayan Crest Power Private Ltd, CLC Power Ltd and Jatalia Global Ventures Limited. Mr. Agrawal is Member of the Audit Committee, Fund Management Committee and Banking Committee of the Company. Mr. Agrawal holds 17,571 equity shares of the Company in his name as on 31st March, 2014.
- b) **Mr. Ajay Kumar Choudhary (66)** is Chairman of the Company since 5th May, 2004. He is a Commerce Graduate and having about 44 years of experience in textile industry. He is a director in CLC & Sons Private Limited, Shivani Farms Private Limited and CLC Enterprises Limited. Mr. Ajay Choudhary holds 80,66,052 equity shares of the Company in his name as on 31st March, 2014.
- c) **Mr. Kapil Choudhary (41)** is a Director of the Company since 5th May, 2004. He is a Commerce Graduate and having rich experience in operations and marketing aspects. He has developed a very strong marketing network all over the world. He is Managing Director of Schoeller Textile Netherlands B.V., a foreign step down subsidiary of the Company. He is also a director in CLC & Sons Private Limited, CLC Enterprises Limited, CLC Power Limited, CLC Textile Park Private Limited, Dazzle Developers Private Limited and Chhindwara Infrastructure Private Limited. Mr. Kapil Choudhary holds 84,74,869 equity shares of the Company in his name as on 31st March, 2014. Mr. Kapil Choudhary is a member of the Banking Committee, Stakeholders Relation Committee and CSR Committee of the Company.
- d) **Mr. Sitaram Parthasarathy (53)** is a Director of the Company since 12th May, 2004 and is a textile professional with more than thirty years of experience in the spinning and weaving industry. He has an impressive track record, both academically and in setting up a number of textile projects and running them successfully. He has a sound academic background and did B. Sc. Physics (Hons) from Calcutta University and B. Tech Textiles from Bangalore University and was awarded Sri

Yadalam Subbiah Setty Gold Medal in recognition of the academic distinction achieved by securing first rank in B. Tech. He is having about 33 years of operational experience both in spinning and weaving businesses with an impressive track record of successful implementation of textile projects.

Mr. Parthasarathy holds 68,150 equity shares of the Company in his name as on 31st March, 2014.

Mr. Parthasarathy is Member of the Fund Management Committee of the Company.

- e) **Mr. Prem Malik (72)** is a Director of the Company since 31st December, 2005. He is a Post Graduate and has experience of more than 46 years in Textiles & Clothing Companies and established his name in the textile industry. He is also instrumental in various tie ups and joint ventures in textiles businesses. He is Chairman of Bombay Textiles Research Association and Confederation of Indian Textile Industry, Vice-Chairman of India ITME Society and Member of Textile Committee, Ministry of Textiles. He is Chairman-cum-Managing Director of CLC Textile Park Private Limited and Chhindwara Infrastructure Private Limited. He is a Director in Alder Trading Company Private Ltd, Smilesville Care Private Ltd, M & M Mining Private Ltd, Techware Consultants Private Ltd, GTN Textiles Ltd, Indo Count Industries Ltd, Gyscoal Alloys Ltd, Four Seasons Residency Ltd, Lahoti Overseas Ltd, Patspin India Ltd, Ginni International Ltd, and Aptex Manpower Development Services Ltd.

Mr. Malik is Member of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relation Committee of GTN Textiles Limited, member of Audit Committee of Patspin India Ltd and Lahoti Overseas Ltd. He is chairman of Audit Committee and member of Shareholders'/Investors' Grievance Committee of Ginni International Ltd.

Mr. Malik is Chairman of Nomination and Remuneration Committee and Member of Audit Committee of the Company.

Mr. Malik holds 15,500 equity shares of the Company in his name as on 31st March, 2014.

- f) **Mr. Deepak Diwan (64)** is a Director of the Company since December 31, 2005. He holds degree in Commerce and Law. Mr. Diwan is a Senior Corporate Law Advisor/Advocate and provides consultation on corporate law matters to various Corporate(s). He is director in RMG Transactions Advisory Private Limited and TRC Corporate Consulting Private Limited.

Mr. Diwan is the member of Nomination and Remuneration Committee and Chairman of Stakeholders Relation Committee and CSR Committee of the Company.

Mr. Diwan does not hold any share in the Company as on 31st March, 2014.

- g) **Mr. Ram Kumar Thapliyal (70)** is a Director of the Company since 31st December, 2005. He holds Master's Degree in Economics. He joined as a Probationary Officer in State Bank of India in the year 1968 and retired as Chief General Manager with more than 38 years experience in various departments of the Bank. He is a Director of ABC Genomics (India) Private Limited.

Mr. Thapliyal is Chairman of Audit Committee and member of Nomination and Remuneration Committee of the Company.

Mr. Thapliyal does not hold any share of the Company as on 31st March, 2014.

- h) **Mr. Shyamal Ghosh (72)** is a Director of the Company since 30th June, 2006. He holds Master's Degree in Economics and is a retired IAS officer and former Secretary to Government of India. He is a Director of Span Diagnostics Ltd and Burn Standard Co Ltd.

Mr. Ghosh is Chairman of Audit Committee and member of Nomination and Remuneration Committee of Span Diagnostics Ltd. He is also member of Audit Committee of Burn Standard Co. Ltd.

Mr. Ghosh does not hold any share of the Company as on 31st March, 2014.

- i) **Mr. Dhananjaya Prasad Singh (67)** is a Director of the Company since January 31, 2009. He is a retired IAS Officer and former Secretary to Government of India. He has served in various ministries and departments of Government of India as well as on the Board of Directors of various Government Companies. He is a director in MSTC Limited. He is also Chairman of Remuneration Committee of MSTC Limited.

Mr. Singh has been appointed as Alternative Member of the Audit Committee of the Company w.e.f February 13, 2012 to meet the quorum in absence of other independent member of Audit Committee.

Mr. Singh does not hold any share in the Company as on 31st March, 2014.

### 3. Audit Committee

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations, both domestic and overseas;
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information and adequacy of disclosures;
- compliance with all relevant statutes.

The Audit Committee of the Board consists of two Non-Executive Independent Directors viz. Mr. Ram Kumar Thapliyal & Mr. Prem Malik and one Executive Director, Mr. Amrit Agrawal, respectively. These members have the requisite accounting and financial management expertise. Statutory Auditors and Internal Auditor are invitees at the meetings of Audit Committee. The Company Secretary acts as Secretary to the Audit Committee. The Board of Directors at their meeting held on 13th February, 2012 appointed Mr. Dhananjaya Prasad Singh, an Independent Director as Alternative Member of the Audit Committee of the Company. Mr. D P Singh, as such will attend the Audit Committee Meeting in absence of either Mr. R. K Thapliyal (Chairman) or Mr. Prem Malik (Member) to meet the quorum as stipulated in Clause 49 of the Listing Agreement.

The Composition of Audit Committee meets the requirements of Section 292A of the Companies Act' 1956 and Clause 49 of the Listing Agreement.

#### The terms of reference / powers of the Audit Committee include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Review and recommend the Revenue budgets and Capital budgets followed by updates from time to time.
3. Recommending to the Board, the appointment/re-appointment of the Statutory Auditors, Cost Auditor and the fixation of audit fees.
4. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
5. Reviewing the efficiency and effectiveness of internal audit function, adequacy of the internal control systems and other services rendered by the statutory auditors.
6. Reviewing the functioning and weaknesses, if any, observed by the internal auditors, management opinion on such weaknesses and solutions from time to time.
7. Reviewing, with the management, the annual financial statements i.e. directors responsibility statement under Section 217(2AA) of the Companies Act, 1956, accounting policies and practices, compliances with listing and other legal requirements, disclosure of related party transactions, implementation of the Accounting Standards as notified u/s 211(3C) of the Companies Act, 1956 and Draft Audit Report before submission to the Board for approval.
8. Reviewing, with the management, the quarterly financial results before submitting it to the Board for approval.
9. To look into the reasons for any default/delay, if any, in the payment to the Lenders/Bankers/Financial Institutions, Debenture holder, Creditors and Shareholders (in case of dividend declaration).
10. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

During the year, 4 Audit Committee Meetings were held on 29th May, 2013, 8th August, 2013, 13th November, 2013, and 14th February, 2014.

The details of attendance of each member at the Audit Committee Meetings during the year 2013-14 are as follows:

<b>Name of the Director</b>	<b>No. of Board Meetings Attended</b>
Mr. Ram Kumar Thapliyal (Chairman)	3
Mr. Prem Malik	4
Mr. Amrit Agrawal	4
Mr. Dhananjaya Prasad Singh (Alternate Member)	1

#### **4. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee (formerly known as Remuneration Committee) of the Board, inter alia, reviews/recommends to the Board the remuneration package of Executive Directors and the senior most level of management immediately below the Executive Directors based on performance and defined criteria/HR Policies. The Remuneration Committee comprises of Mr. Prem Malik, (Chairman), Mr. Ram Kumar Thapliyal and Mr. Deepak Diwan, (Members) all are Non-executive/Independent Directors. No Remuneration Committee meeting was held during the year. However the Committee has approved the remuneration of Chairman, Dy. Managing Director and Director Works, whose term was due to be ceased on 1st December, 2013, in its meeting held on 13th February, 2013 for another period of three years.

The Remuneration of Chairman, Managing Director, Deputy Managing Director, Director-Works and Director-Finance are in accordance with Schedule XIII of the Companies Act, 1956 and approved by members of the Company.

Details of remuneration paid to Directors for the financial year 2013-14 are as under:

(` in lacs)

<b>Name of Director</b>	<b>Sitting Fee for Board Meeting(s) (`)</b>	<b>Sitting Fee for Remuneration Committee Meeting(s) (`)</b>	<b>Sitting Fee for Audit Committee Meeting(s) (`)</b>	<b>Salaries and Perquisites p.a. (`)</b>	<b>Total (`)</b>
<b>Executive Directors</b>					
Mr. Ajay Kumar Choudhary	-	-	-	80.01	80.01
Mr. Mukund Choudhary	-	-	-	80.01	80.01
Mr. Kapil Choudhary	-	-	-	80.01	80.01
Mr. Sitaram Parthasarathy	-	-	-	81.10	81.10
Mr. Amrit Agrawal	-	-	-	75.41	75.41
<b>Non Executive/Independent Directors</b>					
Mr. Deepak Diwan	0.60	-	-	-	0.60
Mr. Prem Malik	0.80	-	0.60	-	1.40
Mr. Ram Kumar Thapliyal	0.60	-	0.45	-	1.05
Mr. Shyamal Ghosh	0.80	-	-	-	0.80
Mr. D P Singh	0.60	-	0.15	-	0.75
Mr. Rajeev Kalra ***	-	-	-	-	-

\*\*\* Citigroup Venture Capital International Growth Partnership Mauritius Ltd., is not clamming any sitting fee for attending any Board or Committee meetings by their nominees, accordingly the Company is not paying sitting fee to its nominee.

#### **5. Stakeholders Relationship Committee:**

The Stakeholders Relationship Committee (formerly known as Share Transfer & Shareholders/Investors Grievance Committee) comprises of three members viz. Mr. Deepak Diwan (Chairman) a Non-executive/Independent Director, Mr. Mukund Choudhary and Mr. Kapil Choudhary (Members), the Executive – Directors of the Company.

The Committee members meet from time to time, inter alia, to approve issue of duplicate share certificates and oversee and review all matters connected with the transfer of securities. The Committee also reviews the performance of the Registrar and Transfer Agents, besides supervising the mechanism of investor grievance redressal to ensure cordial company-investor relationship.

The committee also reviews all investors' complaints and their grievances. During the year the Company has received 8 complaints from the investors and has responded to their fullest satisfaction. The Company has not received any complaint from SEBI/Stock Exchanges during the year. There was no complaint outstanding as on 31st March 2014.

Mr. B V R Murthy, Sr. Manager-Secretarial is also the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with the Stock Exchanges in India.

During the year, 4 committee meeting were held on 5th April, 2013, 4th July, 2013, 4th October, 2013 and 6th January, 2014. All the members of the Committee attended the meetings.

#### **6. Investment Committee**

The Investment Committee of the Board, inter alia, recommends to the Board on various opportunities to set-up/acquire/establish textile business outside India besides its present expansion and acquisition plans in India and to execute various documents/agreements from time to time and to form subsidiary companies or other set-ups. The Committee comprises of three members viz. Mr. Mukund Choudhary, Mr. Kapil Choudhary, the Executive – Directors and Mr. Rajeev Kalra, a Nominee Director (representing CVCI) of the Company. No Investment Committee meeting was held during the year.

#### **7. Corporate Social Responsibility (CSR) Committee**

The Corporate Social Responsibility (CSR) Committee of the Board has been constituted on 28th May, 2014 as per provisions of Section 135 read with Schedule VII and applicable rules thereon of the Companies Act, 2013, inter alia, to formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company and monitor the same from time to time. The Committee comprises of three members viz. Mr. Deepak Diwan, an Independent Director and Chairman of the Committee, Mr. Mukund Choudhary, the Managing Director and Mr. Kapil Choudhary, Dy. Managing Director as members of the Committee.

#### **8. Banking Committee**

The Banking Committee of the Board, inter alia, authorizes company officials to execute/sign various documents/cheques for availing various credit facilities/term loan provided by the Banks from time to time. The Board of Directors had taken note on various credit facilities sanctioned/restructured by Banks under CDR Package.

The Committee comprises of Mr. Mukund Choudhary, Managing Director, Mr. Kapil Choudhary, Deputy Managing Director, Mr. Amrit Agrawal, Director-Finance, Executive Directors and Mr. Deepak Diwan, Non-executive/ Independent Director. During the year, 8 Committee meetings were held on 25th April, 2013, 28th June, 2013, 8th August, 2013, 13th November, 2013, 18th December, 2013, 14th February, 2014, 24th March, 2014 and 31st March, 2014. All the members of the Committee attended the meetings.

<b>Name of Director</b>	<b>No. of Meeting Attended</b>
Mr. Mukund Choudhary	8
Mr. Kapil Choudahry	8
Mr. Amrit Agrawal	8
Mr. Deepak Diwan	Nil

#### **9. Corporate Social Responsibility Committee**

The Company has, on 28th May, 2014, constituted Corporate Social Responsibility Committee comprising Mr. Mukund Choudhary, Mr. Kapil Choudhary and Mr. Deepak Diwan (Independent Director) as members of the Company.



**10. General Body Meetings****(A) Annual General Meetings:**

Details of last three Annual General Meetings (AGM) of the Company are as under

AGM	LOCATION	DATE & TIME	SPECIAL RESOLUTIONS PASSED
19th AGM	Bipin Chandra Pal Memorial Bhavan, A – 81, Chittaranjan Park, New Delhi - 110019	30th June, 2011 at 10:30 A.M	1. To approve the Re-appointment of Mr. Ajay Kumar Choudhary as Chairman, Mr. Kapil Choudhary as Deputy Managing Director, Mr. Sitaram Parthasarathy as Director – Works of the Company for a period of 3 years and revision in their monthly remuneration. 2. To approve the revision in the monthly remuneration of Mr. Mukund Choudahry and Mr. Amrit Agrawal w.e.f 1st April, 2010.
20th AGM	Bipin Chandra Pal Memorial Bhavan, A – 81, Chittaranjan Park, New Delhi - 110019	28th September, 2012 at 10:30 A.M	1. To approve the issue of equity shares not more than 65,00,000 equity shares in one or more tranches to the Promoter Group Company/ Bodies Corporate on Preferential Basis.
21st AGM	Bipin Chandra Pal Memorial Bhavan, A – 81, Chittaranjan Park, New Delhi - 110019	30th September, 2013 at 2:30 P.M	1. To approve the Re-appointment of Mr. Mukund Choudhary as Managing Director and Mr. Amrit Agrawal as Director - Finance of the Company for a period of 5 years and revision in their monthly remuneration for a period of 3 years.

**(B) Postal Ballot**

No special resolution was passed through Postal Ballot during 2013-14.

**11. Code of Conduct**

The Board of Directors has adopted the Code of Conduct and ethics for Directors, Senior Management and the designated employees who have affirmed the compliance with the Code. The Code has also been posted on the company's website [www.spentex.net](http://www.spentex.net). The declaration in compliance with Clause 49 I (D) (ii) of the Listing Agreement is given below:

To The Shareholders of Spentex Industries Limited

Dear Sirs,

**Sub : Compliance with Code of Conduct in terms of Clause 49 I (D) (ii) of the Listing Agreement**

I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the code of conduct as adopted by the Board of Directors for the year ended 31st March, 2014 in terms of Clause 49 I (D) (ii) of the Listing Agreement entered into with the Stock Exchange.

Place: New Delhi  
Date: August 13, 2014

Sd/-  
**Mukund Choudhary**  
Managing Director

**12. Compliance****a. Mandatory Requirements:**

The Company is fully compliant with the applicable mandatory requirements of the Clause 49 of the Listing Agreement.

**b. Adoption of Non-Mandatory Requirements:**

Although it is not mandatory, yet three Committees of Board, namely Nomination and Remuneration Committee, Banking Committee and Investment Committee are in place for better corporate governance. Details of all the above mentioned committees have been provided in this report.

**13. Disclosures**

- The disclosure relating to transactions of material nature with the related parties are disclosed in the financial statements.
- Company has fulfilled all Statutory Compliances and there were no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Markets, during the last three years.
- Company has issued circular in connection with Whistle Blower Policy and no employee was denied access to the Audit Committee.
- Pursuant to Clause 47(f) of the Listing Agreement, the Company has created E-mail ID secretarial@clcindia.com exclusively for the purpose of registering complaints/queries by investors. Pursuant to circular no CIR/OIAE/2/2011 dated June 3, 2011 issued by SEBI, the investors' complaints are processed in a centralized web based complaints redress system 'SCORES'
- As per Green Initiative introduced by the Ministry of Corporate Affairs vide its circular No. 18/2011 dated 29th April, 2011, members are requested to intimate e-mail address to facilitate sending Annual Reports and other reports/notices through e-mail.

**14. Means of Communication**

- The quarterly/half yearly/annual financial results and press releases on significant developments in the Company are submitted to the Stock Exchanges immediately after Board approves the same to enable stock exchanges to put the results on their websites and communicate to their members.
- The quarterly/half-yearly/annual financial results are published in Business Standard/Financial Express (English) & Business Standard/Jansatta (Hindi) language newspapers and the same are also displayed on the Company's website www.spentex.net. The Company's website also displays all official news releases.
- The Management Discussions and Analysis is included in Directors' Report.

**15. General Shareholder information**

- The 22nd Annual General Meeting will be held at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi - 110019 on 11th September, 2014 at 11.00 A.M
- Financial Calendar (Tentative) :
 

Financial reporting for the Quarter ending June 30, 2014	:	on 13th August, 2014
Financial reporting for the Quarter ending September 30, 2014	:	on or before 15th November, 2014
Financial reporting for the Quarter ending December 31, 2014	:	on or before 15th February, 2015
Annual Result for the year ended March 31, 2015	:	on or before 30th May, 2015
- Date of Book closure : Monday the 8th September, 2014 to Thursday the 11th September, 2014 (both days inclusive)
- Dividend Payment Date : Not Applicable
- Listing of Equity Shares on Stock Exchanges: The Bombay Stock Exchange Ltd., Mumbai (scrip code = 521082) and National Stock Exchange of India Ltd. Mumbai (scrip code = SPENTEX).
- ISIN No. INE376C01020
- The Annual Listing Fee has been paid to BSE & NSE and Annual Custody Fee has been paid to NSDL & CDSL for the year 2014-15.
- Market Price Data : High/Low during each month in last financial year 2013-14 at BSE & NSE:

Month	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>BSE</b>												
High	4.30	4.40	4.50	4.08	4.09	4.19	4.60	6.18	5.24	5.00	4.65	3.70
Low	3.35	3.36	3.40	3.02	3.19	3.40	3.41	4.10	4.23	3.99	3.32	3.20
<b>NSE</b>												
High	4.25	4.40	4.50	4.75	3.75	4.20	4.40	6.30	5.70	5.00	4.80	3.75
Low	3.30	3.25	3.00	3.30	3.25	3.40	3.55	4.05	4.95	3.95	3.35	3.20

- Registrars and Transfer Agents: M/s. Beetal Financial & Computer Services (P) Ltd., 99, Beetal House, Madangir, Near Dada Harsukh Dass Mandir, Behind Local Shopping Complex, New Delhi 110 062 Ph. No. 011 - 29961281 and 011 - 29961282 and Fax No. 011 - 2996 1284, E-mail beetalrta@gmail.com; beetal\_99@sify.com
- Share Transfer System: The Company's shares are compulsorily traded in dematerialised mode. Share in physical mode lodged for transfer are processed and returned to the shareholders within the stipulated time.

➤ **Distribution of shareholding as on 31st March 2014:**

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
1 to 500	34,410	90.39	31,53,966	3.51
501 to 1,000	1,742	4.58	14,65,354	1.63
1,001 to 2,000	859	2.26	13,41,273	1.49
2,001 to 3,000	339	0.89	8,67,764	0.97
3,001 to 4,000	155	0.41	5,62,630	0.63
4,001 to 5,000	140	0.37	6,65,220	0.74
5,001 to 10,000	197	0.52	14,32,016	1.60
10,001 and above	226	0.60	8,02,83,812	89.43
<b>Total</b>	<b>38,068</b>	<b>100.00</b>	<b>8,97,72,035</b>	<b>100.00</b>
<b>Physical Mode</b>			<b>11,67,692</b>	<b>1.30</b>
<b>Electronic Mode</b>			<b>8,86,04,343</b>	<b>98.70</b>

**Shareholding Pattern as on 31st March 2014:**

Sl. No.	Particulars	No. of shares	%
1	Promoter & Promoter Group	5,03,30,560	56.06
2	Bodies Corporate	48,97,994	5.46
3	Mutual Funds	20,811	0.03
4	Banks/Financial Institutions/UTI	3,70,478	0.41
5	Foreign Institutional Investors	1,92,55,367	21.45
6	Foreign Banks	1,505	0.00
7	Directors Other Than Promoters	1,01,221	0.11
8	NRIs	3,72,462	0.41
9	Trust	27,895	0.03
10	Indian Public & Others	1,43,93,742	16.04
	<b>Total</b>	<b>8,97,72,035</b>	<b>100.00</b>

The equity shares of the Company are traded on The Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange of India Ltd., Mumbai (NSE)

- The members of the Company vide their meeting held on 28th September, 2012 had approved the issuance of 65,00,000 equity shares of Rs. 10/- each on preferential basis. Out of 65,00,000 equity shares of Rs. 10/- each, the Company had issued 51,00,000 equity shares on 8th October, 2012 in first trench to M/s CLC Technologies Private Limited, a promoter group company. The remaining 14,00,000 equity shares have further been issued on 12th April, 2013 in second/final trench accordingly the Company's paid up capital has been increased from Rs. 88,37.20,350 to Rs. 89,77,20,350.

➤ **Plant Location(s):**

- In India
1. D-48, MIDC, Baramati, District. Pune, Maharashtra 413 133
  2. B-1, MIDC, Chincholi – Kondi, Distt. Solapur, Maharashtra 413 255
  3. 31-A, MIDC Industrial Area, Butibori, Nagpur, Maharashtra 441 122
  4. 51-A, Industrial Area, Sector III, Pithampur, Madhya Pradesh 454 774

➤ **Address for Correspondence :**

1. Registered Office Address : A-60, Okhla Industrial Area, Phase II, New Delhi 110 020  
Ph. 011 - 2638 7738, 4161 4999, Fax: 011 – 2638 5181.  
Email: [secretarial@clcindia.com](mailto:secretarial@clcindia.com)
2. Registrars & Transfer Agents : M/s. Beetal Financial & Computer Services (P) Ltd  
99, Beetal House, Madangir, Near Dada Harsukh Dass Mandir,  
Behind Local Shopping Complex, New Delhi 110 062  
Ph. No. 011 - 29961281 and 011-29961282 and Fax No. 011- 2996 1284.  
E-mail : [beetalrta@gmail.com](mailto:beetalrta@gmail.com); [beetal\\_99@sify.com](mailto:beetal_99@sify.com)
3. Compliance Officer : Mr. B V R Murthy, Sr. Manager Secretarial  
Ph. 011 - 26387738, 46598900, Fax: 011 – 26385181  
Email: [murthy@clcindia.com](mailto:murthy@clcindia.com); [secretarial@clcindia.com](mailto:secretarial@clcindia.com)

**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

To,  
The Board of Directors  
Spentex Industries Limited

**Sub: CEO/CFO Certificate**

We, Mukund Choudhary, Managing Director and Amrit Agrawal, Director-Finance, to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2014 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs, and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditor and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee;
- (i) significant changes in internal controls over financial reporting, during the year.
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
  - (iii) instances of significant fraud of which we have become aware, if any, and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place: New Delhi  
Date: May 28, 2014

Sd/-  
**Mukund Choudhary**  
Managing Director

Sd/-  
**Amrit Agrawal**  
Director – Finance

**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
**The Members of Spentex Industries Limited**

We have examined the compliance of conditions of Corporate Governance by **SPENTEX INDUSTRIES LIMITED**, having its Registered Office at A-60, Okhla Industrial Area, Phase-II, New Delhi-110 020 for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement executed by the said Company with the concerned Stock Exchanges 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 Clause 49 of the Listing Agreement in all material respects.

We state that in respect of the investor grievances received for the year ended 31st March, 2014, no such investor grievances remained unattended/pending as at 31st March, 2014 as per the records maintained by the Share Transfer & Shareholders'/ Investors' Grievance Committee.

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

For **Loveneet Handa & Associates**  
Company Secretaries  
Sd/-  
**(Loveneet Handa)**  
ACS-25973  
CP-10753

Place: New Delhi  
Date: August 13, 2014

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Spentex Industries Limited

#### Report on the Financial Statements

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

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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

We draw attention to:

- a. i. **Note No. 41 of the financial statements, wherein, we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to ` 20,44,69,921 in Amit Spinning Industries Limited, subsidiary of the company. Uncertainties exist in relation to the recoverability of loans amounting to ` 32,01,28,019, interest accrued thereon ` 9,59,50,582 and advances amounting to ` 13,21,98,605 due from above subsidiary. Further, we are unable to determine the amount of liability that may arise on account of corporate guarantee mentioned in Note No. 30 of the financial statements on behalf of above subsidiary.**
- ii. **Note No. 42 of the financial statements, wherein, we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to ` 56,10,11,339 and ` 93,23,779 in Spentex Netherland B.V. and Spentex Tashkent Toytepa LLC respectively, subsidiary/step down subsidiary of the company. Uncertainties exist in relation to the recoverability of ` 9,50,70,902 and ` 7,00,12,404 due from above subsidiary/step down subsidiary respectively. Further, we are unable to determine the amount of liability that may arise on account of corporate guarantee mentioned in Note No. 30 of the financial statements on behalf of above subsidiary/step down subsidiary.**

The aggregate amount of investments and other recoverables referred to in para (i) and (ii) as above amounts to ` 77,48,05,039 (Previous Year ` 77,48,05,039) and ` 71,33,60,512 (Previous year ` 63,61,30,566) respectively.

- b. **Note No. 44 of the financial statements, wherein, the Company has not charged to statement of profit and loss ` 1,01,35,376 and ` 26,95,093 shown as claim receivable and export incentive respectively.**

We further report that, without considering the impact of paragraph (a) above the effect of which could not be determined, had the observations made by us in paragraph (b) above been considered, the loss before tax for the year would have been ` 13,14,67,277 (as against the reported figure of ` 11,86,36,808), Reserves and Surplus would have been negative ` 1,55,14,85,221 (as against the negative reported figure of ` 1,53,86,54,752), Export Incentive included under the head "Other Non Current Assets" would have been ` 1,78,69,256 (as against the reported figure of ` 2,05,64,349) and claim receivable included under the head "Other Non Current assets" would have been ` 1,83,29,992 (as against the reported figure of ` 2,84,65,368).

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph**, 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, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to:

- (a) Note No. 43 of the financial statements regarding preparation of these accounts on a going concern basis due to reasons indicated therein.
- (b) Note No. 44 of the financial statements regarding amounts recoverable relating to certain trade receivable, advance balances and export incentive recoverable ` 63,71,477, ` 2,73,14,712 and ` 1,78,69,256 respectively which has been considered good by the management in view of the reasons stated therein. We have relied upon the assertion given by the management as to the recoverability of the said amounts.
- (c) Note No. 45 of the financial statements requiring deposit/invest a sum of atleast 15% of the amount of its debentures maturing during the financial year 2013-14 in one or more of the prescribed methods vide circular no. 04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs. However the company has not complied with the requirement of the said circular.
- (d) Note No. 46 of the financial statements regarding balances of parties under the head trade receivables, trade payables and loans & advances which are subject to confirmation, reconciliation and consequential adjustments, if any.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
  - i. 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 except for the matter described in the Basis for Qualified Opinion paragraph;
  - ii. 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;
  - iii. 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;
  - iv. **except for the possible effects of the matters 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 subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and;**
  - v. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi. 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 J.C. Bhalla & Company**  
**Chartered Accountants**  
**Firm Regn. No. 001111-N**

Sd/-  
**(Akhil Bhalla)**  
**Partner**  
**Membership No.505002**

Place : New Delhi  
Dated : May 28, 2014

## Annexure to Independent Auditor's Report of Spentex Industries Limited

### Referred to in Paragraph 1 under the heading of “report on other legal and regulatory requirements” of our report of even date

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and material discrepancies between the book records and physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory other than inventory lying with third party has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraphs 4(iii)(b), 4(iii)(c), 4(iii)(d) of the order are not applicable.
- (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraph 4(iii) (f) and 4(iii) (g) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, there were no transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rupees Five Lakhs or more in respect of any party during the year other than those reported in para 18 below pursuant to paragraph 4 (xviii) of the Companies (Auditor's Report) Order, 2003.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and Section 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account, maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues and is generally regular in depositing undisputed statutory dues in respect of income tax and service tax applicable to it. According to the information and explanation given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable except for State Entry Tax of ` 26,22,198/-.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, entry tax, service tax and excise duty at March 31, 2014, which have not been deposited

# SPENTEX INDUSTRIES LIMITED

on account of dispute, are as follows

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates (A.Y.)	Forum where the dispute is pending
<b>Sales Tax</b>				
The M.P. Commercial Tax Act, 1994	Penalty - Purchase tax demand	1,64,195 (including amount paid ` 1,28,195)	1996-97	First Appellate Authority
The M.P. Commercial Tax Act, 1994	Sales Tax Demand	8,15,157 (including amount paid ` 8,15,157)	2009-10	First Appellate Authority
The M.P. Commercial Tax Act, 1994	Sales tax demand on sale of DEPB licenses	19,70,233	2001-03 2009-10	Assessing Authority Indore
The M.P. Commercial Tax Act, 1994	Sales Tax Demand	3,75,803 (including amount paid ` 37,600)	2010-11	First Appellate Authority
Entry Tax Act, 1976	Entry tax demand	15,38,453 (including amount paid ` 4,14,844)	1992-1997	Assessing Authority, Indore
Maharashtra Value Added Tax Act, 2002	Sales Tax Demand	12,18,223	2009-10	Joint Commissioner of Sales Tax, Kolhapur
Maharashtra Value Added Tax Act, 2002	Sales Tax Demand	5,32,870 (including amount paid ` 2,00,000)	2004-05	Deputy Commissioner, Nagpur
Central Sales Tax, 1956	Sales Tax Demand	29,99,290 (including amount paid ` 10,00,000)	2004-05	Deputy Commissioner, Nagpur
<b>Income tax</b>				
Income Tax Act, 1961	Disallowance of goodwill amortisation & other expenses	1,08,75,657 (including amount paid ` 39,81,354)	A.Y. 2001-02 A.Y. 2003-04	Income Tax Tribunal Delhi Bench - ` 39,81,354
				High Court - ` 68,94,303
The Income Tax Act, 1961	Disallowances of various expenses viz. sales tax subsidy, etc.	2,70,95,747 (including amount paid ` 20,00,000)	A.Y. 2003-04 A.Y. 2005-06 A.Y. 2006-07	Commissioner of Income Tax (Appeal), New Delhi
<b>Central Excise and Service Tax Act</b>				
Central Excise Act, 1944	Excise duty demands (Baramati unit)	1,08,06,176	June 1999 to Dec 2001	Customs, Excise & Service Tax Appellate Tribunal, Mumbai
Central Excise Act, 1944	Excise duty demands (Ahmedabad unit)	2,78,61,240	Apr-00 to Sept-01 and Feb-01 to Dec-01	Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad
Central Excise Act, 1944	Excise duty demands (Ahmedabad unit)	15,65,015 (including amount paid ` 15,65,015)	Feb-04	Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad
The Central Excise Act, 1944	Excise duty-demand of duty on clearance of goods under notification 30/2004 without payment of duty (Butibori unit)	7,51,85,214 (including amount paid ` 23,14,143)	Aug, 2004 to Apr, 2007	Deputy Commissioner of Central Excise, Nagpur - ` 77,371
				Commissioner, Central Excise Nagpur - ` 7,26,93,700



				Customs, Excise & Service Tax Appellate Tribunal, New Delhi – ` 24,14,143
The Central Excise Act, 1944	Cenvat demand for packing material including penalty (Pithampur unit)	1,68,812	April, 2000 – March, 2004	Commissioner (Appeals), Central Excise, Indore
The Central Excise Act, 1944	Cenvat demand on packing material / scrap (Butibori unit)	7,94,266	April, 2003 – December, 2012	Customs, Excise & Service Tax Appellate Tribunal New Delhi – ` 81,195 Deputy Commissioner, Central Excise, Nagpur – ` 7,13,071
The Central Excise Act, 1944	Cenvat on samples used in quality control (Butibori unit)	3,09,475 (including amount paid – ` 67,597)	Apr, 2003 to October 2013	Customs, Excise & Service Tax Appellate Tribunal, Nagpur – ` 1,17,762 Deputy Commissioner, Central Excise, Nagpur – ` 1,91,713
The Central Excise Act, 1944	Demand for Cenvat reversal of furnace oil used in generation of electricity on job-work (Butibori unit)	1,10,32,499	Apr, 2003 to Aug, 2006	Deputy Commissioner of Central Excise, Nagpur – ` 6,94,852 Customs, Excise & Service Tax Appellate Tribunal – ` 1,03,37,647
The Central Excise Act, 1944	Refund of cenvat on inputs under Rule 18 (Pithampur unit)	6,02,16,366	Oct, 2004 to Jan, 2006	Commissioner (Appeals), Central Excise, Indore
The Central Excise Act, 1944	Rejection export claims	24,50,214	June, 2006 to June, 2012	Assistant Commissioner of Central Excise, Nagpur
The Central Excise Act, 1944	Excise duty–demand of duty on clearance of goods under notification 30/2004 without payment of duty (Pithampur unit)	5,32,91,002 (including amount paid – ` 1,33,22,751)	March, 2004 to Feb, 2007	High Court, Indore
The Central Excise Act, 1944	Demand under section Rule 6(3)(i)	16,77,47,574	April-12, March, 13	Commissioner, Central Excise, Indore
The Central Excise Act, 1944	Rebate claim deducted	7,18,287 (including amount paid – ` 7,18,287)	2010-11	Commissioner (Appeals), Central Excise, Indore
The Central Excise Act, 1944	Cenvat on Capital Goods	52,69,616 (including amount paid – ` 6,73,329)	2002-2003 to 2010-11	Additional Commissioner of Central Excise, Nagpur – ` 51,17,418 Deputy Commissioner of Central Excise – ` 1,52,198
Finance Act, 1994	Refund against export services	22,59,287	2006-12	Assistant Commissioner of Central Excise, Nagpur
Finance Act, 1994	Service Tax on GTA paid including penalty	13,30,248 (including amount paid – ` 10,49,966)	April 2005 to Sept 2006	Customs, Excise & Service Tax Appellate Tribunal – ` 2,80,282 Commissioner (Appeals), Central Excise, Indore – ` 10,49,966
Finance Act, 1994	Service Tax on Garden labour	5,44,852	2004-05 to 2008-09	Customs, Excise & Service Tax Appellate Tribunal – ` 5,44,852

- 10 **The Company has accumulated loss as at March 31, 2014 which is more than fifty percent of its net worth.** The company has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- 11 According to the records of the Company examined by us and the information and explanation given to us, based on our audit procedures, we are of the opinion that the company has defaulted in repayment of dues to financial institutions, banks or debenture holders during the year as follows:

S. NO.	Particulars	Amount of Default	Period of Default (In days)
1	Non Convertible Debenture	8,62,14,712	28 – 90
2	Term Loan	83,12,78,837	1 – 90
3	Funded Interest Term Loan	8,04,48,319	1 – 90
4	Working Capital Term Loan I	6,47,86,062	1 – 90
5	Working Capital Term Loan II	10,97,81,542	1 – 90
6	Working Capital Term Loan III	8,92,872	1 – 42
7	Working Capital Term Loan IV	14,97,51,149	1 – 90
8	Corporate Loan	21,21,076	1 - 58
	<b>Total</b>	<b>1,32,52,74,569</b>	

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ Nidhi/ mutual benefit fund/ Societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, term loan has been applied for the purpose it was obtained.
17. According to the information and explanations given to us and on the overall examination of the balance sheet of the company as at March 31, 2014, we report that **short term fund of ₹ 15,48,51,363 (without considering the impact of other recoverables as mentioned in para a under the head “Basis for qualified opinion” of the independent auditor’s report) have been used for long term investments primarily in repayment of long term borrowing and funding its losses.**
18. According to the information and explanations given to us, the company has made preferential allotment of shares to a company covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
19. The Company has created security or charge in respect of debentures issued and outstanding at the year end.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For J.C. Bhalla & Company**  
**Chartered Accountants**  
**Firm Regn. No. 001111-N**

Sd/-  
**(Akhil Bhalla)**  
**Partner**  
**Membership No.505002**

Place : New Delhi  
Dated : May 28, 2014

## BALANCE SHEET AS AT 31ST MARCH, 2014

(Figure in `)

	Note No.	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
a) Share capital	2	89,77,20,350	88,37,20,350
b) Reserves & surplus	3	(1,53,86,54,752)	(1,42,00,17,944)
c) Money received against share warrant	4	-	1,40,00,000
		<b>(64,09,34,402)</b>	<b>(52,22,97,594)</b>
<b>(2) Non-current liabilities</b>			
a) Long-term borrowings	5	2,41,45,29,252	2,91,87,30,525
b) Other long term liabilities	6	16,71,327	17,24,047
c) Long-term provisions	7	6,82,62,674	7,03,46,959
		<b>2,48,44,63,253</b>	<b>2,99,08,01,531</b>
<b>(3) Current liabilities</b>			
a) Short-term borrowings	8	1,44,79,27,011	99,96,98,080
b) Trade payables	9	1,16,33,01,883	1,23,00,70,260
c) Other current liabilities	10	1,59,86,40,609	1,57,87,16,960
d) Short-term provisions	11	40,56,482	25,09,614
		<b>4,21,39,25,985</b>	<b>3,81,09,94,914</b>
<b>Total</b>		<b>6,05,74,54,836</b>	<b>6,27,94,98,851</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
a) Fixed assets	12		
(i) Tangible assets		2,05,28,31,767	2,19,51,33,280
(ii) Intangible assets		-	8,91,038
(iii) Capital work in progress		6,45,482	31,47,485
b) Non-current investment	13	77,48,93,379	77,48,93,379
c) Long-term loans and advances	14	81,79,05,730	96,10,16,525
d) Other non-current assets	15	23,89,05,352	25,41,44,963
		<b>3,88,51,81,710</b>	<b>4,18,92,26,670</b>
<b>(2) Current Assets</b>			
a) Inventories	16	1,04,31,64,651	85,94,06,784
b) Trade receivables	17	33,64,03,327	39,79,32,462
c) Cash and bank balances	18	4,29,27,992	6,06,86,938
d) Short-term loans and advances	19	52,79,77,732	56,07,60,750
e) Other current assets	20	22,17,99,424	21,14,85,246
		<b>2,17,22,73,126</b>	<b>2,09,02,72,181</b>
<b>Total</b>		<b>6,05,74,54,836</b>	<b>6,27,94,98,851</b>

Significant accounting policies and notes (1 to 49) form an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For **J.C. Bhalla & Company**  
Firm Reg. No. 001111N  
Chartered Accountants

**Akhil Bhalla**  
Partner  
Membership No: 505002

Place : New Delhi  
Date : May 28, 2014

On behalf of the Board  
Mukund Choudhary      Managing Director  
Kapil Choudhary      Deputy Managing Director  
Sitaram Parthasarathy      Director - Works  
Amrit Agrawal      Director - Finance  
Ranjan Mangtani      Sr. Vice President Corporate and Legal  
   Affairs & Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014** (Figure in `)

	Note No.	Year Ended 31st March, 2014	Year Ended 31st March, 2013
<b>INCOME</b>			
I. Revenue from operations (Gross)	21	11,46,22,80,973	11,33,30,11,287
Less: Excise duty		3,33,07,476	3,63,81,905
<b>Revenue from operations (Net)</b>		<b>11,42,89,73,497</b>	<b>11,29,66,29,382</b>
II. Other income	22	13,86,88,582	20,74,49,162
III. <b>Total revenue (I+ II)</b>		<b>11,56,76,62,079</b>	<b>11,50,40,78,544</b>
<b>IV. EXPENSES</b>			
Cost of materials consumed	23	7,91,12,56,663	7,38,54,81,377
Purchases of stock-in-trade	24	14,94,41,614	27,23,96,463
Changes in inventories of finished goods, Stock-in-trade and work-in-progress	25	(26,11,07,807)	(35,06,41,012)
Employee benefit expenses	26	77,59,24,999	70,13,02,129
Finance costs	27	81,04,40,449	76,80,51,079
Depreciation and amortization expense	12	18,20,50,353	26,19,50,399
Other expenses	28	2,11,25,89,531	2,23,32,00,592
<b>Total expenses</b>		<b>11,68,05,95,803</b>	<b>11,27,17,41,027</b>
V. <b>Profit/(Loss) before exceptional items, prior period items and tax (III-IV)</b>		<b>(11,29,33,724)</b>	<b>23,23,37,517</b>
<b>VI. Exceptional &amp; prior period items</b>			
Prior period items	29	57,03,084	2,65,13,526
VII. <b>Profit/(loss) before tax (V-VI)</b>		<b>(11,86,36,808)</b>	<b>20,58,23,991</b>
VIII <b>Tax expenses:</b>		-	-
IX <b>Profit/(loss) for the year (VII- VIII)</b>		<b>(11,86,36,808)</b>	<b>20,58,23,991</b>
<b>X Earnings per equity share of Rs. 10/- each:</b>			
(1) Basic	34	(1.32)	2.34
(2) Diluted	34	(1.32)	2.34

Significant accounting policies and notes (1 to 49) form an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date

On behalf of the Board

For **J.C. Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

Sd/-

**Akhil Bhalla**

Partner

Membership No : 505002

Mukund Choudhary

Kapil Choudhary

Sitaram Parthasarathy

AmritAgrawal

Ranjan Mangtani

Managing Director

Deputy Managing Director

Director - Works

Director - Finance

Sr. Vice President Corporate and Legal  
Affairs & Company Secretary

Place : New Delhi

Date : May 28, 2014

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Figure in `)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Profit/(loss) Before Tax	(11,86,36,808)	20,58,23,991
Add:		
Depreciation / Amortisation	18,20,50,353	26,19,50,399
Loss/(Profit) on Sale of Fixed Asset (net)	(17,43,311)	6,07,298
Provision for Wealth Tax	46,239	32,544
Unrealised Exchange Fluctuation (net)	(4,76,256)	(32,98,131)
Investment written off	15,000	33,400
Liabilities no longer required written back	(3,12,23,253)	(3,28,17,840)
Loss/(Profit) on sale of assets held for sale.	71,80,636	1,44,224
Dividend Income	(3,120)	(3,120)
Interest Income	(90,91,922)	(1,07,12,733)
Interest Expense	81,04,40,449	81,20,13,761
<b>Operating Profit Before Working Capital Changes</b>	<b>83,85,58,007</b>	<b>1,23,37,73,793</b>
Adjustments for changes in working capital :		
- (Increase)/Decrease in Trade Receivable	7,09,44,622	5,75,75,418
- (Increase)/Decrease in Other Bank Balance, Short Term Loans and Advances and other current assets	96,52,680	(29,03,65,377)
- (Increase)/Decrease in Long Term Loans and Advances	14,31,10,795	(77,32,399)
- (Increase)/Decrease in Other Non Current Assets	62,81,215	2,43,51,682
- (Increase)/Decrease in Inventories	(18,37,57,867)	(38,59,60,161)
- Increase/(Decrease) in Trade Payable	(6,67,68,376)	(7,75,81,286)
- Increase/(Decrease) in Other Non Current Liabilities	(52,720)	4,61,493
- Increase/(Decrease) in Other Current Liabilities	8,77,97,809	5,24,17,872
- Increase/(Decrease) in Long Term Provisions	(20,84,285)	1,49,12,764
- Increase/(Decrease) in Short Term Provisions	15,33,173	(89,32,582)
Wealth Tax Paid	(32,544)	(32,684)
<b>A. Cash Flow From Operating Activities</b>	<b>90,51,82,509</b>	<b>61,28,88,533</b>
Purchase of Fixed Assets	(3,89,83,760)	(4,96,94,840)
Sale proceeds of Fixed Assets	57,36,563	1,05,69,563
Dividend Received	3,120	3,120
Interest Received	86,59,611	1,11,39,919
<b>B. Cash Flow From Investing Activities</b>	<b>(2,45,84,466)</b>	<b>(2,79,82,238)</b>
Proceeds from Share Capital	-	5,10,00,000
Proceeds from Share Warrant	-	1,40,00,000
Repayment of Non-convertible Debenture	(4,57,50,151)	(2,49,54,626)
Proceeds from Long Term Borrowings	24,23,00,000	45,10,00,000
Repayment of Long Term Borrowings	(76,57,09,471)	(43,80,85,344)
(Repayment)/proceed of short term Borrowings (net)	44,82,28,932	14,15,93,556
Vehicle Loans	(2,92,073)	(16,27,673)
Interest Paid	(78,18,40,933)	(75,54,15,277)
<b>C. Cash Flow From Financing Activities</b>	<b>(90,30,63,697)</b>	<b>(56,24,89,366)</b>
<b>Increase/(Decrease) in Cash Equivalents {A+B+C}</b>	<b>(2,24,65,656)</b>	<b>2,24,16,927</b>
Cash and Cash Equivalents at the Beginning of the Year	4,61,99,079	2,37,82,152
Cash and Cash Equivalents at the End of the Year	2,37,33,423	4,61,99,079
<b>Increase / (Decrease) in Cash/Cash Equivalents</b>	<b>(2,24,65,656)</b>	<b>2,24,16,927</b>
<b>Notes :-</b>		
<b>Cash and cash equivalents comprise</b>		
Cash in hand	31,58,140	26,88,148
In Current Accounts	2,05,75,284	4,33,90,431
Cheque in hand	-	1,20,500
	<b>2,37,33,423</b>	<b>4,61,99,079</b>

- The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard- 3 notified under section 211(3C) of the Companies Act, 1956.
- Figures in brackets indicate cash outgo.

This is the Cash Flow Statement referred to in our Report of even date

For **J.C. Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

Sd/-

**Akhil Bhalla**

Partner

Membership No : 505002

On behalf of the Board

Mukund Choudhary

Kapil Choudhary

Sitaram Parthasarathy

Amrit Agrawal

Ranjan Mangtani

Managing Director

Deputy Managing Director

Director - Works

Director - Finance

Sr. Vice President Corporate and Legal Affairs & Company Secretary

Place : New Delhi

Date : May 28, 2014

**NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation of Financial Statement**

These financial statements are prepared on accrual basis under the historical cost convention to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

**(b) Use of Estimates**

The preparation of the financial statements in conformity with Indian generally accepted accounting principles requires the 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 receivables, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

**(c) Fixed Assets**

Fixed assets are stated at their original cost less accumulated depreciation including freight, duties (net of CENVAT), taxes and other incidental expenses relating to acquisition and installation.

**(d) Depreciation / Amortization**

Depreciation on all fixed assets situated at manufacturing locations is provided on the straight line method on a pro-rata basis at the rates determined on the basis of useful lives of the respective assets. Management estimates the useful lives for the various fixed assets situated at manufacturing locations as follows:

Description – Manufacturing locations	Useful lives (in years)
Factory building	17-29
Building (Other than factory building)	58
Plant and machinery	2-18
Office equipments	10-20
Computers	1-6
Furniture and fixtures	2-15
Vehicles	10-12

The rates derived from the above useful lives are higher than the minimum rates specified in Schedule XIV to the Companies Act, 1956 ('Act').

Depreciation for all fixed assets at locations other than at manufacturing locations is provided on the written down value method at the rates specified in Schedule XIV to the Act.

Leasehold land is amortized over the lease period on a straight line basis.

Capitalised enterprise resource planning software (SAP) is amortised over a period of five years on straight line basis.

Acquired goodwill is amortized using the straight-line method over a period of 10 years.

**(e) Inventories**

Inventories have been valued at lower of cost and net realizable value.

The cost in respect of raw materials is determined under the specific identification of cost method.

Cost includes customs duty, wherever paid, and are net of credit under CENVAT scheme, wherever applicable.

The cost in respect of work-in-progress, finished goods and stores and spares is determined using the weighted average cost method and includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, where applicable.

Waste is valued at estimated net realizable value.

**(f) Revenue Recognition**

**Sale of goods:** Revenue on sale of goods is recognized on transfer of significant risk and rewards of ownership to the buyer and on reasonable certainty of the ultimate collection. Sales are inclusive of excise duty and net off sales tax, trade discounts and sales returns.

**Interest:** Income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rates.

**Commission and insurance claim:** Income is recognized when no significant uncertainty as to measurability or recoverability exists.

**(g) Investments**

Investments that are readily realisable 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 (non-current investment). 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 recognise a decline other than temporary in the value of the investments.

**(h) Foreign Currency Transactions**

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transaction. All monetary items denominated in foreign currency are translated at year end rates. Exchange differences arising on such transactions and also exchange differences arising on the settlement of such transactions are adjusted in the statement of profit and loss.

In case of forward contracts, the premium or discount on all such contracts arising at the inception of each contract is recognized / amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of such contracts is recognized as income or expense for the period.

In respect of foreign branch, all revenues, expenses, monetary assets/liabilities and fixed assets are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are restated at the year end rates and resultant gains or losses are recognized in the statement of profit and loss.

**(i) Employee Benefits**

The Company's contributions to recognized provident funds are charged to revenue on an accrual basis.

The Company has defined benefit plans namely leave encashment and gratuity for all employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Gratuity Fund (for other than Synthetic division) is administered through Life Insurance Corporation of India. Short term compensated absences are recognized at the undiscounted amount of benefit for services rendered during the year.

Termination benefits are recognized as an expense immediately. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the statement of profit and loss as income or expense.

**(j) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset. Other borrowing costs are recognised as an expenses in the period in which they are incurred.

**(k) Taxation**

Tax expenses for the year, comprising current tax and deferred tax is included in determining the net profit/(loss) for the year.

A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. Deferred tax assets are recognised for all deductible timing differences and carried forward to the extent it is reasonably / virtually certain that future taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

**(l) Leases**

Assets acquired under long term finance lease are capitalised and depreciated in accordance with company's policy for assets situated at manufacturing and other locations. The associated obligations are included in other loans under "Long Term Borrowings".

The company has taken premises on lease. Lease rental in respect of operating lease arrangement are charged to statement of profit and loss.

**(m) Impairment of Assets**

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If such indication exists, the company estimates the recoverable amount and where carrying amount of the asset exceeds such recoverable amount, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds recoverable amount. Where there is any indication that an impairment loss recognized for an asset in prior accounting

periods may no longer exist or may have decreased, the company books a reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

**(n) Government Grants**
**Recognition**

Government grants are recognized where:

- i) There is reasonable assurance of complying with the conditions attached to the grant.
- ii) Such grant / benefit has been earned and it is reasonably certain that the ultimate collection will be made.

**Presentation in Financial Statement:**

- i) Government grants relating to specific fixed assets are adjusted with the value of the fixed assets.
- ii) Government grants in the nature of promoters' contribution, i.e. which have reference to the total investment in an undertaking or by way of contribution towards total capital outlay, are credited to capital reserve.
- iii) Government grants related to revenue items are either adjusted with the related expenditure / revenue or shown under "Other Income", in case direct linkage with cost / income is not determinable.

**(o) Provisions and contingencies**

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

		(Amount in `)	
		<u>As at March 31, 2014</u>	<u>As at March 31, 2013</u>
<b>NOTE 2 : SHARE CAPITAL</b>			
<b>Authorised</b>			
11,40,00,000	Equity shares of ` 10/- each (Previous Year 11,40,00,000 Equity shares)	1,14,00,00,000	1,14,00,00,000
70,00,000	Redeemable preference shares of ` 10/- each (Previous Year 70,00,000 Redeemable preference shares)	7,00,00,000	7,00,00,000
		<u><b>1,21,00,00,000</b></u>	<u><b>1,21,00,00,000</b></u>
<b>Issued, Subscribed and Paid up</b>			
8,97,72,035	Equity Shares of ` 10/- each, fully paid up (Previous Year 88,372,035 )	89,77,20,350	88,37,20,350
		<u><b>89,77,20,350</b></u>	<u><b>88,37,20,350</b></u>

**SUB NOTE:- 2 (a)** The company has only one class of equity share having a par value of ` 10/- per share. Each Shareholder is eligible for one vote per share. The dividend proposed, if any by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

**SUB NOTE:- 2 (b)** Reconciliation of number of shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount ( ` )	No. of Shares	Amount ( ` )
Equity shares outstanding at the beginning of the year	8,83,72,035	88,37,20,350	8,32,72,035	83,27,20,350
Add: Equity shares issued during the year	14,00,000	1,40,00,000	51,00,000	5,10,00,000
Less: Equity shares bought back during the year	-	-	-	-
Equity shares outstanding at the end of the year	8,97,72,035	89,77,20,350	8,83,72,035	88,37,20,350



**SUB NOTE:- 2 (c) : List of shareholders holding more than 5% of the aggregate share in the company**

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Citigroup Venture Capital International Growth Partnership Mauritius Ltd	1,92,52,650	21.45	1,92,52,650	21.79
CLC Technologies Private Limited	1,83,00,000	20.38	1,69,00,000	19.12
Mukund Choudhary	85,35,946	9.51	85,35,946	9.66
Kapil Choudhary	84,74,869	9.44	84,74,869	9.59
Ajay Kumar Choudhary	80,66,052	8.99	80,66,052	9.13

**NOTE 3: RESERVES AND SURPLUS**

(Amount in `)

	As at March 31, 2014	As at March 31, 2013
<b>Capital Reserve :</b>		
Capital reserve	13,82,31,706	13,82,31,706
Share forfeiture reserve	71,79,250	71,79,250
Profit on restructure	23,58,587	23,58,587
	<b>14,77,69,543</b>	<b>14,77,69,543</b>
<b>Securities Premium Account</b>		
Opening balance	1,02,82,73,822	1,02,82,73,822
Add: On conversion of share warrants	-	-
	<b>1,02,82,73,822</b>	<b>1,02,82,73,822</b>
<b>Debenture Redemption Reserve</b>		
Opening balance	17,03,60,578	17,03,60,578
Add: transfer from statement of profit & loss	-	-
	<b>17,03,60,578</b>	<b>17,03,60,578</b>
<b>Surplus in the statement of profit and loss</b>		
Opening balance	(2,76,64,21,887)	(2,97,22,45,878)
Profit /(Loss) for the year	(11,86,36,808)	20,58,23,991
Closing balance	<b>(2,88,50,58,695)</b>	<b>(2,76,64,21,887)</b>
	<b>(1,53,86,54,752)</b>	<b>(1,42,00,17,944)</b>

**NOTE 4: MONEY RECEIVED AGAINST SHARE WARRANT**

Money received against share warrant	-	1,40,00,000
	-	<b>1,40,00,000</b>

During the year, out of money received against share warrants, the company has allotted 14,00,000 (previous year 51,00,000) equity shares pursuant to options exercised by the share warrants holder CLC Technologies Private Limited to convert 14,00,000 (previous year 51,00,000) share warrants in equal number of fully paid up equity shares at the agreed price of ` 10/- per equity share (previous year ` 10/- pre equity share)

**NOTE 5: LONG-TERM BORROWINGS**

<b>Secured</b>		
<b>a) Debentures</b>	26,20,23,589	30,77,73,740
Redeemable Non-Convertible Debentures		
<b>b) Term Loans</b>		
i) Term Loans		
- From Banks	3,08,72,82,858	3,61,06,92,329
ii) Vehicle Loans from Banks	50,42,054	53,34,128
	<b>3,35,43,48,501</b>	<b>3,92,38,00,197</b>
Less-Amount disclosed under the head "other current liabilities" (Note-10)	93,98,19,250	1,00,50,69,672
	<b>2,41,45,29,251</b>	<b>2,91,87,30,525</b>

**Nature of security**
**Debentures**
**Non convertible debentures**

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Mukund Choudhary and Mr. Kapil Choudhary. These Debentures are further secured by second pari-passu charge on entire current assets of the Company. These debentures are also secured by pledge of 24,575,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

**Repayment terms, amount and period of default**

Amounting to `262,023,589 (previous year ` 307,773,740) repayable in 24 quarterly installments commencing from June, 2012. An amount of ` 124,77,314/- (previous year ` 83,18,209) was due for payment as on 31.03.2014 is yet to be paid. For repayment schedule refer table below.

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**a. Term loans from bank**

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets of the Company. These loan are also secured by pledge of 24,575,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi. 20,647,140 shares of promoters have also been pledged on exclusive basis for an amount of ` 318,715,563 /-, Further secured by third charge on all the movable and immovable assets of the Company and personal guarantee of Mr. Ajay Choudhary, Sh Mukund Choudhary and Mr. Kapil Choudhary.

Amounting to ` 1,014,206,877 (previous year ` 1,179,943,869) repayable in 24 quarterly installments commencing from June, 2012. An amount of ` 47,582,957/- (previous year ` 31,715,467) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ` 319,106,856 (previous year ` 387,021,984) repayable in 20 quarterly installments commencing from June, 2012. An amount of ` 16,137,400/- (previous year ` 15,179,071) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ` 41,515,976 (previous year ` 88,287,415) repayable in 12 quarterly installments commencing from June, 2012. An amount of ` 12,150,000/- (previous year ` 93,50,000) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 3 below.

Amounting to ` 43,245,984 (previous year ` 188,870,984) repayable in 8 quarterly installments commencing from June, 2012. An amount of ` 4,36,87,500/- (previous year ` 14,562,500) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 4 below.

Amounting to ` 318,715,563 (previous year ` 374,364,313) repayable in 23 quarterly installments commencing from June, 2012. An amount of ` 15,176,932/- (previous year ` 10,117,954) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 1 below.

**Term Loan Repayment schedule Table No. 1**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**Term Loan Repayment schedule Table No. 2**

	FY 13	FY 14	FY 15	FY 16	FY 17
Principal (%)	14	16	20	20	30
ROI (%)	10	12	13	14	14

**Term Loan Repayment schedule Table No. 3**

	FY 13	FY 14	FY 15
Principal (%)	32.40	42	25.6
ROI (%)	12	13	15

**Term Loan Repayment schedule Table No. 4**

	FY 13	FY 14
Principal (%)	25	75
ROI (%)	13	14.5

**b. Funded Interest Term Loan**

Secured by first pari-passu charge on all the fixed assets of the Company, both present and future. The loan is further secured by second pari-passu charge on entire on current assets of the Company and additionally secured by personal guarantee of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary. The loan is also secured by pledge 24,575,918 shares of the Company on pari-passu basis. Loan amounting to ₹ 14,09,88,471/- is further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to ₹ 15,378,904 (previous year ₹ 15,378,904) repayable in 2018. There is no default in repayment of loan existing as on 31.03.2014.

Amounting to ₹ 139,301,510 (previous year ₹ 191,265,905) repayable in 16 quarterly installments commencing from June, 2012. An amount of ₹ 1,40,07,707/- (previous year ₹ 1,07,08,823) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no.1 below.

Amounting to ₹ 16,86,961 (previous year ₹ 8,500,000) repayable in 8 quarterly installments commencing from June, 2012. An amount of ₹ 16,86,961/- (previous year ₹ 17,00,000) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹ Nil (previous year ₹ 1,281,479) repayable in 4 quarterly installments commencing from June, 2012. An amount of ₹ Nil (previous year ₹ 12,81,479) was due for payment on 31.03.2014 is yet to be paid.

**Funded Interest Term Loan Repayment schedule  
Table No. 1**

	FY 13	FY 14	FY 15	FY 16
Principal (%)	15	25	25	35
ROI (%)	10	10	10	10

**c. Working Capital Term Loan**

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets of the Company. These loans are also secured by pledge of 24,575,918 shares of the Company and further secured by collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

**Funded Interest Term Loan Repayment schedule  
Table No. 2**

	FY 13	FY 14
Principal (%)	40	60
ROI (%)	10	10

Amounting to ₹ 200,820,366 (previous year ₹ 235,781,250) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 9,562,800/- (previous year ₹ 6,375,250) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ₹ 358,814,588 (previous year ₹ 422,043,582) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 17,244,608/- (previous year ₹ 11,493,072) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹ Nil (previous year ₹ 57,158,108) repayable in 2 half yearly installments during September 2012 & March 2013. An amount of ₹ Nil (previous year ₹ 57,158,108) was due for payment on 31.03.2014 is yet to be paid. The rate of interest is 10% per annum.

Amounting to ₹ 392,189,271 (previous year ₹ 460,794,535) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 18,711,750/- (previous year ₹ 12,471,250) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 3 below.

**Repayment schedule Table No. 1**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**Repayment schedule Table No. 2**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	10	11	11	11	12

**Repayment schedule Table No. 3**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	20	20	20
ROI (%)	14.5	18	18	18	18	18.25

**d. Corporate Loan**

Secured by first pari-passu charge on the entire current assets of the Company including receivables. Additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by collateral security on entire fixed assets of the Company, also secured by pledge of 18,075,918 shares of the Company and collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to ` 242,300,000 (previous year ` Nil) repayable in 18 quarterly installments commencing from June, 2014. For repayment schedule refer table below.

**Repayment schedule Table No. 1**

	FY 15	FY 16	FY 17	FY 18	FY 19
Principal (%)	22.22	22.22	22.22	22.22	11.12
ROI (%)	13.5	13.5	13.5	13.5	13.5

**d. Vehicle Loans**

Secured by hypothecation of motor cars.

Interest rate on vehicle loans between 8.96 % to 11.50 %. There is no default in repayment of installment existing as on 31.03.2014. For repayment schedule refer table below

**Repayment schedule Table**

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (in `)	27,30,211	27,69,203	18,74,682	2,65,990	1,32,179

(Amount in `)

**As at  
March 31, 2014**

**As at  
March 31, 2013**

**NOTE 6 : OTHER LONG TERM LIABILITIES**

Security Deposit	16,71,327	17,24,047
	<u>16,71,327</u>	<u>17,24,047</u>

**NOTE 7 : LONG-TERM PROVISION**
**Provision for Employee Benefits:**

Gratuity	4,79,88,874	5,24,69,686
Leave encashment	2,02,73,800	1,78,77,273
	<u>6,82,62,674</u>	<u>7,03,46,959</u>

**NOTE 8 : SHORT - TERM BORROWINGS**
**Loan Repayable on Demand:**
**a) Secured**

Working Capital Loans From Banks*	1,44,79,27,011	99,95,24,362
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**b) Unsecured**

Loan From others *	-	1,73,718
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	<u>1,44,79,27,011</u>	<u>99,96,98,080</u>
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**Nature of Security**

Working Capital Loans from Banks are secured by first pari-passu charge on entire current assets, long term loan and advances and other non current assets of the Company. These loans are further secured by second pari-passu charge on entire fixed assets, both present and future and personal guarantee of the promoters. These loans, are also secured by pledge of promoters' shares (24,575,918 nos.) on pari-passu basis.

**NOTE 9 : TRADE PAYABLES**

Trade payable	1,16,33,01,883	1,23,00,70,260
	<u>1,16,33,01,883</u>	<u>1,23,00,70,260</u>

**Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006**

Based on intimation received by the Company from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 the relevant information is provided below:-

**1. Amount due to Micro and Small Enterprises:**

a. Principal amount remaining unpaid	46,20,721	20,01,649
b. Interest due on above	-	-

2. a. Principal amount paid after due date or appointed day during the year	-	-
b. Interest paid during the year on above	-	-
3. Interest due & Payable (but not paid) on principal amounts paid during the year after the due date or appointed day.	-	-
4. Total interest accrued and remaining unpaid	-	-
5. Further interest in respect of defaults of earlier year due and payable in current year upto the date when actually paid	-	-
		(Amount in `)

**As at March 31, 2014**

**As at March 31, 2013**

**NOTE 10 : OTHER CURRENT LIABILITIES**

**Secured**

**Current Maturities of Long-Term Debts\* :**

- Debentures	6,23,86,570		5,82,27,464	
- Term loan from banks	87,46,63,477		94,41,11,997	
- Vehicle loans	27,69,203	93,98,19,250	27,30,211	1,00,50,69,672

**Unsecured**

Interest accrued and due on borrowings **	8,30,58,604			5,44,59,088
Unpaid dividend***	-			5,91,535
Advance from customers	10,00,95,106			3,87,11,133
Security deposits	63,610			40,000
Book Overdraft	15,37,89,850			7,35,73,730
Employee Benefits Payables	5,55,49,972			5,35,73,475
Statutory dues payable	2,17,70,635			2,77,40,966
Other payables	24,44,93,582			32,49,57,361
	<b>1,59,86,40,609</b>			<b>1,57,87,16,960</b>

\* For security details and other terms and conditions, refer note no. 5 of financial statement.

\*\* There is a default of ` 8,30,58,604/- (previous year ` 5,44,59,088 ) existing as on 31.03.2014 which ranges from 1 to 90 days .

\*\*\* There is no amount due and outstanding as on balance sheet date to be credited to Investor Education and Protection Fund.

**NOTE 11 : SHORT -TERM PROVISION**

**Provision for Employee Benefits:**

- Gratuity	14,42,986	7,21,855
- Leave encashment	25,67,257	17,55,215
Provision for wealth tax	46,239	32,544
	<b>40,56,482</b>	<b>25,09,614</b>

**NOTE - 12 FIXED ASSETS**

(Amount in `)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	Cost as at 01.04.2013	Additions for the year	Deletions/ Adjustments	Cost as at 31.03.2014	Up to 01.04.2013	For The Year	Deletions/ Adjustments	Up to 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>INTANGIBLE ASSETS</b>										
Goodwill	10,89,10,417	-	-	10,89,10,417	10,80,19,379	8,91,038	-	10,89,10,417	-	8,91,038
Software	3,40,83,867	-	-	3,40,83,867	3,40,83,867	-	-	3,40,83,867	-	-
<b>Total</b>	<b>14,29,94,284</b>	<b>-</b>	<b>-</b>	<b>14,29,94,284</b>	<b>14,21,03,246</b>	<b>8,91,038</b>	<b>-</b>	<b>14,29,94,284</b>	<b>-</b>	<b>8,91,038</b>
Previous Year	14,29,94,284	-	-	14,29,94,284	12,67,21,321	77,07,819	-	13,44,29,140	85,65,144	1,62,72,963
<b>TANGIBLE ASSETS</b>										
Land										
- Freehold Land	38,90,357	-	-	38,90,357	-	-	-	-	38,90,357	38,90,357
- Leasehold Land	5,42,99,243	-	-	5,42,99,243	2,01,24,072	25,99,404	-	2,27,23,476	3,15,75,767	3,41,75,171
Building	1,18,30,17,459	93,37,647	-	1,19,23,55,106	40,98,47,868	4,16,85,408	-	45,15,33,276	74,08,21,830	77,31,69,591
Plant & Machinery*	4,94,54,99,498	2,60,71,838	61,35,213	4,96,54,36,123	3,60,97,82,520	12,53,81,272	27,56,976	3,73,24,06,816	1,23,30,29,307	1,33,57,16,978
Furniture & Fixtures	3,95,86,642	-	6,46,120	3,89,40,522	3,13,44,342	14,75,515	2,18,394	3,26,01,463	63,39,059	82,42,300
Office Equipments**	9,12,63,446	25,77,094	14,81,131	9,23,59,408	6,25,80,691	62,34,074	13,06,071	6,75,08,693	2,48,50,715	2,86,82,755
Vehicle	3,26,50,213	48,64,599	2,44,574	3,72,70,238	2,13,94,084	37,83,768	2,32,345	2,49,45,506	1,23,24,732	1,12,56,129
<b>Total</b>	<b>6,35,02,06,858</b>	<b>4,28,51,178</b>	<b>85,07,038</b>	<b>6,38,45,50,997</b>	<b>4,15,50,73,578</b>	<b>18,11,59,440</b>	<b>45,13,787</b>	<b>4,33,17,19,231</b>	<b>2,05,28,31,767</b>	<b>2,19,51,33,280</b>
Previous Year	6,32,00,73,494	5,48,72,306	2,47,38,941	6,35,02,06,858	3,91,03,72,908	25,42,76,292	95,75,622	4,15,50,73,578	2,19,51,33,281	2,40,97,00,586

Capital Work -in-Progress

Plant & Machinery	6,45,482	31,47,485
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\* Addition includes ` 12,37,955/- (Previous Year ` 3,954,055/-) transfer from Fixed Assets held for sale to Plant & Machinery

\*\* Addition includes ` 1,27,460/- (Previous Year ` Nil /-) transfer from Fixed Assets held for sale to Office Equipment.

	(Amount in `)			
	Nos.	As at March 31, 2014	Nos.	As at March 31, 2013
<b>NOTE 13 : NON CURRENT INVESTMENTS (AT COST)</b>				
<b>(Long Term Investments)</b>				
<b>1. Investment in Equity Instruments</b>				
<b>(a) In subsidiaries (Trade &amp; Quoted )</b>				
Amit Spinning Industries Limited (Equity Shares of ` 5/- each, fully paid up)	2,09,81,077	20,44,69,921	2,09,81,077	20,44,69,921
<b>(b) In subsidiaries (Trade &amp; Unquoted)</b>				
Spentex Netherlands B .V. (Face value Euro 1/- each, fully paid)	18,200	56,10,11,339	18,200	56,10,11,339
Spentex Mauritius P Ltd (Face value US Dollar 1/- each, fully paid)	2	90	2	90
Less: Provision for Long term investment Spentex Tashkent Toytepa LLC#		(90)		(90)
		93,23,779		93,23,779
<b>(c) In others (Trade &amp; Quoted )</b>				
In Fully Paid equity Shares of ` 10/- each :				
Sentinel Tea and Exports Limited	100	4,777	100	4,777
Summit Securities Limited	10	-	10	-
<b>(d) In others (Non Trade &amp; Unquoted )</b>				
Equity Shares of ` 20/- each fully paid up of The Baramati Co-operative Bank Limited	1,300	26,000	1,300	26,000
Equity Shares of ` 50/- each fully paid up of The Sadguru Jangli Maharaj Co-operative Bank Ltd.	1,000	50,000	1,000	50,000
Equity Shares of ` 10/-each fully paid up of Spencer & Co. Limited	200	7,563	200	7,563
		<u>77,48,93,379</u>		<u>77,48,93,379</u>
Aggregate book value of :				
Quoted investments		20,44,74,698		20,44,74,698
Unquoted investments		57,04,18,771		57,04,18,771
Aggregate market value of quoted investment		83,95,583		2,26,61,187
Aggregate provision on Non Current Investment		90		90

# The Company has participating interest of 0.82% in Charter Capital of Spentex Tashkent Toytepa, LLC

**NOTE 14 : LONG -TERM LOANS AND ADVANCES**
**Unsecured, Considered Good Unless Otherwise Stated**

Security deposit		9,69,98,367		8,94,20,700
Loans and advances to subsidiaries				
Amit Spinning Industries Limited	32,01,28,019		32,01,28,019	
Spentex (Netherlands) B.V.	9,50,70,902	41,51,98,921	9,50,70,902	41,51,98,921
Prepaid expenses		-		1,68,825
Balance with Customs , Excise, Govt Authorities, etc.		13,49,43,570		30,27,70,054
Advance to employees of the company		8,26,600		14,99,553
Advance against expenses		10,82,36,552		8,11,73,137
{Includes advance to subsidiary ` 4,23,31,357/- (Previous Year ` 3,59,86,063/-)}				
Advance to trade payable				
- Considered good	4,01,26,895		4,85,05,475	
- Considered doubtful	16,73,95,417		16,73,95,417	
	<u>20,75,22,312</u>		<u>21,59,00,892</u>	
Less: Provision for doubtful advance	16,73,95,417	4,01,26,895	16,73,95,417	4,85,05,475
Advance tax/ tax deducted at source		2,15,74,825		2,22,79,860
		<u>81,79,05,730</u>		<u>96,10,16,525</u>

(Amount in `)

	As at March 31, 2014	As at March 31, 2013
<b>NOTE 15 : OTHER NON- CURRENT ASSETS</b>		
<b>Unsecured, Considered Good Unless Otherwise Stated</b>		
Trade receivables		
- Considered good	8,56,46,300	9,45,85,532
- Considered doubtful	11,27,245	11,27,245
	<u>8,67,73,545</u>	<u>9,57,12,777</u>
Less:- Provision for doubtful trade receivables	11,27,245	11,27,246
Export incentives	2,05,64,349	1,79,47,232
Claims receivables	2,84,65,368	2,06,54,921
Interest accrued on fixed deposits	35,640	54,805
Interest accrued on loan to others	9,59,50,582	9,59,50,582
Unamortised upfront fees	76,43,113	2,18,95,533
Fixed deposit with more 12 month maturity from the balance sheet date	6,00,000	30,56,358
	<u><b>23,89,05,352</b></u>	<u><b>25,41,44,963</b></u>
<b>NOTE 16 : INVENTORIES*</b>		
Raw materials	10,90,33,567	19,02,91,809
{Includes Goods in Transit ` 13,034,081 /- (Previous Year ` nil)}		
Work-in-process	13,19,31,977	14,21,25,390
Finished goods		
- Manufactured	74,11,13,508	43,84,36,655
- Stock in Trade	<u>1,10,70,994</u>	<u>3,33,04,254</u>
Stores, spares & packing materials	3,50,00,326	3,44,25,958
Cotton Waste	1,50,14,279	2,08,22,718
	<u><b>1,04,31,64,651</b></u>	<u><b>85,94,06,784</b></u>
*Refer accounting policy for mode of valuation.		
<b>NOTE 17 : TRADE RECEIVABLE</b>		
<b>Unsecured, Considered Good Unless Otherwise Stated</b>		
Outstanding for a period exceeding six months from the date they are due for payments	44,04,429	95,48,901
Others	33,19,98,898	38,83,83,561
	<u><b>33,64,03,327</b></u>	<u><b>39,79,32,462</b></u>
<b>NOTE 18 : CASH AND BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalent</b>		
Cash in hand	31,58,139	26,88,148
Cheque in hand	-	1,20,500
Balance with banks	2,05,75,284	4,33,90,431
<b>Others Bank Balances</b>		
Unpaid dividend accounts *	-	5,91,535
Fixed deposit with more than 3 month maturity from the original date	1,91,94,569	1,38,96,324
	<u><b>4,29,27,992</b></u>	<u><b>6,06,86,938</b></u>
* Earmarked against the corresponding liabilities.		

(Amount in `)

	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>NOTE 19 : SHORT- TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good Unless Otherwise Stated</b>		
Margin Money with Others	34,74,839	79,00,000
Prepaid expenses	2,50,04,472	3,14,49,764
Balance with Customs, Excise, Govt Authorities, etc.	20,93,19,587	13,24,71,328
Advance to employees of the company	55,52,623	30,96,111
Advance to trade payables (Includes advance to subsidiary ` 89,720,696 /- (Previous Year ` 18,361,496/-)	28,17,92,239	30,79,03,975
Advance against expenses	28,33,972	7,79,39,572
	<b><u>52,79,77,732</u></b>	<b><u>56,07,60,750</u></b>

**NOTE 20 : OTHER CURRENT ASSETS**

Fixed Assets held for sale	94,83,200	2,78,99,772
Export incentives	17,43,41,826	13,86,59,265
Claims receivables	2,84,23,211	4,22,19,713
Unamortised upfront fees	74,83,660	10,90,445
Interest accrued on deposit	20,67,527	16,16,051
	<b><u>22,17,99,424</u></b>	<b><u>21,14,85,246</u></b>

(Amount in `)

	<b>Year Ended 31st March, 2014</b>	<b>Year Ended 31st March, 2013</b>
<b>NOTE 21 : REVENUE FROM OPERATION ( Gross)</b>		
<b>From Sale of Manufactured Goods</b>		
- Man made fibre yarn	93,83,68,333	1,34,69,16,344
- Polyester cotton yarn	4,42,06,82,755	3,92,72,49,444
- Cotton Yarn	4,42,22,11,569	4,53,67,16,753
- Others	29,70,85,357	10,07,83,48,014
	<b><u>10,07,83,48,014</u></b>	<b><u>27,70,90,201</u></b>
<b>From Sale of Traded Goods</b>		
- Cotton Yarn	42,15,308	4,26,45,015
- Clothes (Fabrics)	39,96,05,969	40,38,21,277
Waste sale	69,74,01,286	24,42,57,671
	<b><u>69,74,01,286</u></b>	<b><u>28,69,02,686</u></b>
<b>Other operating income-</b>		
- Export Incentive	28,27,10,397	29,07,00,696
	<b><u>28,27,10,397</u></b>	<b><u>29,07,00,696</u></b>
	<b><u>11,46,22,80,974</u></b>	<b><u>11,33,30,11,287</u></b>

**NOTE 22 : OTHER INCOME**

Commission income	2,41,843	4,42,965
Interest income	90,91,922	1,07,12,733
Profit on sale of Fixed Assets (net)	17,43,311	-
Dividend Income from non-current investment	3,120	3,120
Rent income	66,000	72,000
Liabilities / Provisions no longer required written back	3,12,23,253	3,28,17,840
Net gain on foreign currency transactions	2,46,29,645	12,43,95,048
Miscellaneous income	7,16,89,488	3,90,05,456
	<b><u>13,86,88,582</u></b>	<b><u>20,74,49,162</u></b>



(Amount in `)

	<b>Year Ended 31st March, 2014</b>	<b>Year Ended 31st March, 2013</b>
<b>NOTE 23 : COST OF MATERIAL CONSUMED</b>		
<b>Opening inventory</b>	19,02,91,809	15,69,26,036
Purchases	7,82,99,98,421	7,41,88,47,150
Closing inventory	10,90,33,567	19,02,91,809
	<b>7,91,12,56,663</b>	<b>7,38,54,81,377</b>
<b>Additional disclosure regarding cost of material consumed:</b>		
Cotton	5,47,43,91,045	4,80,66,59,309
Polyester staple fiber	1,88,92,31,342	1,89,68,35,435
Viscose staple fiber	44,19,21,293	62,99,48,543
Others	10,57,12,983	5,20,38,090
	<b>7,91,12,56,663</b>	<b>7,38,54,81,377</b>
<b>Additional disclosures regarding closing inventory of Raw Material:</b>		
Cotton	6,33,18,650	13,19,66,491
Polyester staple fibre	1,99,54,284	3,67,80,303
Viscose staple fiber	34,83,248	95,89,614
Others	2,22,77,385	1,19,55,401
	<b>10,90,33,567</b>	<b>19,02,91,809</b>
<b>NOTE 24 : PURCHASE OF STOCK- IN -TRADE</b>		
Cotton yarn	68,69,812	4,48,27,576
Clothes	14,25,71,802	22,75,68,887
	<b>14,94,41,614</b>	<b>27,23,96,463</b>
<b>NOTE 25 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK- IN- TRADE &amp; WORK- IN -PROGRESS</b>		
<b>Opening inventory</b>		
Finished goods:		
(a) Manufactured	43,84,36,655	13,93,53,944
(b) Traded	3,33,04,254	34,04,596
Work in progress	14,21,25,390	12,91,47,813
Cotton waste	2,08,22,717	69,23,984
	<b>63,46,89,016</b>	<b>27,88,30,337</b>
<b>Less: Closing inventory</b>		
<b>Finished goods:</b>		
(a) Manufactured	74,11,13,508	43,84,36,655
(b) Traded	1,10,70,994	3,33,04,254
Work in progress	13,19,31,977	14,21,25,390
Cotton waste	1,50,14,279	2,08,22,718
	<b>89,91,30,758</b>	<b>63,46,89,017</b>
Sub Total	(26,44,41,742)	(35,58,58,680)
Excise duty on (increase) / decrease in inventories	33,33,935	52,17,668
Increase /(decrease) in inventory	<b>(26,11,07,807)</b>	<b>(35,06,41,012)</b>
<b>Additional disclosures regarding inventories:</b>		
<b>Work-in-progress</b>		
Cotton yarn	8,88,96,238	9,24,45,229
Polyester cotton yarn	2,95,79,706	3,56,49,789
Man made fiber yarn	70,59,186	1,22,92,956
Others	63,96,847	17,37,416
	<b>13,19,31,977</b>	<b>14,21,25,390</b>

(Amount in `)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
<b>Finished goods</b>		
<b>Manufactured:</b>		
- Cotton yarn	23,34,14,134	15,32,63,267
- Polyester cotton yarn	43,42,58,660	20,43,18,080
- Man made fibre yarn	6,65,33,967	7,25,41,734
- Others	69,06,747	83,13,574
	74,11,13,508	43,84,36,655
<b>Traded:</b>		
- Cotton Yarn	47,33,165	1,65,79,324
- Cloths (fabrics)	63,37,829	1,45,81,628
- Machinery spare	-	21,43,302
	1,10,70,994	3,33,04,254
	<b>75,21,84,502</b>	<b>47,17,40,909</b>
<b>NOTE 26 : EMPLOYEES BENEFIT EXPENSE</b>		
Salaries, wages and bonus	64,07,36,408	55,89,55,765
Contribution to provident funds & other funds	6,06,47,102	6,37,45,753
Staff welfare expenses	7,45,41,489	7,86,00,611
	<b>77,59,24,999</b>	<b>70,13,02,129</b>
<b>NOTE 27 : FINANCE COST</b>		
<b>Interest expenses from Bank:</b>		
- On Non convertible debentures	3,78,77,053	3,45,86,119
- On borrowings	69,26,39,431	64,81,33,227
Interest expenses from others	87,21,956	3,00,12,377
Other borrowing cost	7,12,02,009	5,53,19,356
	<b>81,04,40,449</b>	<b>76,80,51,079</b>
<b>NOTE 28 : OTHER EXPENSES</b>		
Store, spares and packing materials consumed	30,22,95,314	29,69,99,690
Sub contracting charges	31,28,43,853	33,66,07,443
Power & fuel	96,43,88,008	1,03,34,02,778
Rent	31,71,520	47,89,443
Rates & taxes	60,70,373	39,78,399
<b>Repair &amp; maintenance -</b>		
- Plant & machinery	2,00,68,142	1,57,65,034
- Building	22,06,836	17,38,630
- Others	87,77,012	70,54,553
<b>Insurance expenses-</b>		
- Buildings	1,56,431	1,45,418
- Plant & machinery	9,63,769	10,48,710
- Inventory	1,39,924	2,18,629
- Others	55,51,159	55,93,313
Communication expenses	70,30,231	79,24,330
Travelling & conveyance expenses	5,09,42,144	5,32,94,223
Legal & Professional charges	4,73,85,583	3,23,66,221
Commission on sales	10,81,99,655	11,55,83,874
Freight outward and clearing charges (net of recoveries)	15,20,81,978	21,19,28,506
Director sitting fees	4,60,000	5,29,000
Loss on sale of assets held for sale (Net)*	71,80,636	1,44,224
Loss on sale of fixed assets (net)	-	6,07,298
Selling & dist. Expenses	5,21,34,311	5,88,48,196
Bad debts/Amount written off	1,21,09,936	69,79,695
Service tax cenvat reversal	1,30,40,052	58,74,953

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Miscellaneous expenses	3,34,60,110	2,95,18,865
<b>Payment to auditors (excluding service tax):</b>		
- Audit fees	18,00,000	18,00,000
- For other services	10,000	3,44,900
- For reimbursement of expenses	1,22,554	1,14,267
	<b>2,11,25,89,531</b>	<b>2,23,32,00,592</b>

\* Inclusive of impairment loss on assets held for sale ` 21,84,342/- (Previous Year impairment loss written back ` 35,34,342/-)

	Current Year	Previous year
<b>NOTE 29 : PRIOR PERIOD ITEMS REPRESENT :</b>		
Freight Outward and Clearing charges	-	34,41,417
Commission on sales	-	57,64,107
Selling & Distribution Expenses	-	6,83,948
Repair & Maintenance	-	4,00,560
Miscellaneous Expenses	-	40,28,596
<b>Prior period income (a)</b>	<b>-</b>	<b>1,43,18,628</b>
Reversal of Export Incentive Income	35,69,709	-
Interest expense from others	-	4,08,32,154
Reversal of Miscellaneous Income	21,33,375	-
<b>Prior period expenses (b)</b>	<b>57,03,084</b>	<b>4,08,32,154</b>
<b>Net Prior period Items(b-a)</b>	<b>57,03,084</b>	<b>2,65,13,526</b>

**NOTE 30 : CONTINGENT LIABILITIES :**

(i) Contingent Liabilities Not Provided for in respect of :

(Amount in `)

Description	Year ended March 31, 2014	Year ended March 31, 2013
<b>Contingent Liabilities Not Provided For:</b>		
a) Demands from income tax authorities under appeal	3,79,71,404	3,79,71,404
b) Demands from sales tax authorities under appeal	1,02,44,360	92,74,854
c) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts	39,21,23,888	24,99,82,370
d) Show cause notices/demands raised by MP Government / MPEB department , not acknowledged as debts	12,50,56,000	12,50,56,000
e) Claims against the company not acknowledged as debts	62,27,81,103	36,77,12,997
f) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end	24,88,03,656	20,71,58,898
g) Bills Discounted with banks on behalf of the company, outstanding at the year end	72,46,59,779	1,03,30,94,058
h) Corporate Guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited	18,61,07,179	21,67,45,433
i) Corporate Guarantee given to AXIS Bank Ltd.& UCO Bank for loan to M/s Amit Spinning Industries Limited	31,90,50,140	34,82,43,429
j) Corporate Guarantee given to Tashkent Toytepa Textile for deferred payment of purchase consideration on behalf of Spentex Tashkent Toytepa LLC Current Year USD 43,250,000 (previous year USD 43,250,000)	2,58,98,10,000	2,34,76,10,000

(Amount in `)

Description	Year ended March 31, 2014	Year ended March 31, 2013
k) Corporate Guarantee given to CVCI for investment in Spentex (Netherlands) B.V. Current Year USD 2,000,000 (previous year USD 2,000,000)	11,97,60,000	10,85,60,000
l) Corporate Guarantee given to SBI - Tokyo Branch for loan to Spentex (Netherlands) B.V Current Year USD 205,00,120 (previous year USD 20,059,842)*	1,22,75,47,186	1,08,88,48,241

\* The Company believes that the corporate guarantee given to Lehman Brothers is no longer valid as Lehman Brothers did not comply with the terms and conditions of the loan agreement based on which the guarantee was given. Accordingly, the figure for the current year and previous year do not include the portion of the guarantee relating to the loan from Lehman Brothers.

The amount shown in the items (a) to (e) represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. The amount shown in items (f) to (l) represent guarantees given and bills discounted in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of beneficiaries fulfilling their ordinary commercial obligations

(Amount in `)

(ii) Description	Year ended 31st March, 2014	Year ended 31st March, 2013
Estimated value of contracts remaining to be executed on capital account	34,86,502	13,00,000

**NOTE 31 : DEFINED BENEFIT PLAN :**
**(i) Post Retirement Employee Benefits**
**(a) Defined Contribution Plans:**

The Company has defined contribution plans for post retirement employment benefits' namely Provident Fund and Employee State Insurance Scheme. Expenses for the same is being charged to statement of profit and loss for the year.

**(b) Defined Benefit Plans:**

The liability for gratuity is determined on the basis of an actuarial valuation , using the projected unit credit (PUC) method at the end of the year. Gains and losses arising out of actuarial valuations are recognised in the statement of profit and loss for the year. Liabilities for compensated absences which is a defined benefit plan are determined based on independent year end actuarial valuation and the resulting charge is being accounted in statement of profit and loss.

**(ii) Other Employee Benefits**

Other employee benefits are accounted for on accrual basis

(Amount in `)

**A. Components of Employer expenses**

	2013-14		2012-13	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
Current service cost	73,18,227	38,28,203	68,96,529	31,86,032
Interest cost	70,83,605	17,86,556	60,68,644	16,41,479
Curtailment cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Return on plan assets	(22,69,408)	-	(22,09,948)	-
Past service cost	-	-	-	-
Actuarial losses/(gains)	34,30,412	29,02,034	39,58,728	13,58,807
<b>Total expense recognized in the statement of profit and loss account</b>	<b>1,55,62,836</b>	<b>85,16,793</b>	<b>1,47,13,953</b>	<b>61,86,318</b>

The Gratuity and Leave encashment expenses have been recognized in "salaries, wages and bonus" under note no. 26 of financial statement.

**B. Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2014.**

(Amount in `)

	2013-14		2012-13	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
Present Value of DBO at the beginning of year	7,78,41,816	1,96,32,486	7,15,91,961	1,93,64,575
Current service cost	73,18,227	38,28,203	68,96,529	31,86,032
Interest cost	70,83,605	17,86,556	60,68,644	16,41,479
Curtailment cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Plan amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains)/losses	34,30,413	29,02,034	39,58,520	13,58,807
Benefits paid	(1,78,69,889)	(53,08,224)	(1,06,73,838)	(59,18,407)
<b>Present value of DBO at the end of year</b>	<b>7,78,04,172</b>	<b>2,28,41,055</b>	<b>7,78,41,816</b>	<b>1,96,32,486</b>

**C. Net Asset / (Liability) recognized in Balance Sheet as at March 31, 2014.**

Present value of defined benefit obligation	7,78,04,171	2,28,41,057	7,78,41,815	1,96,32,488
Fair value on plan assets	2,83,72,311	-	2,46,50,274	-
Status [surplus/(deficit)]	(4,94,31,860)	(2,28,41,057)	(5,31,91,541)	(1,96,32,488)
Unrecognized past service cost	-	-	-	-
<b>Net Asset/(Liability) recognized in Balance Sheet</b>	<b>(4,94,31,860)</b>	<b>(2,28,41,057)</b>	<b>(5,31,91,541)</b>	<b>(1,96,32,488)</b>

**D. Experience Adjustment**

	2013-14		2012-13		2011-12		2010-11		2009-10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefit obligation	7,78,04,171	2,28,41,057	7,78,41,815	1,96,32,858	7,15,91,961	1,93,64,575	5,70,87,957	1,47,26,765	4,96,72,221	1,42,54,039
Fair value on plan assets	2,83,72,311	-	2,46,50,274	-	2,40,80,286	-	2,17,03,694	-	1,86,07,448	-
Status [surplus/(deficit)]	(4,94,31,860)	(2,28,41,057)	(5,31,91,541)	(1,96,32,858)	(4,75,11,675)	(1,93,64,575)	(3,53,84,263)	(1,47,26,765)	(3,10,64,773)	(1,42,54,039)
Experience adjustment on plan liabilities loss / (gain)	1,23,58,049	48,57,835	59,01,901	17,24,092	38,16,718	45,21,290	51,19,790	18,24,298	26,11,096	(11,62,307)
Experience adjustment on plan assets (loss) / gain	(1,36,618)	-	68,577	-	1,00,099	-	12,235	-	(57,121)	-

**E. Change in Fair Value of Assets During the Year Ended March 31, 2014.**

	2013-14		2012-13	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
Plan assets at the beginning of year	2,46,50,274	-	2,40,80,286	-
Acquisition adjustment for plan assets	-	-	-	-
Expected return on plan assets	22,69,408	-	22,09,948	-
Actuarial gains/(losses)	-	-	(209)	-
Actual company contribution	41,12,213	-	32,29,470	-
Benefits paid	(26,59,584)	-	(48,69,221)	-
<b>Plan Assets at the end of year</b>	<b>2,83,72,311</b>	<b>-</b>	<b>2,46,50,274</b>	<b>-</b>

**F. Current & Non current liabilities as at March 31, 2014.**

Current liabilities	14,42,986	25,67,257	7,21,855	17,55,215
Non-current liabilities	4,79,88,874	2,02,73,800	5,24,69,686	1,78,77,273
	<b>4,94,31,860</b>	<b>2,28,41,057</b>	<b>5,31,91,541</b>	<b>1,96,32,488</b>

**G. Actuarial Assumptions**

	Percentage		Percentage	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Discount Rate (%) at March 31, 2014	8.50%	8.50%	8.50%	8.50%
Expected Return on Plan Assets at March 31, 2014	9.15%	N.A.	9.15%	N.A.
Annual increase in salary cost	4.50%	4.50%	4.00%	4.00%

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

**H. Basis used to determine the Expected Rate of Return on Plan Assets**

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

**NOTE 32 : SEGMENT REPORTING :**

In accordance with Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India, the Company has identified three business segments viz. Textile Manufacturing, Textile Trading and Other Trading. Further, two geographical segments by location of customers have been considered as secondary segments viz, within India and outside India.

The segment wise disclosure are as follows:

**A. Business Segment Reporting**

(Amount in `)

DESCRIPTION	TEXTILE-MANUFACTURING	TEXTILE-TRADING	TOTAL
<b>Segment Revenue</b>			
Total Revenue	11,02,44,68,801	1,06,02,55,112	12,08,47,23,913
	(10,99,81,81,647)	(80,38,79,150)	(11,80,20,60,797)
Inter - segment sales	-	65,57,50,416	65,57,50,416
	-	(50,54,31,415)	(50,54,31,415)
<b>External Sales</b>	11,02,44,68,801	40,45,04,696	11,42,89,73,497
	(10,99,81,81,647)	(29,84,47,735)	(11,29,66,29,382)
<b>Segment Results</b>	67,45,76,836	26,73,46,578	94,19,23,414
	(1,10,24,06,096)	(3,79,76,325)	(1,14,03,82,422)
Unallocated corporate expense (Net)	-	-	25,35,11,731
	(-)	(-)	(15,07,09,679)
<b>Operating Profit</b>	-	-	68,84,11,683
	(-)	(-)	(98,96,72,743)
Finance charges	-	-	81,04,40,449
	(-)	(-)	(76,80,51,079)
Interest income	-	-	90,91,922
	(-)	(-)	(1,07,12,733)
Dividend income	0	0	3,120
	(-)	(-)	(3,120)
<b>Profit/(Loss) before Prior period items and Tax</b>	-	-	-112,933,724
	(-)	(-)	(23,23,37,517)
Exceptional Items	-	-	-
	(-)	(-)	(-)
Income Tax	-	-	-
	(-)	(-)	(-)
Prior Period Items (Net)	-	-	57,03,084
	(-)	(-)	(2,65,13,526)
<b>Profit/(Loss) after tax</b>	-	-	-118,636,808
	(-)	(-)	(20,58,23,991)

(Amount in `)

DESCRIPTION	TEXTILE-MANUFACTURING	TEXTILE-TRADING	TOTAL
<b>OTHER INFORMATION</b>			
<b>Segment Assets</b>	4,46,34,05,571	12,48,50,559	4,58,82,56,130
	(4,72,69,54,650)	(12,76,61,714)	(4,85,46,16,364)
<b>Unallocated corporate assets</b>	-	-	1,46,91,98,706
	(-)	(-)	(1,42,48,82,486)
<b>Total Assets</b>			6,05,74,54,836
	-	-	(6,27,94,98,850)
Segment liabilities	1,83,05,56,761	2,24,60,099	1,85,30,16,860
	(1,76,09,31,649)	(1,56,23,842)	(1,77,65,55,490)
Unallocated corporate liabilities	-	-	4,84,53,72,378
	(-)	(-)	(5,02,52,40,954)
<b>Total Liabilities</b>	-	-	6,69,83,89,238
	(-)	(-)	(6,80,17,96,444)
Capital expenditure incurred during the year	-	-	3,89,83,760
	(-)	(-)	(4,96,95,200)
Depreciation and amortization for the year	-	-	18,20,50,353
	(-)	(-)	(26,19,50,399)
Non - Cash Expenses other than depreciation and amortization	-	-	21,84,342
	(-)	(-)	(-)

**B) GEOGRAPHICAL SEGMENT REPORTING:**

(Amount in `)

DESCRIPTION	REVENUE	ASSETS
Domestic	3,89,67,31,939	5,96,16,12,853
	(3,09,77,18,417)	(5,99,97,33,715)
Outside India	7,53,22,41,558	9,58,41,983
	(8,19,89,10,966)	(27,97,65,136)
<b>Current Year</b>	<b>11,42,89,73,497</b>	<b>6,05,74,54,836</b>
<b>Previous Year</b>	<b>(11,29,66,29,383)</b>	<b>(6,27,94,98,851)</b>

**NOTE 33 : RELATED PARTY DISCLOSURES :**

In accordance with the requirements of Accounting Standard (AS) - 18 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are :

**Enterprises Under Significant Influence:**

- i) Himalayan Crest Power Pvt. Limited
- ii) CLC & Sons (Pvt.) Limited
- iii) CLC Technologies Private Limited

**Key Management Personnel and their relatives :**

- |                              |                                |
|------------------------------|--------------------------------|
| i) Mr. Ajay Kumar Choudhary  | Chairman & Whole time Director |
| ii) Mr. Mukund Choudhary     | Managing Director              |
| iii) Mr. Kapil Choudhary     | Deputy Managing Director       |
| iv) Mr. Amrit Agrawal        | Director - Finance             |
| v) Mr. Sitaram Parthasarathy | Director - Works               |
| vi) Mr. Raghav Choudhary     | Son of Managing Director       |
| vii) Ms. Megha Agrawal       | Daughter of Director - Finance |
| viii) Mr. Suraj Sitaram      | Son of Director - Works        |

**Subsidiaries / Step-down Subsidiaries :**

- |  |                                      |
|--|--------------------------------------|
| i) M/s Amit Spinning Industries Limited    | ii) M/s Spentex Tashkent Toytepa LLC |
| iii) M/s Spentex Netherlands B.V           | iv) M/s. Schoeller Litvinov k.s.     |
| v) M/s. Schoeller Textile Netherlands B.V. | vi) M/s. Botekos Plus s.r.o.         |

(Amount in `)

Particulars	2013-14	2012-13
<b>1. Remuneration to Key Management Personnel</b>		
i) Mr. Ajay Kumar Choudhary	80,01,351	70,55,470
ii) Mr. Mukund Choudhary	80,01,351	76,35,535
iii) Mr. Kapil Choudhary	80,01,351	70,55,470
iv) Mr. Amrit Agrawal	75,41,189	70,47,089
v) Mr. Sitaram Parthasarathy	81,10,416	62,78,599
<b>Total</b>	<b>3,96,55,658</b>	<b>3,50,72,163</b>
<b>2. Scholarship to relatives of Key Management Personnel</b>		
i) Mr. Raghav Choudhary	35,50,489	26,03,166
ii) Ms. Megha Agrawal	4,000	7,000
iii) Mr. Suraj Sitaram	-	4,000
<b>Total</b>	<b>35,54,489</b>	<b>26,14,166</b>
<b>3. Sale to Subsidiaries / Step down Subsidiaries</b>		
M/s Amit Spinning Industries Limited	-	76,36,582
<b>Total</b>	<b>-</b>	<b>76,36,582</b>
<b>4. Purchases from Subsidiaries / Step down Subsidiaries</b>		
M/s Amit Spinning Industries Limited	-	2,63,62,253
<b>Total</b>	<b>-</b>	<b>2,63,62,253</b>
<b>5. Job Work Charges</b>		
M/s Amit Spinning Industries Limited	26,29,77,208	29,73,90,111
<b>Total</b>	<b>26,29,77,208</b>	<b>29,73,90,111</b>
<b>6. Sale of Fixed Assets / Spare Parts</b>		
M/s Amit Spinning Industries Limited	37,63,904	18,00,000
<b>Total</b>	<b>37,63,904</b>	<b>18,00,000</b>
<b>7. Purchase of Stores and Packing Materials</b>		
M/s Amit Spinning Industries Limited	1,28,95,601	1,49,04,614
<b>Total</b>	<b>1,28,95,601</b>	<b>1,49,04,614</b>
<b>8. Sale of Stores and Packing Materials</b>		
M/s Amit Spinning Industries Limited	8,25,733	4,32,860
<b>Total</b>	<b>8,25,733</b>	<b>4,32,860</b>
<b>9. Reimbursement of Expenses</b>		
M/s Amit Spinning Industries Limited	1,09,26,588	55,25,392
<b>Total</b>	<b>1,09,26,588</b>	<b>55,25,392</b>
<b>10. Allotment of Equity Shares to Enterprises under significant influence</b>		
CLC Technologies Private Limited	1,40,00,000	5,10,00,000
<b>Total</b>	<b>1,40,00,000</b>	<b>5,10,00,000</b>
<b>11. Issuance of Share Warrant to Enterprises under significant influence</b>		
CLC Technologies Private Limited	-	1,40,00,000
<b>Total</b>	<b>-</b>	<b>1,40,00,000</b>
<b>12. Amount written off during the year</b>		
M/s Spentex Mauritius P Ltd	-	18,16,903
M/s Spentex (Cyprus) P Ltd	-	7,11,741
<b>Total</b>	<b>-</b>	<b>25,28,644</b>



(Amount in `)

<b>13. Investment in Subsidiaries / Step down Subsidiaries</b>		
M/s Amit Spinning Industries Limited	20,44,69,921	20,44,69,921
M/s Spentex Tashkent Toytepa LLC	93,23,779	93,23,779
M/s Spentex Netherland B.V	56,10,11,339	56,10,11,339
M/s Spentex Mauritius P Ltd*	90	90
<b>Total</b>	<b>77,48,05,129</b>	<b>77,48,05,129</b>
<b>14. Guarantees outstanding at year end.</b>		
M/s Amit Spinning Industries Limited	31,90,50,140	34,82,43,429
M/s Himalayan Crest Power Pvt. Limited	18,61,07,179	21,67,45,433
M/s Spentex Tashkent Toytepa LLC	2,58,98,10,000	2,34,76,10,000
M/s Spentex Netherland B.V	1,34,73,07,186	1,19,74,08,241
<b>Total</b>	<b>4,44,22,74,505</b>	<b>4,11,00,07,103</b>
<b>15. Year end receivable from</b>		
M/s Amit Spinning Industries Limited	54,82,77,206	47,10,47,260
M/s Spentex Tashkent Toytepa LLC	7,00,12,404	7,00,12,404
M/s Spentex Netherland B.V	9,50,70,902	9,50,70,902
<b>Total</b>	<b>71,33,60,512</b>	<b>63,61,30,566</b>

\* Provision has been made during the previous year.

**NOTE 34 : EARNING PER SHARE**

(Amount in `)

The following table reconciles the numerators and denominators used to calculate basic and diluted EPS for the year

	As at March 31, 2014	As at March 31, 2013
Net profit/(loss) attributable to equity shareholders	(11,86,36,808)	20,58,23,991
<b>Weighted Average Shares Outstanding</b>		
Weighted average Shares Outstanding	8,96,14,775	8,77,99,158
Effect of dilutive securities	-	-
Diluted weighted average shares outstanding	8,96,14,775	8,30,58,336
Nominal value of equity shares (`)	10	10
Basic earnings per shares (`)	(1.32)	2.34
Diluted earnings per shares (`)	(1.32)	2.34

**NOTE 35 : EARNINGS IN FOREIGN EXCHANGE DURING THE YEAR (ON ACCRUAL BASIS):**

Description	Current Year (`)	Previous Year (`)
F.O.B. value of goods exported	7,26,41,16,542	7,60,16,91,704
	<b>7,26,41,16,542</b>	<b>7,60,16,91,704</b>

**NOTE 36 : EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

Description	Current Year (`)	Previous Year (`)
Travelling	15,48,316	41,72,368
Commission	8,83,30,131	9,61,97,310
Claim paid on export sales	58,79,194	1,07,76,781
Legal & professional	2,12,69,736	60,40,662
Other expenses	71,58,151	29,92,834
	<b>12,41,85,528</b>	<b>12,01,79,955</b>

**NOTE 37 : VALUE OF RAW MATERIALS CONSUMED**

Description	Current Year		Previous Year	
	%	`	%	`
Imported	0.81%	6,43,77,231	1.17%	8,66,78,404
Indigenous	99.19%	7,84,68,79,432	98.83%	7,29,88,02,973
	<b>100.00%</b>	<b>7,91,12,56,663</b>	<b>100.00%</b>	<b>7,38,54,81,377</b>

**NOTE 38: VALUE OF STORE, SPARES AND PACKING MATERIAL CONSUMED:**

Description	Current Year		Previous Year	
	%	`	%	`
Imported	16.16%	4,88,51,110	13.82%	4,10,34,884
Indigenous	83.84%	25,34,44,204	86.18%	25,59,64,806
	<b>100.00%</b>	<b>30,22,95,314</b>	<b>100.00%</b>	<b>29,69,99,690</b>

**NOTE 39: CIF VALUE OF IMPORTS:**

Description	Current Year (`)	Previous Year (`)
Raw materials	6,86,44,011	7,17,57,945
Stores and spares & components	4,78,87,166	3,60,97,301
	<b>11,65,31,178</b>	<b>10,78,55,246</b>

**NOTE 40**

The Butibori Unit of the Synthetic Division had been exporting its goods under Rule 18 of the Central Excise Rules 2002 and claiming rebate on both input and output stage of duty. The Central Excise Department disallowed the rebate on Input Stage of duty at Butibori unit. The Synthetic Division has filed a revision petition with the Joint Secretary, Government of India who allowed rebate for both the stages of duty.

However, the Department appealed in the Hon'ble High Court of Mumbai which was upheld by the Hon'ble High Court. The Synthetic Division has now filed a Special Leave Petition before the Hon'ble Supreme Court of India for quashing the Hon'ble High Court Order and allowing the rebate on input stage of duty.

Pending the decision in the matter by the Hon'ble Supreme Court, the Synthetic Division has not yet reversed the rebate receivable on input duty aggregating to ` 23,128,387 (including ` 2,826,621 at its Pithampur Unit). Further, relying on the judgment of the Hon'ble High Court of Mumbai for the Butibori unit, a demand has been raised by the Department on the Pithampur unit of the Synthetic Division against the refund already given of the rebate on input stage of duty amounting to ` 6,02,16,366/- along with interest. Also, pending claims for the input stage of duty amounting to ` 2,826,621/- have been disallowed during 2006-07. The Pithampur unit has gone into appeal against the said demand / disallowance. The Commissioner (Appeals) has rejected the appeal of the Synthetic Division for the pending claim, while the decision has been kept pending against the demand till the final order is received from the higher authority (Revision Authority).

While the management is hopeful of the decision of the case in its favour, it is also reasonably confident of the liquidation / utilization of these cenvat balances of ` 83,344,753/-

**Note 41**

The company has an investment of ` 204,469,921/- in and has amount recoverable amounting to ` 548,277,206/- to Amit Spinning Industries Limited (ASIL), a subsidiary, as on March 31, 2014. The accumulated losses of ASIL, at the year end exceeded its net worth. There is also reduction in market value of the investment at the year end by ` 196,077,490. In the opinion of the management, diminution in this long term investment is due to adverse business conditions in the past. ASIL has started generating EBIDTA and cash profits. In view of these developments, management believes that diminution in the value of investment is of temporary nature and that outstanding would be realised within a reasonable period of time. Accordingly no provision considered necessary in the value of investment held and amount due from ASIL.

**Note 42**

The Company has an investment of ` 56,10,11,339 and ` 93,23,779 in its subsidiary Spentex Netherlands B. V. (SNBV) and its step down subsidiary Spentex Tashkent Toytepa LLC (STTL) respectively. Further it has ` 7,00,12,404 as export receivable from STTL and advances of ` 9,50,70,902 in SNBV as on March 31, 2014. During the period of investment, Government of Uzbekistan (GOU) changed certain laws and policies by breaching the investment agreement and rendered operation of STTL unviable and insolvency proceedings have been initiated against it. Since investment agreement entered between GOU and company, Treaties entered between countries were breached, Company has initiated Arbitration proceeding against GOU for protection of investment and dues & compensation dispute Claim in International Centre for Settlement of Investment Dispute (ICSID) SNBV appointed various experts to assess losses suffered by the company. Based on the draft report and claim to be lodged with ICSID, Board of Directors have decided not to make any provision for the aforesaid amounts.

**Note 43**

As on March 31, 2012, the accumulated losses of the Company had exceeded its net worth. Accordingly company in compliance with the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 filed a reference with Board for Industrial and Financial Restructuring (BIFR). The Company's operations were adversely affected in 2011-12 due to adverse Govt policies and high volatility of Raw Material prices. Further, considering the change in scenario, recent performance and trends of the company as well as overall industry outlook, the management believes that losses incurred in the past would reasonably be made good, in due course. The financial statements, as such have been prepared on a going concern basis on the strength of management's plan of revival including reorganization of business.

**Note 44**

Trade receivables, advance balances and receivables amount aggregating to ` 63,71,477, ` 2,73,14,712, ` 17,869,256 respectively due from certain parties where payments are not forthcoming. Against the above, the Company has filed a suit for

recovery. In addition to above for ₹ 12,830,469 dues from Government Authorities company filed an application for release with concerned authorities. The Company is making effort to recover the same and expects to reduce the outstanding dues significantly. Based on outcome of the legal suit coupled with further negotiations with these parties, the management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at the stage.

**Note 45**

The company has applied to Securities & Exchange Board of India (SEBI) seeking exemption for maintaining at least 15% of the amount of its debenture maturing during the financial year 2013-14 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry of Corporate Affairs, which is still awaited.

**Note 46**

The outstanding balance as on 31st March, 2014 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation and consequential adjustment if any, from the respective parties. The management, however, does not expect any material variations.

**Note 47**

Pursuant to compliance of clause 32 of the Listing Agreement, on disclosure of Loans / Advances in the nature of loans, the relevant information is provided hereunder:

Particulars	As on 31.03.2014	Maximum amount due during the Year
<b>Loans &amp; Advances to a Subsidiary</b> - Amit Spinning Industries Limited	54,82,77,206	63,83,99,555

There are no repayment schedule for the loans and advances to subsidiary as mentioned above.

Loans to employees as per Company's policy are not considered.

**NOTE 48: Taxation : Deferred Tax****Break-up of Deferred Tax Assets and Liabilities.**

	Current Year (₹)	Previous Year (₹)
<b>Deferred tax liability recognised on account of timing difference :</b>		
Tax impact of difference in net book value of fixed assets as per Accounts and Tax	28,26,92,524	28,59,95,168
<b>Total Deferred Tax liability [A]</b>	<b>28,26,92,524</b>	<b>28,59,95,168</b>
<b>Deferred tax asset recognised on account of timing difference :</b>		
Tax Impact of brought forward losses	46,79,57,654	46,35,47,822
Tax Impact of unabsorbed depreciation	41,96,95,917	37,64,61,511
Tax impact of provision for doubtful debts and advances	5,46,77,178	5,46,77,178
Tax impact of disallowances under section 43B of the Income tax Act, 1961	7,69,22,113	9,40,59,665
Tax Impact of amount inadmissible under sec. 40 (a)	-	61,64,550
Total Deferred Tax Asset [B]	1,01,92,52,862	99,49,10,726
<b>Net Deferred Tax Asset/ (Deferred Tax Liability) [B-A]</b>	<b>73,65,60,338</b>	<b>70,89,15,558</b>
<b>Charge to Statement of Profit and Loss</b>	-	-
<b>Net Deferred Tax Asset/ (Deferred Tax Liability)</b>	<b>73,65,60,338</b>	<b>70,89,15,558</b>

Note: The company has not recognized above Deferred Tax assets on account of prudence.

**Note 49**

For the year ended March 31, 2014, the Company has initiated the process of compliance with the transfer pricing regulations for which the prescribed certificate of the accountant will be obtained. The management is of the opinion that the transactions are arms length price. Hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and the provision for taxation.

Notes referred to above form an integral part of financial Statements.

Notes referred to above form an integral part of financial Statement

On behalf of the Board

For **J.C. Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

Sd/-

**Akhil Bhalla**

Partner

Membership No : 505002

Mukund Choudhary

Kapil Choudhary

Sitaram Parthasarathy

Amrit Agrawal

Ranjan Mangtani

Managing Director

Deputy Managing Director

Director - Works

Director - Finance

Sr. Vice President Corporate and Legal Affairs & Company Secretary

Place : New Delhi

Date : May 28, 2014

**Independent Auditor's Report****To the Board of Directors of Spentex Industries Limited**

We have audited the accompanying consolidated financial statements of Spentex Industries Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing opinion on the effectiveness of the Company's internal control. 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 consolidated 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****We draw attention to:**

- (a) **Note No. 32(b) of the consolidated financial statements, wherein, the company has not considered the financial statements of a step down subsidiary Schoeller Litvino k. s. in preparing the consolidated financial statements for the reason stated therein. This is in contrary to the Accounting Standard 21 "Consolidated Financial Statements" notified u/s 211(3C) of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. Further we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to ` 23,63,07,558 in above subsidiary.**
- (b) **Note No. 41 of the consolidated financial statements, wherein, we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to ` 2,15,54,88,746 in Spentex Tashkent Toytepa LLC, step down subsidiary of the company. Uncertainties exist in relation to the recoverability of ` 46,76,64,167 due from above subsidiary. Further, we are unable to determine the liability that may arise on account of corporate guarantee mentioned in Note No. 33 of the consolidated financial statements on behalf of step down subsidiary.**
- (c) **Note No. 42 of the consolidated financial statements with respect to the recoverability of an amount of ` 1,93,46,572 in respect of duty drawbacks**
- (d) **Note No. 43 of the consolidated financial statements, wherein, the Company has not charged to statement of profit and loss ` 1,01,35,376 and ` 26,95,093 shown as claim receivable and export incentive respectively.**

We further report that, without considering the impact of paragraph (a) and (b) above the effect of which could not be determined, had the observations made by us in paragraph (c) and (d) above been considered, the loss before tax for the year would have been ` 31,50,78,491 (as against the reported figure of ` 28,29,01,450), Reserves and Surplus would have been negative ` 4,01,45,66,758 (as against the negative reported figure of ` 3,98,23,89,787), Export Incentive included under the head "Other Non Current Assets" would have been ` 1,90,22,806 (as against the reported figure of ` 4,10,64,401) and claim receivable included under the head "Other Non Current assets" would have been ` 2,41,04,136 (as against the reported figure of ` 3,42,39,512).

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on the financial statements of a subsidiary as referred to in Other Matter paragraph below, **except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph**, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to:

- (a) Note No. 41 of the consolidated financial statements regarding preparation of these accounts on a going concern basis due to reasons indicated therein.
- (b) Note No. 43 of the consolidated financial statements regarding amounts recoverable relating to certain trade receivable, advance balances and export incentive recoverable ` 63,71,477, ` 2,73,14,712 and ` 1,78,69,256 respectively which has been considered good by the management in view of the reasons stated therein. We have relied upon the assertion given by the management as to the recoverability of the said amounts.
- (c) Note No. 46 of the consolidated financial statements requiring deposit/invest a sum of at least 15% of the amount of its debetures maturing during the financial year 2013-14 in one or more of the prescribed methods vide circular no. 04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs. However the company has not complied with the requirement of the said circular.
- (d) Note No. 47 of the consolidated financial statements regarding balances of parties under the head trade receivables, trade payables and loans & advances which are subject to confirmation, reconciliation and consequential adjustments, if any.

Our opinion is not qualified in respect of the above matters.

**Other Matter**

- (a) We did not audit the financial statements of a subsidiary Amit Spinning Industries Limited, whose financial statements reflect total assets of ` 63,40,63,685 as at March 31, 2014 and total revenues of ` 26,47,52,174 for the year then ended. These financial statements have been audited by other auditor whose report has been furnished to us by the Management, and our opinion is based solely on the report of the other auditor furnished to us.

Our opinion is not qualified in respect of the above matters.

**For J.C. Bhalla & Company**

Chartered Accountants

Firm Regn. No. 001111-N

Sd/-

**(Akhil Bhalla)**

Partner

Membership No.505002

Place : New Delhi

Dated: May 28, 2014

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014**

(Amount in `)

PARTICULARS	Note No.	As at March 31, 2014	As at March 31, 2013
<b>EQUITY &amp; LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
a) Share capital	2	89,77,20,350	88,37,20,350
b) Reserves and surplus	3	(3,98,23,89,788)	(4,00,27,48,089)
c) Money received against share warrant	4	-	1,40,00,000
		<b>(3,08,46,69,438)</b>	<b>(3,10,50,27,739)</b>
<b>(2) Preference share application money pending allotment</b>	5	89,82,00,000	81,42,00,000
<b>(3) Non-Current Liabilities</b>			
a) Long-term borrowings	6	3,81,76,48,354	5,84,21,90,283
b) Other long term liabilities	7	16,71,328	17,24,048
c) Long-term provisions	8	8,19,67,947	8,08,59,990
		<b>3,90,12,87,629</b>	<b>5,92,47,74,321</b>
<b>(4) Current Liabilities</b>			
a) Short-term borrowings	9	1,73,02,94,712	1,26,14,88,674
b) Trade payables	10	1,41,66,67,313	2,11,08,05,789
c) Other current liabilities	11	3,14,54,46,908	4,18,53,93,027
d) Short-term provisions	12	47,14,255	31,87,882
		<b>6,29,71,23,188</b>	<b>7,56,08,75,372</b>
		<b>10,19,84,10,817</b>	<b>13,48,56,49,693</b>
<b>Total Liabilities</b>		<b>8,01,19,41,379</b>	<b>11,19,48,21,954</b>
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
a) Fixed Assets	13		
(i) Tangible assets		2,30,98,91,352	6,04,17,16,697
(ii) Intangible assets		-	62,62,27,993
(iii) Capital Work- in- Progress		6,45,482	34,29,78,920
b) Non-current investment	14	2,39,19,07,875	1,11,571
c) Long-term loans and advances	15	70,41,85,717	74,97,99,100
d) Other non-current assets	16	26,17,90,692	14,79,40,149
		<b>5,66,84,21,118</b>	<b>7,90,87,74,431</b>
<b>(2) Current Assets</b>			
a) Inventories	17	1,04,90,68,026	1,45,23,66,755
b) Trade receivables	18	34,28,08,994	65,43,17,857
c) Cash and bank balances	19	4,48,03,736	8,01,23,486
d) Short-term loans and advances	20	67,80,04,182	88,10,73,746
e) Other current assets	21	22,88,35,323	21,81,65,680
		<b>2,34,35,20,261</b>	<b>3,28,60,47,524</b>
<b>Total Assets</b>		<b>8,01,19,41,379</b>	<b>11,19,48,21,954</b>

Significant accounting policies and notes (1 to 47) form an integral part of the financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date

 For **J.C. Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

Sd/-

**Akhil Bhalla**

Partner

Membership No : 505002

On behalf of the Board

Mukund Choudhary

Managing Director

Kapil Choudhary

Deputy Managing Director

Sitaram Parthasarathy

Director - Works

Amrit Agrawal

Director - Finance

Ranjan Mangtani

 Sr. Vice President Corporate and Legal  
Affairs & Company Secretary

Place : New Delhi

Date : May 28, 2014

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ` )

PARTICULARS	Note No.	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>INCOME</b>			
I. Revenue from operations (Gross)	22	11,46,27,55,052	11,94,35,94,378
Less: Excise Duty		3,33,07,476	3,63,81,905
<b>Revenue from operations (Net)</b>		<b>11,42,94,47,576</b>	<b>11,90,72,12,473</b>
II. Other Income	23	16,48,60,645	27,66,18,612
<b>III. Total Revenue (I+ II)</b>		<b>11,59,43,08,221</b>	<b>12,18,38,31,085</b>
<b>IV. EXPENSES</b>			
Cost of material consumed	24	7,91,12,56,664	7,70,45,68,729
Purchase of stock-in-trade	25	14,94,41,614	24,20,91,726
Changes in inventories of finished goods, Stock-in-trade and work-in-progress	26	(26,09,41,796)	(25,80,46,544)
Employee benefit expense	27	87,21,31,735	91,99,26,481
Finance cost	28	92,47,59,550	88,57,27,122
Depreciation and amortization expense	13	22,30,83,497	75,42,55,080
Other expense	29	2,05,17,75,324	2,38,18,91,114
<b>Total Expenses</b>		<b>11,87,15,06,588</b>	<b>12,63,04,13,708</b>
V. <b>Profit/(loss) before exceptional, extraordinary, prior period items and tax (III-IV)</b>		(27,71,98,367)	(44,65,82,623)
VI. Extraordinary Items (Net)	30	-	(4,01,96,393)
VII. Prior Period Items (Net)	31	57,03,084	2,65,13,526
VIII. <b>Profit/(loss) before tax (V-VI-VII)</b>		(28,29,01,451)	(43,28,99,756)
IX. <b>Tax Expenses</b>		-	-
X. <b>Profit/(loss) for the year (VIII-IX)</b>		(28,29,01,451)	(43,28,99,756)
XI. Earnings per equity share of ` 10/- each before and after Extraordinary items:	38		
(a) Before Extraordinary items:			
- Basic		(3.16)	(4.50)
- Diluted		(3.16)	(4.50)
(b) After Extraordinary items:			
- Basic		(3.16)	(4.90)
- Diluted		(3.16)	(4.90)

Significant accounting policies and notes (1 to 47) form an integral part of the financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **J.C. Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

Sd/-

**Akhil Bhalla**

Partner

Membership No : 505002

On behalf of the Board

Mukund Choudhary

Managing Director

Kapil Choudhary

Deputy Managing Director

Sitaram Parthasarathy

Director - Works

Amrit Agrawal

Director - Finance

Ranjan Mangtani

Sr. Vice President Corporate and Legal  
Affairs & Company Secretary

Place : New Delhi

Date : May 28, 2014

# SPENTEX INDUSTRIES LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (Amount in `)

PARTICULARS	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>Profit /(loss) before Tax</b>	(28,29,01,450)	(43,28,99,756)
<b>Add:</b>		
Depreciation / Amortisation	22,30,83,497	75,42,55,080
Loss/(Profit) on Sale of Fixed Asset (net)	(17,63,148)	6,07,298
Provision for Wealth Tax	46,239	32,544
Loss/(Profit) on sale of assets held for sale.	71,80,636	1,44,224
Unrealised Exchange Fluctuation (net)	(5,97,870)	(32,98,131)
Investment Written off	15,000	-
Liabilities no longer required written back	(5,63,90,056)	(3,61,43,871)
Dividend Income	(5,100)	(7,080)
Interest Income	(99,20,334)	(3,22,97,584)
Interest Expense	92,47,59,550	88,57,27,122
<b>Operating Profit Before Working Capital Changes</b>	<b>80,35,06,964</b>	<b>1,13,61,19,846</b>
<b>Adjustments for changes in working capital :</b>		
- (Increase)/Decrease in Trade Receivable	7,81,82,630	7,55,23,521
- (Increase)/Decrease in Other Bank Balances, Short Term Loans and Advances and Other Current Assets.	(4,57,82,148)	(31,45,61,618)
- (Increase)/Decrease in Long Term Loans and Advances	11,48,94,505	(1,65,22,911)
- (Increase)/Decrease in Other Non Current Assets	7,40,15,112	2,69,27,657
- (Increase)/Decrease in Inventories	(17,81,05,752)	(29,11,35,298)
- Increase/(Decrease) in Trade Payables	(21,07,668)	(26,61,40,037)
- Increase/(Decrease) in Long Term Provisions	(20,84,285)	1,62,51,099
- Increase/(Decrease) in Short Term Provisions	15,33,173	(97,70,723)
- Increase/(Decrease) in Other Non Current Liabilities	(52,720)	4,61,494
- Increase/(Decrease) in Other Current Liabilities	9,42,09,429	46,12,82,762
Direct Taxes (Paid)/Refund ( Net)	14,30,920	(32,684)
<b>Cash Flow From Operating Activities before Extra Ordinary Items</b>	<b>93,96,40,160</b>	<b>81,84,03,108</b>
<b>Extraordinary Items</b>		
Liabilities no longer required written back	-	(26,81,39,356)
Loss on sale of fixed assets	-	22,79,42,963
<b>A. Cash Flow From Operating Activities</b>	<b>93,96,40,160</b>	<b>77,82,06,715</b>
Purchase of Fixed Assets	(4,52,96,114)	(7,32,12,785)
Sale proceeds of Fixed Assets	57,36,563	6,23,95,591
Dividend Received	5,100	7,080
Interest Received/(Paid)	94,88,023	3,27,24,769
<b>B. Cash Flow From Investing Activities</b>	<b>(3,00,66,428)</b>	<b>2,19,14,655</b>
Proceeds from Share Capital	-	5,10,00,000
Proceeds from Share Warrant	-	1,40,00,000
Repayment of Non-convertible Debenture	(4,57,50,151)	(2,49,54,626)
Proceeds from Long Term Borrowings	24,23,00,000	45,10,00,000
Repayment of Long Term Borrowings	(80,39,88,321)	(65,48,37,682)
Proceeds/(Repayment of Short Term Borrowings) (net)	47,42,77,360	15,92,65,834
Vehicle Loans	(2,92,073)	(16,27,673)
Short term advances (net)	-	2,14,93,446
Interest Paid	(82,38,55,966)	(75,60,23,792)
<b>C. Cash Flow From Financing Activities</b>	<b>(95,73,09,151)</b>	<b>(74,06,84,493)</b>
Increase/(Decrease) in Cash Equivalents (A+B+C)	(4,77,35,419)	5,94,36,877
Cash and Cash Equivalents at the Beginning of the Year	6,48,53,635	4,72,62,647
Less: Cash and Cash Equivalents of the subsidiaries not consolidated during the year #	1,70,28,190	-
	<b>4,78,25,445</b>	<b>4,72,62,647</b>
Add: Exchange difference on translation of foreign currency	(2,38,43,658)	(4,18,45,888)
Cash and Cash Equivalents at the End of the Year	2,39,33,684	6,48,53,636
<b>Increase / (Decrease) in Cash/Cash Equivalents</b>	<b>(4,77,35,419)</b>	<b>5,94,36,877</b>
<b>Notes :-</b>		
<b>Cash and cash equivalents comprise</b>		
Cash in hand	32,71,078	37,02,283
In Current Accounts	2,06,62,606	6,10,30,853
Cheque in hand	-	1,20,500
	<b>2,39,33,684</b>	<b>6,48,53,635</b>

# Refer note no. 32(b) of the consolidated financials statements.

1. The above Consolidated Cash flow statement has been prepared under the Indirect method set out in Accounting Standard 3 notified under section 211(3C) of the Companies Act, 1956.

2. Figures in brackets indicate cash outgo.

Significant accounting policies and notes (1 to 47) form an integral part of the financial statement.

This is the Consolidated Cash Flow Statement referred to in our Report of even date.

For **J.C. Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

Sd/-

**Akhil Bhalla**

Partner

Membership No : 505002

On behalf of the Board

Mukund Choudhary

Kapil Choudhary

Sitaram Parthasarathy

Amrit Agrawal

Ranjana Mangtani

Managing Director

Deputy Managing Director

Director - Works

Director - Finance

Sr. Vice President Corporate and Legal Affairs & Company Secretary

Place : New Delhi

Date : May 28, 2014



**NOTE 1 :SIGNIFICANT ACCOUNTING POLICIES****(a) Basis for preparation of Consolidated financial statements :**

The consolidated financial statement of the group have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting generally accepted in India and comply with the applicable accounting principles in India and the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956.

The financial statement of the Parent Company and the subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions as per Accounting Standard 21 on Consolidated Financial Statements.

**b) Use of Estimates**

The preparation of the consolidated financial statements in conformity with Indian generally accepted accounting principles requires the 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 consolidated financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

**c) Fixed Assets**

Fixed assets are stated at their original cost less accumulated depreciation. Cost of fixed assets includes freight, duties (net of CENVAT), taxes and other incidental expenses relating to acquisition and installation.

**d) Depreciation / Amortization**

Depreciation on all fixed assets situated at manufacturing locations is provided on the straight line method on a pro-rata basis at the rates determined on the basis of useful lives of the respective assets. Management estimates the useful lives for the various fixed assets situated at manufacturing locations as follows:

<b>Description – Manufacturing locations</b>	<b>Useful lives (in years)</b>
Factory building	17-29
Building (Other than factory building)	58
Plant and machinery	2-18
Office equipments	10-20
Computers	1-6
Furniture and fixtures	2-15
Vehicles	10-12

The rates derived from the above useful lives are higher than the minimum rates specified in Schedule XIV to the Companies Act, 1956 ('Act').

Depreciation for all fixed assets at locations other than at manufacturing locations is provided on the written down value method at the rates specified in Schedule XIV to the Act.

Leasehold land is amortized over the lease period on a straight line basis.

Capitalised enterprise resource planning software (SAP) is amortised over a period of five years on straight line basis.

Acquired goodwill is amortized using the straight-line method over a period of 10 years.

Goodwill on Consolidation is stated at cost, and where applicable, impairment is recognized.

**(e) Inventories**

Inventories have been valued at lower of cost and net realizable value.

The cost in respect of raw materials is determined under the specific identification of cost method in India and weighted average method for outside India.

Cost includes customs duty, wherever paid, and are net of credit under CENVAT scheme, wherever applicable. The cost in respect of work-in-progress, finished goods and stores and spares is determined using the weighted average cost method and includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, where applicable.

Waste is valued at estimated net realizable value.

**(f) Revenue Recognition**

**Sale of goods:** Revenue on sale of goods is recognized on transfer of significant risk and rewards of ownership to the buyer and on reasonable certainty of the ultimate collection. Sales are inclusive of excise duty and net off sales tax, trade discounts and sales returns.

**Interest:** Income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rates.

**Commission and insurance claim:** Income is recognized when no significant uncertainty as to measurability or recoverability exists.

**(g) Investments**

Investments that are readily realisable 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 recognise a decline other than temporary in the value of the investments.

**(h) Foreign Currency Transactions**

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transaction. All monetary items denominated in foreign currency are translated at year end rates. Exchange differences arising on such transactions and also exchange differences arising on the settlement of such transactions are adjusted in the consolidated statement of profit and loss.

In case of forward contracts, the premium or discount on all such contracts arising at the inception of each contract is recognized / amortized as income or expenses over the life of the contract. Any profit or loss arising on the cancellation or renewal of such contracts is recognized as income or expenses for the year.

In respect of foreign branches, all revenues, expenses, monetary assets/liabilities and fixed assets are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are restated at the year end rates and resultant gains or losses are recognized in the consolidated statement of profit and loss.

In respect of foreign operations identified as non-integral to the operations of the Company, the translation of functional currency into reporting currency is performed for balance sheet accounts using the exchange rates in effect at the balance sheet date and for revenue and expenses accounts using an appropriate weighted average exchange rate. The gain or loss resulting from such translations is accumulated in a foreign currency translation reserve.

**(i) Employee Benefits****In case of Parent Company and its Indian subsidiary**

The Company's contributions to recognized provident funds are charged to revenue on an accrual basis.

The Company has defined benefit plans namely leave encashment and gratuity for all employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Gratuity fund (for other than synthetic division) is administered through Life Insurance Corporation of India. Short term compensated absences are recognized at the undiscounted amount of benefit for services rendered during the year.

Termination benefits are recognized as an expense immediately. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the consolidated statement of profit and loss as income or expenses.

**In case of a foreign subsidiary in Uzbekistan**

Pension arrangements are as per the Pension scheme of the Republic of Uzbekistan, which requires contributions by the employer calculated as a percentage of current gross salaries. The subsidiary's State Pension scheme contribution amounts to 24 percent of employees' gross salaries and 0.7 percent of turnover, and is expensed as incurred.

**(j) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**(k) Taxation**

Tax expenses for the year, comprising current tax and deferred tax is included in determining the net profit/(loss) for the year.

A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. Deferred tax assets are recognised for all deductible timing differences and carried forward to the extent it is reasonably / virtually certain that future taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

**(l) Leases**

Assets acquired under long term finance lease are capitalised and depreciated in accordance with company's policy for assets situated at manufacturing and other locations. The associated obligations are included in other loans under "Long Term Borrowings".

The Group has taken premises on lease. Lease rental in respect of operating lease arrangement are charged to consolidated statement of profit and loss.

**(m) Impairment of Assets**

At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. If such indication exists, the company estimates the recoverable amount and where carrying amount of the asset exceeds such recoverable amount, an impairment loss is recognized in the consolidated statement of profit and loss to the extent the carrying amount exceeds recoverable amount. Where there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased, the company books a reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

**(n) Provisions and contingencies**

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

	<u>As at March 31, 2014</u>	<u>As at March 31, 2013</u>
(Amount in `)		
<b>NOTE 2 : SHARE CAPITAL</b>		
Authorised		
11,40,00,000 Equity shares of ` 10/- each (previous year 11,40,00,000 )	1,14,00,00,000	1,14,00,00,000
70,00,000 Redeemable preference shares of ` 10/- each (previous year 70,00,000 )	7,00,00,000	7,00,00,000
	<u><b>1,21,00,00,000</b></u>	<u><b>1,21,00,00,000</b></u>
<b>Issued, Subscribed and Paid up</b>		
8,97,72,035 Equity shares of ` 10/- each, fully paid up (previous year 8,83,72,035 )	89,77,20,350	88,37,20,350
	<u><b>89,77,20,350</b></u>	<u><b>88,37,20,350</b></u>

**SUB NOTE:- 2 (a)** The company has only one class of equity share having a par value of ` 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

**SUB NOTE:- 2 (b) Reconciliation of number of shares outstanding at the beginning and at the end of the year**

Particulars	As at 31 March 2014		As at 31 March 2013	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares outstanding at the beginning of the year	8,83,72,035	88,37,20,350	8,32,72,035	83,27,20,350
Add: Equity shares issued during the year	14,00,000	1,40,00,000	51,00,000	5,10,00,000
Less: Equity shares bought back during the year	-	-	-	-
Equity shares outstanding at the end of the year	<b>8,97,72,035</b>	<b>89,77,20,350</b>	<b>8,83,72,035</b>	<b>88,37,20,350</b>

(Amount in `)

**SUB NOTE:- 2 (c) : List of share holder holding more than 5% of the aggregate share in the company**

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Citigroup Venture Capital Inter. Growth Partnership Mauritius Ltd	1,92,52,650	21.45	1,92,52,650	21.79
CLC Technologies Private Limited	1,83,00,000	20.38	1,69,00,000	19.12
Mukund Choudhary	85,35,946	9.51	85,35,946	9.66
Kapil Choudhary	84,74,869	9.44	84,74,869	9.59
Ajay Kumar Choudhary	80,66,052	8.99	80,66,052	9.13

(Amount in `)

	As at March 31, 2014		As at March 31, 2013	
<b>NOTE 3 : RESERVES AND SURPLUS</b>				
<b>Capital Reserve :</b>				
Opening balance	87,31,50,105		85,60,84,583	
Less: Capital Reserve of the subsidiaries not consolidated during the year #	(68,59,76,152)		-	
(+) Exchange fluctuation on restatement of opening balance	(7,017)	18,71,66,936	1,70,65,522	87,31,50,105
Share forfeiture reserve		71,79,250		71,79,250
Profit on restructure		23,58,587		23,58,587
		<b>19,67,04,773</b>		<b>88,26,87,942</b>
<b>Securities Premium Account</b>				
Opening balance	1,02,82,73,822		1,02,82,73,822	
Add: On conversion of share warrants (Refer note 5 of schedule XXI)	-	1,02,82,73,822	-	1,02,82,73,822
<b>Debenture Redemption Reserve</b>		17,03,60,578		17,03,60,578
<b>Foreign Currency Translation Reserve (FCTR)</b>				
Opening balance	73,32,99,282		82,66,25,023	
Less: Foreign Currency Translation Reserve of the subsidiaries not consolidated during the year #	(81,49,15,005)		-	
Add: Addition /(Deletion) during the year	31,15,93,848	22,99,78,124	(9,33,25,741)	73,32,99,282
<b>Surplus in the consolidated statement of profit and loss</b>				
Opening balance	(6,81,73,69,713)		(5,81,00,92,507)	
Less: Profit /(Loss) of the subsidiaries not consolidated during the year #	(1,74,88,15,067)		-	
Profit /(Loss) for the year	(28,29,01,451)		(43,28,99,756)	
Foreign currency translation reserve on consolidated statement of profit & loss	(25,62,50,989)	(5,60,77,07,086)	(57,43,77,450)	(6,81,73,69,713)
		<b>(3,98,23,89,788)</b>		<b>(4,00,27,48,089)</b>

# Refer note no. 32(b) of the consolidated financial statements.

**NOTE 4 : MONEY RECEIVED AGAINST SHARE WARRANT**

Money received against share warrant	-	1,40,00,000
	-	<b>1,40,00,000</b>

During the year, out of money received against share warrants, the company has allotted 14,00,000 (previous year 51,00,000) equity shares pursuant to options exercised by the share warrants holder CLC Technologies Private Limited to convert 14,00,000 (previous year 51,00,000) share warrants in equal number of fully paid up equity shares at the agreed price of ` 10/- per equity share (previous year ` 10/- pre equity share)

**NOTE 5:**

During the year 2006-07, Spentex ( Netherlands ) B.V received USD 15,000,000 (Equivalent to Rs. 898,200,000 as on 31.03.2013 & previous year Rs.814,200,000 ) from Citigroup Venture Capital International Growth Partnership Mauritius Ltd. (CVC) for issue of Preference Share Capital which is still pending allotment at the year end.

(Amount in `)

	As at March 31, 2014	As at March 31, 2013
<b>NOTE 6 : LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
<b>(a) Debentures</b>		
Redeemable Non-Convertible Debentures	26,20,23,589	30,77,73,740
<b>(b) Term Loans</b>		
(i) Term loan		
- From Banks#	4,43,57,97,524	5,20,74,95,768
- From Other Party	1,27,24,50,000	1,15,34,50,000
(ii) Vehicle Loans from Bank	50,42,054	53,34,128
<b>Unsecured</b>		
Deferred payment liabilities#	-	2,34,76,10,043
	5,97,53,13,167	9,02,16,63,679
Less: Amount disclosed under the head 'other current liabilities'. (Note-11)#	2,15,76,64,813	3,17,94,73,396
	<b>3,81,76,48,354</b>	<b>5,84,21,90,283</b>

**Nature of security**

**Debentures**

**Non convertible debentures**

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Mukund Choudhary and Mr. Kapil Choudhary. These Debentures are further secured by second pari-passu charge on entire current assets of the Company. These debentures are also secured by pledge of 2,45,75,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

**Repayment terms & amount of default**

Amounting to ` 26,20,23,589 (previous year ` 30,77,73,740) repayable in 24 quarterly installments commencing from June, 2012. An amount of ` 1,24,77,314/- (previous year ` 83,18,209) was due for payment as on 31.03.2014 is yet to be paid. For repayment schedule refer table below.

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**Term loan from bank**

a) i) Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets of the Company. These loan are also secured by pledge of 2,45,75,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi. 2,06,47,140 shares of promoters have also been pledged on exclusive basis for an amount of ` 31,87,15,563 /-, Further secured by third charge on all the movable and immovable assets of the Company and personal guarantee of Mr. Ajay Choudhary, Sh Mukund Choudhary and Mr. Kapil Choudhary.

Amounting to ` 1,01,42,06,877 (previous year ` 1,17,99,43,869) repayable in 24 quarterly installments commencing from June, 2012. An amount of ` 4,75,82,957/- (previous year ` 3,17,15,467) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ` 31,91,06,856 (previous year ` 38,70,21,984) repayable in 20 quarterly installments commencing from June, 2012. An amount of ` 1,61,37,400/- (previous year ` 1,51,79,071) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ` 4,15,15,976 (previous year ` 8,82,87,415) repayable in 12 quarterly installments commencing from June, 2012. An amount of ` 1,21,50,000/- (previous year ` 93,50,000) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 3 below.

Amounting to ` 4,32,45,984 (previous year ` 18,88,70,984) repayable in 8 quarterly installments commencing from June, 2012. An amount of ` 4,36,87,500/- (previous year ` 1,45,62,500) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 4 below.

- ii) Secured by first pari-passu charge on all the fixed assets of the company.

- b Foreign Currency Term Loan from Lehman Brothers Commercial Corporation Asia Limited and SBI Tokyo is secured by pledge of Interest Reserve Bank Account maintained with Deutsche Bank AG, Amsterdam, assignment of SPV Credit Agreement (between Schoeller Textile Netherlands B.V. (STNBV) and Spentex Netherlands B.V.(SNBV)), assignment of intergroup Credit agreement (between SNBV and Spentex Tashkent Toytepa LLC (STTL)), pledge of 18200 nos. SNBV's shares and pledge of 180 nos. of STNBV's shares. The loan is further secured by all Plant and Machinery of relating to the Tashkent Spinning Plant of STTL.

Amounting to ` 31,87,15,563 (previous year ` 37,43,64,313) repayable in 23 quarterly installments commencing from June, 2012. An amount of ` 1,51,76,932/- (previous year ` 1,01,17,954) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ` 16,01,38,574 (previous year ` 19,20,68,838 ) repayable in 20 quarterly installments. An amount of ` 81,38,574 (Previous year ` 74,68,838) was due for payment as on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 5 below.

Loan from State Bank of India, Tokyo branch (SBI Tokyo) and Lehman Brothers amounting to ` 2,41,76,54,102 (previous year ` 2,19,15,54,186) repayable in 7 annual installments till June 2017. There is a default of ` 89,07,14,102 (previous year ` 57,67,24,186) existing as on 31.03.2014 in payment of Installment of loan. For repayment schedule refer table no. 6 below.

Amounting to ` Nil # (previous year ` 22,70,52,215) repayable in 40 quarterly installments. There is no default in payment of principal & interest.

Amounting to ` Nil # (previous year ` 9,52,49,452) repayable in 40 quarterly installments. For repayment schedule refer table no. 8 below. There is no default in payment of principal & interest.

**Term Loan Repayment schedule Table No. 1**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**Term Loan Repayment schedule Table No. 2**

	FY 13	FY 14	FY 15	FY 16	FY 17
Principal (%)	14	16	20	20	30
ROI (%)	10	12	13	14	14

**Term Loan Repayment schedule Table No. 3**

	FY 13	FY 14	FY 15
Principal (%)	32.40	42	25.6
ROI (%)	12	13	15

**Term Loan Repayment schedule Table No. 4**

	FY 13	FY 14
Principal (%)	25	75
ROI (%)	13	14.5

**Term Loan Repayment schedule Table No. 5**

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal ( ` )	81,38,574	3,60,00,000	3,87,00,000	4,27,00,000	3,46,00,000
ROI (%)	10	10	10	10	10

**Term Loan Repayment schedule Table No.6**

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal ( ` )	12,72,45,000	25,44,89,102	25,44,90,000	25,44,90,000	25,44,90,000	254,490,000	381,675,120	63,62,84,880
ROI (%)	3 Month BBA Libor + 1.7							

**c. Funded Interest Term Loan**

- i) Secured by first pari-passu charge on all the fixed assets of the Company, both present and future. The loan is further secured by second pari-passu charge on entire on entire current assets of the Company and additionally secured by personal guarantee of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary. The loan is also secured by pledge 2,45,75,918 shares of the Company on pari-passu basis. Loan amounting to ` 14,09,88,471/- is further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to ` 1,53,78,904 (previous year ` 1,53,78,904) repayable in 2018. There is no default in repayment of loan existing as on 31.03.2014.

Amounting to ` 13,93,01,510 (previous year ` 19,12,65,905) repayable in 16 quarterly installments commencing from June, 2012. An amount of ` 1,40,07,707/- (previous year ` 1,07,08,823) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no.1 below.

Amounting to ` 16,86,961 (previous year ` 85,00,000) repayable in 8 quarterly installments commencing from June, 2012. An amount of ` 16,86,961/- (previous year ` 17,00,000) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ` Nil (previous year ` 12,81,479) repayable in 4 quarterly installments commencing from June, 2012. An amount of ` Nil (previous year ` 12,81,479) was due for payment on 31.03.2014 is yet to be paid.

- ii) Secured by first pari-passu charge on all the fixed assets of the company.

Amounting to ` 80,17,499 (previous year ` 96,12,689) repayable in 20 quarterly installments. An amount of ` 4,05,499 (Previous year ` 3,72,689) was due for payment as on 31.03.2014. For repayment schedule refer table no. 3 below.

Foreign Currency Term Loan from Lehman Brothers Commercial Corporation Asia Limited and SBI Tokyo is secured by pledge of Interest Reserve Bank Account maintained with Deutsche Bank AG, Amsterdam, assignment of SPV Credit Agreement (between Schoeller Textile Netherlands B.V. (STNBV) and Spentex Netherlands B.V.(SNBV)), assignment of intergroup Credit agreement (between SNBV and Spentex Tashkent Toytepa LLC (STTL)), pledge of 18200 nos. SNBV's shares and pledge of 180 nos. of STNBV's shares. The loan is further secured by all Plant and Machinery of relating to the Tashkent Spinning Plant of STTL.

Funded interest term loan (FITL) amounting to ` 1,93,85,491 (previous year ` 1,75,72,553) repayable in 3 annual installments till June 2013. There is a default of ` 1,93,85,491 (previous year ` 90,98,848) existing as on 31.03.2014 in payment of Installment which ranges from 1 to 1005 days till 31.03.2014 is yet to be paid. For repayment schedule refer table no. 4 below.

**Funded Interest Term Loan Repayment schedule Table No. 1**

	FY 13	FY 14	FY 15	FY 16
Principal (%)	15	25	25	35
ROI (%)	10	10	10	10

**Funded Interest Term Loan Repayment schedule Table No. 2**

	FY 13	FY 14
Principal (%)	40	60
ROI (%)	10	10

**Funded Interest Term Loan Repayment schedule Table No. 3**

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	4,05,499	17,92,000	19,40,000	21,40,000	17,40,000
ROI (%)	10	10	10	10	10

**Funded Interest Term Loan Repayment schedule Table No. 4**

	FY 12	FY 13	FY 14
Principal (`)	79,41,367	11,57,481	1,02,86,643
ROI (%)	3 Month BBALibor + 1.7		

**d. Working Capital Term Loan**

- i) Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets of the Company. These loans are also secured by pledge of 2,45,75,918 shares of the Company and further secured by collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.
  
- ii) Secured by first pari-passu charge on all the fixed assets of the company.

Amounting to `20,08,20,366 (previous year `23,57,81,250) repayable in 24 quarterly installments commencing from June, 2012. An amount of `95,62,800/- (previous year `63,75,250) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to `35,88,14,588 (previous year `42,20,43,582) repayable in 24 quarterly installments commencing from June, 2012. An amount of `1,72,44,608/- (previous year `1,14,93,072) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ` Nil (previous year `5,71,58,108) repayable in 2 half yearly installments during September 2012 & March 2013. An amount of ` Nil (previous year `5,71,58,108) was due for payment on 31.03.2014 is yet to be paid. The rate of interest is 10% per annum.

Amounting to `39,21,89,271 (previous year `46,07,94,535) repayable in 24 quarterly installments commencing from June, 2012. An amount of `1,87,11,750/- (previous year `1,24,71,250) was due for payment on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 3 below.

Amounting to `70,30,000 (previous year `84,04,506) repayable in 20 quarterly installments. The loan is secured by first pari-passu charge on all the fixed assets of the Company. An amount of `3,30,000 (previous year `2,21,988) was due for payment on 31.03.2013. For repayment schedule refer table no. 4 below.

Amounting to `87,39,000 (previous year `87,39,000) repayable in 20 quarterly installments. The loan is secured by first pari-passu charge on all the fixed assets of the Company. There is a default of `37,39,000 (previous year `24,89,000) was due for payment as on 31.03.2014 is yet to be paid. For repayment schedule refer table no. 5 below.

**WCTL Repayment schedule Table No. 1**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**WCTL Repayment schedule Table No. 2**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	10	11	11	11	12

**WCTL Repayment schedule Table No. 3**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	20	20	20
ROI (%)	14.5	18	18	18	18	18.25

**WCTL Repayment schedule Table No. 4**

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (`)	3,30,000	16,00,000	17,00,000	19,00,000	15,00,000
ROI (%)	10	10	10	10	10

**WCTL Repayment schedule Table No. 5**

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (`)	37,39,000	12,50,000	12,50,000	12,50,000	12,50,000
ROI (%)	10	10	10	10	10



**d. Corporate Loan**

Secured by first pari-passu charge on the entire current assets of the Company including receivables. Additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by collateral security on entire fixed assets of the Company, also secured by pledge of 1,80,75,918 shares of the Company and collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to ₹ 24,23,00,000 (previous year ₹ Nil) repayable in 18 quarterly installments commencing from June, 2014. For repayment schedule refer table below.

**Repayment schedule Table No. 1**

	FY 15	FY 16	FY 17	FY 18	FY 19
Principal (₹)	22.22	22.22	22.22	22.22	11.12
ROI (%)	13.5%				

**e. Vehicle Loans**

Secured by hypothecation of motor cars.

Interest rate on vehicle loans between 8.96% to 11.50%. There is no default in repayment of installment as on 31.03.2013. For repayment schedule refer table below

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (₹)	27,30,211	27,69,203	18,74,682	2,65,990	1,32,179

**Unsecured**

The company Subsidiary Spentex Tashkent Toytepa LLC, entered into an asset sale and purchase agreement with Tashkent Toytepa Textile LLC on July 21,2006. In accordance with this agreement the amount outstanding as on March 31, 2014, is ₹ Nil # (2,34,76,10,046) Repayable in annual installments till December 2016. There is default of ₹ Nil # (previous year Rs. 85,89,81,000) existing as on 31.03.2014 in payment of installment which ranges from 1 to 730 days till 31.03.2014 is yet to be paid.

# Refer note no. 32(b) of the consolidated financials statements.

	As at March 31, 2014	(Amount in ₹) As at March 31, 2013
<b>NOTE 7 : OTHER LONG TERM LIABILITIES</b>		
Security Deposit	16,71,328	17,24,048
	<b>16,71,328</b>	<b>17,24,048</b>
<b>NOTE 8 : LONG-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
- Gratuity	5,98,36,654	6,14,61,908
- Leave encashment	2,21,31,293	1,93,98,082
	<b>8,19,67,947</b>	<b>8,08,59,990</b>
<b>NOTE 9 : SHORT -TERM BORROWINGS</b>		
<b>Loan Repayable on Demand:</b>		
<b>(a) Secured</b>		
Working capital loans from banks	1,56,09,87,425	1,11,42,35,588
<b>(b) Unsecured</b>		
Loan from Others	16,93,07,287	14,72,53,086
	<b>1,73,02,94,712</b>	<b>1,26,14,88,674</b>

**Nature of Security**

Working Capital Loans from Banks are secured by first pari-passu charge on entire current assets, long term loan and advances and other non current assets of the Company. These loans are further secured by second pari-passu charge on entire fixed assets, both present and future and personal guarantee of the promoters. These loans, are also secured by pledge of promoters' shares (24,575,918 nos.) on pari-passu basis.

(Amount in `)

	As at March 31, 2014	As at March 31, 2013
<b>NOTE 10 : TRADE PAYABLES</b>		
Trade payable	1,41,66,67,313	2,11,08,05,789
	<u>1,41,66,67,313</u>	<u>2,11,08,05,789</u>

**Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act. 2006**

1. Principal amount remaining unpaid	54,34,823	28,54,810
2. Interest	-	-
3. Total of 1 & 2	54,34,823	28,54,810
4. Interest in term of Sec.16	-	-
5. Interest due and payable for the period of delay in payment	-	-
6. Interest accrued and remaining unpaid	-	-
7. Interest due and payable even in succeeding years	-	-

The information as required to be disclosed under the Micro, small and Medium Enterprises Development Act. 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**NOTE 11 : OTHER CURRENT LIABILITIES**

Current maturities of long-term debts:

**Secured\***

- Debentures	6,23,86,569	5,82,27,463	
- Term loan from banks	1,45,62,84,041	1,38,42,69,722	
- Term loan from other party	63,62,25,000	46,13,80,000	
- Vehicle loans from bank	27,69,203	27,30,211	1,90,66,07,396

**Unsecured**

- Deferred payment liabilities	-	1,27,28,66,000	
Interest accrued and due on borrowings**	39,71,96,697	27,33,69,618	
Unpaid dividend***	-	5,91,535	
Advance from customers	10,04,64,817	3,99,73,114	
Security deposits	1,63,540	1,03,871	
Book Overdraft	15,37,89,850	7,35,73,730	
Employee benefits payable	6,01,61,144	5,81,04,070	
Statutory dues payable	2,29,42,517	2,96,30,496	
Other payables	25,30,63,530	53,05,73,197	
	<u>3,14,54,46,908</u>	<u>4,18,53,93,027</u>	

\* For security details and other terms and conditions, refer note no. 6 of financial statement.

\*\* There is default of ` 39,71,96,697/- (Previous Year ` 27,33,69,301) existed as on 31.03.2014 which ranges from 2 to 1861 days.

\*\*\* There is no amount due and outstanding as on balance sheet date to be credited to Investor Education and Protection Fund.

# Refer note no. 32(b) of the consolidated financials statements.

**NOTE 12 : SHORT -TERM PROVISIONS**
**Provision for Employee Benefits:**

- Gratuity	20,10,776	13,11,382
- Leave encashment	26,57,240	18,43,956
Provision for wealth tax	46,239	32,544
	<u>47,14,255</u>	<u>31,87,882</u>

**NOTE - 13 FIXED ASSETS**

(Amount in `)

PARTICULARS	Gross Block				Depreciation / Amortisation				Net Block					
	Cost as at 01.04.2013	Original Cost of the subsidiaries not consolidated during the year #	Additions for the year*	Deletions/ Adjustments	Addition/ (deletion) due to foreign Exchange	Cost as at 31.03.2014	Up to 01.04.2013	Accumulated Depreciation of the subsidiaries not consolidated during the year #	For The year	Deletions Adjustments	Addition/ (deletion) due to foreign Exchange	Up to 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>INTANGIBLE ASSETS</b>														
Goodwill	73,40,39,390	62,51,28,973	-	-	-	10,89,10,417	10,78,49,418	(1,69,962)	8,91,037	-	-	10,89,10,417	-	62,61,89,972
Software	5,01,58,780	1,60,74,913	-	-	-	3,40,83,867	5,01,20,759	1,60,36,892	-	-	-	3,40,83,867	-	38,021
Total	78,41,98,170	64,12,03,886	-	-	-	14,29,94,284	15,79,70,177	1,58,66,929	8,91,037	-	-	14,29,94,284	-	62,62,27,993
Previous Year	74,50,87,687	-	-	-	3,91,10,483	78,41,98,170	15,03,51,590	-	77,88,549	-	(1,69,964)	15,79,70,177	62,62,27,993	59,47,36,097
<b>TANGIBLE ASSETS</b>														
Land														
- Freehold	1,93,41,907	1,04,34,251	-	-	-	89,07,656	-	-	-	-	-	-	89,07,656	1,93,41,907
- Leasehold	5,42,99,243	-	-	-	-	5,42,99,243	2,01,24,072	-	25,99,404	-	-	2,27,23,476	3,15,75,767	3,41,75,171
Building	3,21,87,24,035	1,87,97,87,701	93,37,647	-	-	1,34,82,73,981	1,07,23,16,228	61,23,10,706	4,49,13,859	-	-	50,49,19,381	84,33,54,600	2,14,64,07,807
Plant & Machinery	11,20,96,23,675	5,46,40,56,385	3,20,50,102	61,35,213	-	5,77,14,82,179	8,13,04,65,568	3,89,82,71,290	16,26,46,613	27,56,976	-	4,39,20,83,915	1,37,93,98,264	3,07,91,58,107
Furniture & Fixtures	13,54,60,731	8,78,47,473	-	6,46,120	-	4,69,67,138	12,17,49,120	8,37,10,525	16,92,886	2,18,394	-	3,95,13,087	74,54,051	1,37,11,16,111
Office Equipments	1,18,48,30,896	1,06,87,94,206	29,50,860	14,81,131	-	11,75,06,418	45,96,42,072	37,42,61,923	62,34,074	13,06,071	-	9,03,08,151	2,71,98,267	72,51,88,825
Vehicle	6,72,99,833	3,29,22,448	48,64,599	2,44,574	-	3,89,97,410	4,35,66,564	2,04,45,307	41,05,752	2,32,345	-	2,69,94,663	1,20,02,747	2,37,33,270
Total	15,88,95,80,320	8,54,38,42,464	4,92,03,208	85,07,038	-	7,38,64,34,026	9,84,78,63,624	4,98,89,99,751	22,21,92,588	45,13,786	-	5,07,65,42,673	2,30,98,91,352	6,04,17,16,697
Previous Year	16,12,07,38,365	-	5,68,22,952	55,09,47,358	26,29,66,361	115,88,95,80,320	9,25,55,55,455	-	74,64,66,531	24,74,89,847	9,32,31,485	9,84,78,63,624	6,04,17,16,696	6,86,50,82,910

Capital Work-in-Progress:

Plant & Machinery

6,45,482 34,29,78,920

Notes :

\* Addition includes ` 12,37,955/- (Previous Year ` 3,954,055/-) transfer from Fixed Assets held for sale to Plant & Machinery.

\*\* Addition includes ` 1,27,460/- (Previous Year ` Nil /-) transfer from Fixed Assets held for sale to Office Equipment.

# Refer note no. 32(b) of the consolidated financials statements

	(Amount in `)	
	As at March 31, 2014	As at March 31, 2013
<b>NOTE 14 : NON CURRENT INVESTMENTS (AT COST)</b>		
<b>1. Investment in Equity Instruments</b>		
<b>(a) In subsidiaries (Trade &amp; Unquoted)</b>		
Spentex Tashkent Toytepa LLC	2,15,54,88,746	-
Schoeller Litvino KS	23,63,07,558	-
<b>(b) In others (Non Trade &amp; unquoted )</b>		
Equity Shares of ` 10/- each, fully paid up of Sentinel Tea and Exports Limited	100      4,777	100      4,777
Equity Shares of ` 10/- each, fully paid up of Summit Securities Limited	10                      -	10                      -
<b>(c) In others (Non Trade &amp; unquoted )</b>		
Equity Shares of ` 20/- each, fully paid up of The Baramati Co-operative Bank Limited	1300      26,000	1,300      26,000
Equity Shares of ` 50/- each, fully paid up of The Sadguru Jangli Maharaj Co-operative Bank Ltd.	1000      50,000	1,000      50,000
Equity Shares of ` 10 each, fully paid up of Saraswat Co-op Bank Ltd.	1420      14,200	1420      14,200
Equity Shares of ` 10/- each, fully paid up of Shamrao Vitthal Co-Op Bank	250      2,500	250      2,500
Equity Shares of ` 31/- each, fully paid up of United Yarn	1              31	1              31
Equity Shares of ` 1500/- each, fully paid up of Lotus House Prem Co-op Society.	1              1,500	1              1,500
Equity Shares of ` 10/- each, fully paid up of Datta Nagari Patsanstha	500      5,000	500      5,000
Equity Shares of ` 10/-each, fully paid up of Spencer & Co. Limited	100      7,563	100      7,563
	<b>2,39,19,07,875</b>	<b>1,11,571</b>
<b>Aggregate book value of :</b>		
Quoted investments	4,777	4,777
Unquoted investments	2,39,19,03,098	1,06,794
Aggregate market value of quoted investment	3,153	1,624

**NOTE 15 : LONG -TERM LOANS AND ADVANCES**  
**Unsecured, Considered Good unless otherwise stated**

<b>Capital advances</b>	-	94,57,639
Loans and Advances to subsidiary		
- Spentex Tashkent Toytepa Llc	33,49,92,612	-
Security deposits	9,73,92,223	8,98,14,556
<b>Prepaid expenses</b>	-	1,68,825
Balance with Customs , Excise, Govt Authorities, etc.	14,33,67,366	39,30,41,297
Advance against expenses	6,59,05,195	4,51,87,074
Loan and Advance to employees	8,26,600	14,99,553
<b>Advance to trade payable :</b>		
- Considered good	4,01,26,895	16,36,10,525
- Considered doubtful	16,73,95,417	16,73,95,417
	<u>20,75,22,312</u>	<u>33,10,05,942</u>
Less: Provision for doubtful advances	16,73,95,417	16,36,10,525
Advance tax/ tax deducted at source	2,15,74,826	2,22,79,860
Other loan and advances:		
- Considered good	-	2,47,39,771
- Considered doubtful	92,35,000	92,35,000
	<u>92,35,000</u>	<u>3,39,74,771</u>
Less : Provision for doubtful advances	92,35,000	2,47,39,771
	<u>70,41,85,717</u>	<u>74,97,99,100</u>

(Amount in `)

	<u>As at March 31, 2014</u>	<u>As at March 31, 2013</u>
<b>NOTE 16 : OTHER NON- CURRENT ASSETS</b>		
<b><u>Unsecured, Considered Good unless otherwise stated</u></b>		
Trade receivables:		
- Considered good	8,56,46,300	2,45,73,128
- Considered doubtful	11,27,246	11,27,247
	<u>8,67,73,546</u>	<u>2,57,00,373</u>
Less:- Provision for doubtful trade receivables	11,27,245	11,27,247
Export incentives	4,10,64,401	3,84,47,284
Claims receivables	3,42,39,512	2,64,29,065
Interest accrued on Fixed Deposit	35,640	54,805
Interest accrued on loan to subsidiary	6,26,59,151	-
Unamortised Upfront Fee	3,75,45,688	5,53,79,508
Fixed deposit with more 12 month maturity from the balance sheet date	6,00,000	30,56,359
	<u><b>26,17,90,692</b></u>	<u><b>14,79,40,149</b></u>
<b>NOTE 17 : INVENTORIES*</b>		
Raw materials	10,92,71,187	33,93,78,312
(Includes Goods in Transit ` 1,30,34,081/- (Previous Year ` Nil/-)		
Work-in-process	13,27,40,377	35,20,82,408
Finished goods		
- Manufactured	74,11,13,508	52,59,66,209
- Stock in trade	1,10,70,994	3,33,04,254
	<u>75,21,84,502</u>	<u>55,92,70,463</u>
Stores, spares & packing materials	3,95,63,879	18,05,19,053
Waste	1,53,08,081	2,11,16,519
	<u><b>1,04,90,68,026</b></u>	<u><b>1,45,23,66,755</b></u>
*Refer accounting policy for mode of valuation.		
<b>NOTE 18 : TRADE RECEIVABLE</b>		
<b><u>Unsecured, Considered Good</u></b>		
Outstanding for a period exceeding six months from the date they are due for payments	71,61,403	1,21,84,262
Others	33,56,47,591	64,21,33,595
	<u><b>34,28,08,994</b></u>	<u><b>65,43,17,857</b></u>
<b>NOTE 19 : CASH AND BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalent</b>		
Cash in hand	32,71,078	37,02,283
Cheque, drafts on hand	-	1,20,500
Balance with banks	2,06,62,606	6,10,30,853
Others Bank Balances		
Unpaid dividend accounts *	-	5,91,535
Fixed deposit with more than 3 month maturity from original date	1,91,94,569	1,38,96,324
Margin money with bank	14,60,993	5,87,560
Restricted Cash (Interest reserve account)	2,14,490	1,94,431
	<u><b>4,48,03,736</b></u>	<u><b>8,01,23,486</b></u>
* Earmarked against the corresponding liabilities.		
<b>NOTE 20 : SHORT- TERM LOANS AND ADVANCES</b>		
<b><u>Unsecured, Considered Good</u></b>		
Security Deposits	19,53,951	1,17,21,619
Intercorporate Deposits	21,75,66,863	22,26,01,078
Margin Money with Others	34,74,839	79,00,000
Advance to Trade Payables	19,44,85,196	29,36,43,377
Advance against expenses	28,33,972	7,79,39,572
Prepaid expenses	2,62,33,146	10,63,68,457
Balance with Customs , Excise, Govt Authorities, etc.	22,33,31,178	14,95,77,489
Advance income tax/tax deducted at source	25,61,751	40,25,215
Accrued Income	-	29,92,006
Advance to employees of the company \$	55,63,286	43,04,933
	<u><b>67,80,04,180</b></u>	<u><b>88,10,73,746</b></u>

(Amount in `)

	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>NOTE 21 : OTHER CURRENT ASSETS</b>		
Claims receivables	2,84,23,211	4,22,19,714
Fixed assets held for sale	94,83,200	2,78,99,772
Export incentives	17,43,41,826	13,86,59,265
Unamortised Upfront Fees	1,45,19,560	74,68,345
Interest accrued on deposit	20,67,526	16,16,050
Deferred Revenue Expenditure	-	3,02,534
	<b>22,88,35,323</b>	<b>21,81,65,680</b>

	<b>Year Ended March 31, 2014</b>	<b>Year Ended March 31, 2013</b>
<b>NOTE 22 : REVENUE FROM OPERATION (GROSS)</b>		
<b>From Sale of Manufactured Goods</b>		
- Yarn	10,07,88,22,092	10,69,68,90,391
<b>Sale of Traded Goods</b>		
- Cotton Yarn	42,15,308	4,26,45,015
- Clothes (Fabrics)	39,96,05,969	24,42,57,671
- Waste sale	69,74,01,286	66,74,35,163
<b>Other operating income</b>		
- Export Incentive	28,27,10,397	29,23,66,138
	<b>11,46,27,55,052</b>	<b>11,94,35,94,378</b>

<b>NOTE 23 : OTHER INCOME</b>		
Commission Income	2,41,843	4,42,965
Interest Income	99,20,334	3,22,97,584
Dividend Income from non-current investment	5,100	7,080
Rent Income	66,000	72,000
Profit on sale of fixed assets(Net)	17,63,148	-
Liabilities/provision no longer required written back	5,63,90,056	13,01,92,227
Net gain on foreign currency transactions	2,46,94,410	7,45,58,910
Misc Income	7,17,79,754	3,90,47,846
	<b>16,48,60,645</b>	<b>27,66,18,612</b>

<b>NOTE 24 : COST OF MATERIAL CONSUMED</b>			
Opening stock	33,93,78,312		
Less : opening stock of subsidiaries not consolidated during the year #	14,88,48,883	19,05,29,429	32,14,35,280
Purchases		7,82,99,98,422	7,72,25,11,761
Closing stock		10,92,71,187	33,93,78,312
		<b>7,91,12,56,664</b>	<b>7,70,45,68,729</b>

# Refer note no. 32(b) of the consolidated financials statements.

<b>NOTE 25 : PURCHASE OF STOCK- IN -TRADE</b>			
Cotton yarn		68,69,812	1,45,22,839
Clothes		14,25,71,802	22,75,68,887
		<b>14,94,41,614</b>	<b>24,20,91,726</b>

	Year Ended March 31, 2014	(Amount in `) Year Ended March 31, 2013
<b>NOTE 26 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE &amp; WORK IN PROGRESS</b>		
<b>Opening inventories</b>		
Finished Goods:		
(a) Manufactured	52,59,66,209	30,69,41,770
(b) Traded Goods	3,33,04,254	78,14,872
Work in progress	35,20,82,408	34,60,83,586
Cotton waste	2,11,16,519	83,64,954
	<b>93,24,69,390</b>	<b>66,92,05,182</b>
<b>Less: Opening inventories of subsidiaries not consolidated during the year #</b>		
<b>Finished Goods:</b>		
- Manufactured	8,75,20,391	-
Work in progress	20,89,91,770	-
	29,65,12,161	-
	<b>63,59,57,229</b>	<b>66,92,05,182</b>
<b>Closing Inventories</b>		
Finished Goods:		
(a) Manufactured	74,11,13,508	52,59,66,209
(b) Traded Goods	1,10,70,994	3,33,04,254
Work in progress	13,27,40,377	35,20,82,408
Cotton waste	1,53,08,081	2,11,16,519
	<b>90,02,32,960</b>	<b>93,24,69,390</b>
<b>Sub total</b>	<b>(26,42,75,731)</b>	<b>(26,32,64,208)</b>
Excise duty on (Increase) / Decrease in inventories	(33,33,935)	52,17,664
<b>(Increase) /Decrease in inventories</b>	<b>(26,09,41,796)</b>	<b>(25,80,46,544)</b>
# Refer note no. 32(b) of the consolidated financials statements.		
<b>NOTE 27 : EMPLOYEES BENEFIT EXPENSE</b>		
Salaries, wages and bonus	72,47,58,793	72,46,01,564
Contribution to provident funds & other funds	6,96,77,923	11,38,32,839
Staff welfare expenses	7,76,95,019	8,14,92,078
	<b>87,21,31,735</b>	<b>91,99,26,481</b>
# Refer note no. 32(b) of the consolidated financials statements.		
<b>NOTE 28 : FINANCE COST</b>		
<b>Interest expenses from bank</b>		
- On Non convertible debentures	3,78,77,053	3,45,86,119
- On Borrowings	76,54,06,117	72,59,35,573
Interest expenses from others	4,95,12,311	6,83,87,584
Other borrowing cost	7,19,64,069	5,68,17,846
	<b>92,47,59,550</b>	<b>88,57,27,122</b>
<b>NOTE 29 : OTHER EXPENSES</b>		
Store, spares and packing materials consumed	32,99,92,940	35,09,50,505
Sub contracting charges	6,13,56,139	5,07,24,741
Power, fuel & water	1,09,52,87,762	1,27,97,64,908
Rent	37,85,520	56,33,736
Rate & taxes	76,45,617	75,65,771
Repair & maintenance-		
- Plant & machinery	2,28,19,734	1,88,98,848
- Building	24,45,768	21,13,095
- Others	89,53,754	71,47,294
Insurance expenses-		
- Buildings	1,56,431	1,45,418
- Plant & machinery	14,74,529	70,73,112
- Stock	1,39,924	2,18,629
- Others	55,51,159	55,93,313
Communication expenses	74,80,305	84,32,336
Travelling & conveyance expenses	5,28,59,296	5,53,61,315
Legal & professional charge	5,67,97,399	5,58,19,646
Payment to auditors (excluding service tax):		

	Year Ended March 31, 2014	Year Ended March 31, 2013
- Audit Fees	20,69,664	20,45,660
- For other services	10,000	3,44,900
- For reimbursement of expenses	1,22,554	1,14,267
Commission on sales	10,81,99,655	11,56,48,192
Freight outward and clearing charges (net of recoveries)	15,20,90,508	23,79,60,136
Director sitting fees	5,04,944	5,71,472
Loss on sale of assets held for sale (Net)*	71,80,636	1,44,224
Loss on sale of fixed assets (Net)	-	6,07,298
Selling & distribution Expenses	5,30,58,892	5,97,39,537
Bad debts/ Receivables written off	2,32,49,266	2,52,81,724
Loss on sale of raw material	-	-
Service tax cenvat reversal	1,30,40,052	62,12,875
Miscellaneous expenses	3,55,02,876	7,77,78,163
	<b>2,05,17,75,324</b>	<b>2,38,18,91,114</b>

\* Inclusive of impairment loss on assets held for sale ` 21,84,342/- (Previous year impairment loss written back ` 35,34,342/-)

**NOTE 30: EXTRAORDINARY ITEMS**

Extraordinary items in consolidated financial statements of ` Nil (previous year ` 4,01,96,393/-) represents write back of ` Nil (Previous year ` 26,81,39,356) after adjusting loss on sale of Fixed Assets of ` Nil (Previous year ` 22,79,42,963/-) pursuant to the reorganisational plan of Schoeller Litvinov k.s.

**NOTE 31: PRIOR PERIOD ITEMS REPRESENT**

	Current Year	(Amount in `) Previous year
Freight Outward and Clearing charges	-	34,41,417
Commission on sales	-	57,64,107
Selling & Distribution Expenses	-	6,83,948
Repair & Maintenance	-	4,00,560
Miscellaneous Expenses	-	40,28,596
<b>Prior period income (a)</b>	<b>-</b>	<b>1,43,18,628</b>
Reversal of Export Incentive Income	35,69,709	-
Reversal of Miscellaneous Income	21,33,375	-
Interest expense from others	-	4,08,32,154
<b>Prior period expenses (b)</b>	<b>57,03,084</b>	<b>4,08,32,154</b>
<b>Net Prior period Items (b-a)</b>	<b>57,03,084</b>	<b>2,65,13,526</b>

**NOTE 32 : GROUP COMPANIES**

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" notified under section 211(3C) of the Companies Act, 1956.

(a) The Financial Statements of the following subsidiaries, drawn upto March 31, 2014, along with Spentex Industries Limited (the Company), the Parent, constituting the group, are considered in preparation of the consolidated financial statements :-

Name of Company	Relationship	Country of Incorporation	Percentage of ownership interest as on March 31, 2014	Percentage of ownership interest as on March 31, 2013
Spentex (Netherlands), B.V. (100 % held by the Company and its nominees)	Subsidiary	Netherlands	100.00%	100.00%
Schoeller Textile (Netherlands), B.V. (a 100% subsidiary of Spentex (Netherlands), B.V.)	Subsidiary	Netherlands	100.00%	100.00%
M/s. Botekos Plus s.r.o.(90% of Schoeller Textile (Netherlands), B.V and 10% Spentex (Netherlands), B.V.)	Subsidiary	Czech Republic	100.00%	100.00%
Amit Spinning Industries Limited (ASIL)	Subsidiary	India	50.96%	50.96%

The financial statements of the above subsidiaries along with the Company constituting the "group", considered in the consolidated financial statements, is drawn up to March 31, 2014.

(b) During the year, the company has not consolidated the Financial Statements of its subsidiaries namely Spentex Tashkent Toytepa LLC (STTL) and Schoeller Litvinov K.S since these are de-facto under the control of Bankers/Secured Creditors and their Financial Statements are not available. The financial of the said subsidiaries till 31.03.2013 is consolidated in previous year figures. Therefore,



current year figure not comparable with the previous year figures.

**NOTE 33 : CONTINGENT LIABILITIES :**
**1. Contingent Liabilities not provided for in respect of :**

(Amount in `)

Description	Year ended March 31, 2014	Year ended March 31, 2013
(a) Demands from income tax authorities under appeal	3,79,71,404	3,79,71,404
(b) Demands from sales tax authorities under appeal	1,41,43,364	1,05,18,854
(c) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts	39,21,23,888	25,63,11,008
(d) Show cause notices/demands raised by MP Government / MPEB department, not acknowledged as debts	21,38,68,939	20,47,23,579
(e) Claims against the company not acknowledged as debts	62,27,81,103	36,93,07,346
(f) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end	24,88,03,656	20,71,58,898
(g) Bills discounted with banks on behalf of the company, outstanding at the year end	72,46,59,779	1,03,30,94,058
(h) Corporate guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited	18,61,07,179	21,67,45,433
(j) Corporate guarantee given to Tashkent Toytepa Textile for deferred payment of purchase consideration on behalf of Spentex Tashkent Toytepa LLC Current Year USD 43,250,000 (previous year USD 43,250,000)	2,58,98,10,000	2,34,76,10,000

The amount shown in the items (a) to (e) represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. The amount shown in items (f) to (h) represent guarantees given and bills discounted in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of beneficiaries fulfilling their ordinary commercial obligations.

**2**

(Amount in `)

Description	Year ended 31st March, 2014	Year ended 31st March, 2013
Estimated value of contracts remaining to be executed on capital account	34,86,502	13,00,000

**NOTE 34 : DEFINED BENEFIT PLAN :**
**(i) Post Retirement Employee Benefits**
**(a) Defined Contribution Plans:**

The Company has defined contribution plans for post retirement employment benefits' namely Provident Fund and Employee State Insurance Scheme. Expenses for the same is being charged to statement of profit and loss for the year.

**(b) Defined Benefit Plans:**

The liability for gratuity is determined on the basis of an actuarial valuation, using the Projected Unit Credit (PUC) method at the end of the year. Gains and losses arising out of actuarial valuations are recognised in the statement of profit and loss for the year. Liabilities for compensated absences which is a defined benefit plan are determined based on independent year end actuarial valuation and the resulting charge is being accounted in statement of profit and loss.

**(ii) Other Employee Benefits**

Other employee benefits are accounted for on accrual basis.

(Amount in `)

	2013-14		2012-13	
	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded
<b>A. Components of Employer expenses</b>				
Current service cost	83,46,014	41,76,624	77,85,728	34,52,880
Interest cost	81,70,533	19,33,025	69,78,870	17,84,623
Curtaillment cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-

# SPENDEX INDUSTRIES LIMITED

Return on plan assets	(23,74,735)	-	(24,60,173)	-
Past service cost	-	-	-	-
Actuarial losses/(gains)	43,45,237	30,23,787	55,12,678	18,58,698
<b>Total expenses recognised in the consolidated statement of profit and loss</b>	<b>1,84,87,049</b>	<b>91,33,436</b>	<b>1,78,17,103</b>	<b>70,96,201</b>

The gratuity and leave encashment expenses have been recognised in "salaries, wages and bonus" under note 27 of financial statement.

## B. Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2014.

Present value of DBO at the beginning of year	8,97,86,084	2,12,42,036	8,20,81,864	2,08,46,741
Current service cost	83,46,014	41,76,624	77,85,728	34,48,417
Interest cost	81,70,533	19,33,025	69,78,870	17,67,118
Curtailment cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Plan amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains)/losses	43,45,238	30,23,787	20,59,480	14,63,592
Benefits paid	(1,96,02,291)	(55,86,941)	(91,19,858)	(62,83,830)
<b>Present value of DBO at the end of year</b>	<b>9,10,45,578</b>	<b>2,47,88,531</b>	<b>8,97,86,084</b>	<b>2,12,42,038</b>

## C. Net Asset / (Liability) recognised in balance sheet as at March 31, 2014.

Present value of defined benefit obligation	9,10,45,577	2,47,88,533	8,35,36,229	2,12,42,038
Fair value on plan assets	2,91,98,147	-	2,70,12,793	-
Status [surplus/(deficit)]	(6,18,47,430)	(2,47,88,533)	(6,27,73,290)	(2,12,42,038)
Unrecognised past service cost	-	-	-	-
<b>Net Asset/(Liability) recognised in balance sheet</b>	<b>(6,18,47,430)</b>	<b>(2,47,88,533)</b>	<b>(6,27,73,290)</b>	<b>(2,12,42,038)</b>

## D. Experience Adjustment

(Amount in `)

	2013-14		2012-13		2011-12		2010-11		2009-10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefit obligation	7,78,04,171	2,28,41,057	8,35,36,229	2,12,42,038	8,44,89,477	2,08,46,742	6,73,72,321	1,63,62,698	5,94,94,533	1,54,46,105
Fair value on plan assets	2,83,72,311	-	2,70,12,793	-	2,78,33,951	-	2,56,29,822	-	2,21,81,824	-
Status [surplus/(deficit)]	(4,94,31,860)	(2,28,41,057)	(6,27,73,290)	(2,12,42,038)	(5,76,80,657)	(2,08,46,742)	(4,17,42,499)	(1,63,62,698)	(3,64,34,261)	(1,54,46,105)
Experience adjustment on plan liabilities loss / (gain)	1,42,13,517	60,64,886	71,08,952	17,86,912	56,37,402	48,25,702	57,91,134	24,32,572	(26,11,096)	(11,62,307)
Experience adjustment on plan assets (loss) / gain	(1,87,999)	11,994	80,571	-	1,13,733	-	12,235	-	(57,121)	-

## E. Change in Fair Value of Assets During the Year Ended March 31, 2014.

(Amount in `)

	2013-14		2012-13	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
Plan assets at the beginning of year	2,70,12,793	-	2,68,08,820	-
Acquisition adjustment for plan assets	-	-	-	-
Expected return on plan assets	23,74,735	-	24,60,203	-
Actuarial gains/(losses)	-	-	(209)	-
Actual company contribution	42,02,605	-	45,12,240	-
Benefits paid	(43,91,986)	-	(67,68,261)	-
<b>Plan Assets at the end of year</b>	<b>2,91,98,147</b>	<b>-</b>	<b>2,70,12,793</b>	<b>-</b>

**F. Current & Non current liabilities as at March 31, 2014.**

Current liabilities	20,10,776	26,57,240	13,11,382	18,43,956
Non-current liabilities	5,98,36,654	2,21,31,293	6,14,61,908	1,93,98,082
	<b>6,18,47,430</b>	<b>2,47,88,533</b>	<b>6,27,73,290</b>	<b>2,12,42,038</b>

**G. Actuarial Assumptions**

	Percentage		Percentage	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Discount rate (%) at March 31, 2014.	8.5 - 9.10%	8.5 - 9.10%	8.50%	8.50%
Expected return on plan assets at March 31, 2014.	6.75-9.15%	N.A.	8.15-9.15%	N.A.
Annual increase in salary cost	3-4.5%	3-5%	3-4%	3-4%

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

**H. Basis used to determine the Expected Rate of Return on Plan Assets**

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

**NOTE 35 : SEGMENT REPORTING :**

In accordance with Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India, the Company has identified two business segments viz. Textile Manufacturing and Textile Trading. Further, two geographical segments by location of customers have been considered as secondary segments viz, within India and outside India .The segment wise disclosure are as follows:

**A. Business Segment Reporting**

(Amount in `)

DESCRIPTION	TEXTILE-MANUFACTURING	TEXTILE-TRADING	TOTAL
<b>Segment Revenue</b>			
Total Revenue	11,28,79,20,088	40,45,04,696	11,69,24,24,784
	(11,93,45,87,434)	(30,40,13,986)	(12,23,86,01,420)
Inter - segment sales	-	26,29,77,208	26,29,77,208
	(-)	(33,13,88,947)	(33,13,88,947)
<b>External Sales</b>	11,28,79,20,088	14,15,27,488	11,42,94,47,576
	(11,93,45,87,434)	2,73,74,961	(11,90,72,12,473)
<b>Segment Results</b>	62,02,53,187	26,73,46,578	88,75,99,765
	(42,86,80,529)	(3,81,85,622)	(46,68,66,151)
Unallocated corporate expenses (Net)	-	-	24,99,64,015
	(-)	(-)	(6,00,26,321)
Operating Profit	-	-	63,76,35,749
	(-)	(-)	(40,68,39,830)
Finance charges	-	-	92,47,59,550
	(-)	(-)	(88,57,27,122)
Interest income	-	-	99,20,334
	(-)	(-)	(3,22,97,584)
Dividend income	-	-	5,100
	(-)	(-)	(7,080)
<b>Profit/(Loss) before Prior period items, exceptional items and Tax</b>	-	-	(27,71,98,366)
	(-)	(-)	(-446,582,628)
Exceptional Item	-	-	-
	(-)	(-)	(-)
Extra Ordinary Item	-	-	-
	(-)	(-)	(4,01,96,393)

# SPENTEX INDUSTRIES LIMITED

Prior Period Items	-	-	57,03,084
	(-)	(-)	(2,65,13,526)
Income Tax written back	-	-	-
	(-)	(-)	-
MAT credit entitlement reversal	-	-	-
	(-)	(-)	-
Profit/(Loss) after tax	-	-	(28,29,01,451)
	(-)	(-)	(-432,899,761)
<b>OTHER INFORMATION</b>			
Segment Assets	7,26,90,41,345	12,61,50,955	7,39,51,92,300
	(10,81,41,36,031)	(12,88,40,496)	(10,94,29,76,527)
Unallocated corporate assets	-	-	61,67,49,079
	(-)	(-)	(25,18,45,426)
<b>Total Assets</b>	-	-	8,01,19,41,379
	(-)	(-)	(11,19,48,21,953)
Segment liabilities	3,98,64,43,710	2,24,60,099	4,00,89,03,809
	(2,89,74,89,337)	(1,56,23,842)	(2,91,31,13,178)
Unallocated corporate liabilities	-	-	6,18,95,07,008
	(-)	(-)	(10,57,25,36,197)
<b>Total Liabilities</b>	-	-	10,19,84,10,816
	(-)	(-)	(13,48,56,49,375)
Capital expenditure incurred during the year	-	-	4,92,03,208
	(-)	(-)	(5,68,22,952)
Depreciation and amortisation for the year	-	-	22,30,83,497
	(-)	(-)	(75,42,55,080)

## B) GEOGRAPHICAL SEGMENT REPORTING:

DESCRIPTION	REVENUE ( ` )	ASSETS ( ` )
Domestic	3,89,72,06,018	4,64,54,59,531
	(3,11,12,38,006)	(5,57,40,66,457)
Outside India	7,53,22,41,558	3,36,64,81,849
	(8,79,59,74,467)	(5,62,07,55,496)
Current Year	11,42,94,47,576	8,01,19,41,380
Previous Year	(11,90,72,12,473)	(11,19,48,21,953)

## NOTE 36 : RELATED PARTY DISCLOSURES :

In accordance with the requirements of Accounting Standard (AS) - 18 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are :

### Enterprises Under Significant Influence:

- |   |                                  |
|---|----------------------------------|
| i) Himalayan Crest Power Private Limited. | ii) CLC & Sons (P) Limited       |
| iii) CLC Technologies Private Limited     | iv) Spentex Tashkent Toytepa LLC |
| v) Schoeller Litvinov k.s.                |                                  |

### Key Management Personnel

- |                              |                                |
|------------------------------|--------------------------------|
| i) Mr. Ajay Kumar Choudhary  | Chairman & Whole Time Director |
| ii) Mr. Mukund Choudhary     | Managing Director              |
| iii) Mr. Kapil Choudhary     | Deputy Managing Director       |
| iv) Mr. Amrit Agrawal        | Director - Finance             |
| v) Mr. Sitaram Parthasarathy | Director - Works               |
| vi) Mr. Raghav Choudhary     | Son of Managing Director       |
| vii) Ms. Megha Agrawal       | Daughter of Director-Finance   |
| viii) Mr. Suraj Sitaram      | Son of Director-Works          |

(Amount in `)

	<b>Current Year</b>	<b>Previous Year</b>
<b>1. Remuneration to Key Management Personnel</b>		
i) Mr. Ajay Kumar Choudhary	80,01,351	70,55,470
ii) Mr. Mukund Choudhary	80,01,351	76,35,535
iii) Mr. Kapil Choudhary	80,01,351	70,55,470
iv) Mr. Amrit Agrawal	75,41,189	70,47,089
v) Mr. Sitaram Parthasarathy	81,10,416	62,78,599
<b>Total</b>	<b>3,96,55,658</b>	<b>3,50,72,163</b>
<b>2. Scholarship to relatives of Key Management Personnel</b>		
i) Mr. Raghav Choudhary	33,50,489	26,03,166
ii) Ms. Megha Agrawal	4,000	7,000
iii) Mr. Suraj Sitaram	-	4,000
<b>Total</b>	<b>33,54,489</b>	<b>26,14,166</b>
<b>3. Allotment of Equity Shares to Enterprises under significant influence</b> CLC Technologies Private Limited	1,40,00,000	5,10,00,000
<b>Total</b>	<b>1,40,00,000</b>	<b>5,10,00,000</b>
<b>4. Issuance of Share Warrant to Enterprises under significant influence</b> CLC Technologies Private Limited	-	1,40,00,000
<b>Total</b>	<b>-</b>	<b>1,40,00,000</b>
<b>5. Guarantees outstanding at year end.</b> M/s Spentex Tashkent Toytepa LLC M/s Schoeller Litvino K.S.	2,15,54,88,746 23,63,07,558	- -
<b>Total</b>	<b>2,39,17,96,304</b>	<b>-</b>
<b>6. Guarantees outstanding at year end.</b> M/s Himalayan Crest Power Limited M/s Spentex Tashkent Toytepa LLC	18,61,07,179 2,58,98,10,000	21,67,45,433 -
<b>Total</b>	<b>2,77,59,17,179</b>	<b>21,67,45,433</b>
<b>7. Year end receivable from</b> M/s Spentex Tashkent Toytepa LLC	46,76,64,167	-
<b>Total</b>	<b>46,76,64,167</b>	<b>-</b>

**NOTE 37 : EARNING PER SHARE**

The following table reconciles the numerators and denominators used to calculate basic and diluted EPS for the year:

(Amount in `)

<b>Description</b>	<b>Current Year</b>	<b>Previous Year</b>
Net profit/(loss) attributable to equity shareholders	(28,29,01,451)	(43,28,99,756)
<b>Weighted Average Shares Outstanding</b>		
Weighted average shares outstanding	8,96,14,775	8,77,99,158
Effect of dilutive securities	-	-
Diluted weighted average shares outstanding	8,96,14,775	8,77,99,158
Nominal value of equity shares (`)	10	10
<b>Before extraordinary items:</b>		
Basic earnings per shares (`)	(3.16)	(4.50)
Diluted earnings per shares (`)	(3.16)	(4.50)
<b>After extraordinary items:</b>		
Basic earnings per shares (`)	(3.16)	(4.90)
Diluted earnings per shares (`)	(3.16)	(4.90)

**NOTE 38 : TAXATION**
**Deferred Tax\***
**Break-up of Deferred Tax Assets and Liabilities.**

(Amount in `)

Description	Current Year	Previous Year
<b>Deferred tax liability recognised on account of timing difference:</b>		
Tax impact of difference in net book value of fixed assets as per Accounts & Tax	33,57,79,717	34,14,74,927
<b>Total Deferred Tax liabilities [A]</b>	<b>33,57,79,717</b>	<b>34,14,74,927</b>
<b>Deferred tax asset recognised on account of timing difference:</b>		
Tax impact of provision for doubtful debts and advances	8,92,76,907	8,92,76,907
Tax impact of disallowances under section 43B of the Income Tax Act, 1961	8,88,62,524	10,12,65,027
Tax Impact on amount disallowances under section 40 (a) of the Income Tax Act, 1961		61,64,550
Tax Impact of brought forward losses	50,78,76,812	56,08,03,166
Tax Impact of unabsorbed depreciation	55,76,34,577	50,86,82,466
<b>Total Deferred Tax Asset [B]</b>	<b>1,24,36,50,820</b>	<b>1,26,61,92,116</b>
<b>Deferred Tax Asset/ (Deferred Tax Liability)</b>	<b>90,78,71,103</b>	<b>92,47,17,189</b>
Charge to consolidated Statement of Profit and Loss	-	-
<b>Net Deferred Tax Asset/ (Deferred Tax Liability)</b>	<b>90,78,71,103</b>	<b>92,47,17,189</b>

\* Includes only Tax impact on assets and liabilities of Spentex Industries Limited and Amit Spinning Industries Limited.

**Note:** The Company has not recognised above Deferred Tax assets on account of prudence.

**NOTE 39 :**

Gain/(Loss) on foreign currency translation on restatement of balance brought forward from previous year represents foreign currency fluctuation on restatement of profit brought forward in respect of foreign subsidiaries.

**NOTE 40 :**

The Butibori Unit of the Synthetic Division had been exporting its goods under Rule 18 of the Central Excise Rules 2002 and claiming rebate on both input and output stage of duty. The Central Excise Department disallowed the rebate on Input Stage of duty at Butibori unit. The Synthetic Division has filed a revision petition with the Joint Secretary, Government of India who allowed rebate for both the stages of duty.

However, the Department appealed in the Hon'ble High Court of Mumbai which was upheld by the Hon'ble High Court. The Synthetic Division has now filed a Special Leave Petition before the Hon'ble Supreme Court of India for quashing the Hon'ble High Court Order and allowing the rebate on input stage of duty.

Pending the decision in the matter by the Hon'ble Supreme Court, the Synthetic Division has not yet reversed the rebate receivable on input duty aggregating to ` 2,31,28,387 (including ` 28,26,621 at its Pithampur Unit).

Further, relying on the judgment of the Hon'ble High Court of Mumbai for the Butibori unit, a demand has been raised by the Department on the Pithampur unit of the Synthetic Division against the refund already given of the rebate on input stage of duty amounting to ` 6,02,16,366/- along with interest. Also, pending claims for the input stage of duty amounting to ` 28,26,621/- have been disallowed during 2006-07. The Pithampur unit has gone into appeal against the said demand / disallowance. The Commissioner (Appeals) has rejected the appeal of the Synthetic Division for the pending claim, while the decision has been kept pending against the demand till the final order is received from the higher authority (Revision Authority).

While the management is hopeful of the decision of the case in its favor, it is also reasonably confident of the liquidation / utilization of these current balances of ` 8,33,44,753/-.

**NOTE 41:**

The company has an investment of ` 21,55,488,746 and recoverable ` 46,76,64,167 in step down subsidiary Spentex Tashkent Toytepa, LLC (STTL) respectively. During the period of investment, Government of Uzbekistan (GOU) changed certain laws and policies by breaching the investment agreement and rendered operation of STTL unviable and insolvency proceedings have been initiated against it. Since investment agreement entered between GOU and company, Treaties entered between countries were breached, Company has initiated Arbitration proceeding against GOU for protection of investment and dues & compensation dispute Claim in International Centre for Settlement of Investment Dispute (ICSID). Spentex (Netherland) B.V., subsidiary of the company, appointed various experts to assess losses suffered by the company. Based on the draft report and claim to be lodged with ICSID, Board of Directors have decided not to make any provision for the aforesaid amounts. As on 31st March, 2014 accumulated losses of the group have exceeded its net worth. The management believes that losses incurred in past would be made good. Therefore the group's financial statements have been prepared on a going concern basis.

**NOTE 42:**

The Export incentive under the head other non-current assets includes a sum of ` 1,93,46,572/- (PY ` 1,93,46,572/-) as Drawback receivables from Custom Department against the export sale pertaining to the period 1993 to September, 2004 when the unit was 100% Export Oriented Unit (EOU). The Amit Spinning Industries Limited (ASIL) had filed an application with the office of DGFT for recovery of same.

**NOTE 43:**

Trade receivables, advance balances and receivables amount aggregating to ` 63,71,477, ` 2,73,14,712, ` 1,78,69,256 respectively due from certain parties where payments are not forthcoming. Against the above, the Company has filed a suit for recovery. In addition to above for ` 1,28,30,469 dues from Government Authorities company filed an application for release with concerned authorities. The Company is making effort to recover the same and expects to reduce the outstanding dues significantly. Based on outcome of the legal suit coupled with further negotiations with these parties, the management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at the stage.

**NOTE 44:**

For the year ended March 31, 2014, the Company has initiated the process of compliance with the transfer pricing regulations for which the prescribed certificate of the accountant will be obtained. The management is of the opinion that the transactions are arms length price. Hence the aforesaid legislation will not have any impact on the consolidated financial statements, particularly on the amount of tax expense and the provision for taxation.

**NOTE 45**

Pursuant to the exemption granted by the Department of Company affairs, Government of India, the Parent Company is publishing the consolidated and standalone financial statements of Spentex Industries Limited and its subsidiaries. The financial statements and auditors' report of the individual subsidiaries are available for inspection by the shareholders at the registered office. However, the information in aggregate on capital, reserves, total assets, total liabilities, details of investments turnover, profit before taxation, provision for taxation, profit/(loss) after taxation and proposed dividend for each subsidiary follows::

Sl. No.	Name of Subsidiary	Amit Spinning Industries Ltd.	Schoeller Textile (Netherlands) B.V.	Spentex (Netherlands) B.V.	Botekos Plus s.r.o.
1	Share Capital (including share application money)	20,58,48,335	14,84,617	89,98,38,137	6,26,756
		(20,58,48,335)	(12,52,565)	(81,55,91,631)	(5,28,791)
2	Reserves and Surplus	-72,02,95,252	(1,22,65,90,826)	16,37,299	(6,26,756)
		(-62,40,93,383)	(-1,03,47,88,922)	(6,21,24,166)	(-)
3	Total Assets (excluding investments)	63,40,40,454	-	1,79,51,01,263	-
		(70,00,63,626)	-	(1,64,31,27,304)	(5,28,791)
4	Total Liabilities	1,14,85,10,602	1,46,19,10,399	3,04,16,98,372	-
		(1,11,83,31,905)	(1,23,33,48,563)	(2,71,25,95,559)	-
5	Investment	23,231	-	2,14,80,72,545	-
		(23,231)	-	-	-
6	Turnover	26,38,57,017	-	-	-
		(34,82,76,954)	-	-	-
7	Profit/(loss) before Taxation	-96,201,869	-94,178	-6,73,73,086	-6,15,354
		(-3,05,20,015)	(-30,392)	(-13,38,32,026)	-
8	Provision for Taxation (Deferred Tax)	-	-	-	-
		-	-	-	-
9	Profit/(loss) after Taxation	-9,62,01,869	-94,178	-6,73,73,086	-6,15,354
		(-3,05,20,015)	(-30,392)	(-13,38,32,026)	-
10	Proposed Dividend	-	-	-	-
		(-)	(-)	(-)	(-)

Figures shown in brackets represents previous year figures.

**NOTE 46:**

The company has applied to Securities & Exchange Board of India (SEBI) seeking exemption for maintaining at least 15% of the amount of its debenture maturing during the financial year 2013-14 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry of Corporate Affairs, which is still awaited.

**NOTE 47:**

The outstanding balance as on 31st March, 2014 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation and consequential adjustment if any from the respective parties. The management, however, does not expect any material variations.

Notes referred to above form an integral part of Consolidated Financial Statements

For **J.C. Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

Sd/-

**Akhil Bhalla**

Partner

Membership No : 505002

On behalf of the Board

Mukund Choudhary

Kapil Choudhary

Sitaram Parthasarathy

Amrit Agrawal

Ranjan Mangtani

Managing Director

Deputy Managing Director

Director - Works

Director - Finance

Sr. Vice President Corporate and Legal Affairs & Company Secretary

Place : New Delhi

Date : May 28, 2014

**CIMMCO SPINNERS. SOLAPUR**



**AMIT SPINNING INDUSTRIES LTD.-KOLHAPUR**



**SPENTEX INDUSTRIES LTD.-BARAMATI**



**SPENTEX INDUSTRIES LTD.-BUTIBORI**



**SPENTEX INDUSTRIES LTD.-PITHAMPUR**

