

21st Annual Report

2012 - 2013

Going Beyond Tomorrow...

SPENTEX INDUSTRIES LIMITED



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 CVC I

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)

2A, Zie Said Street, Tashkent City - 100042
(Republic of Uzbekistan)

2, Tashkent Yuli Street, Toytepa, Urta-chirchik
District, Tashkent Region - 102 300
(Republic of Uzbekistan)

H. 440B Margilan Street, Fergana Region,
Margilan City (Republic of Uzbekistan)

Nadrazni 557 436 57, Litvinov, Czech Republic

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

International :

National bank of Uzbekistan, Republic of Uzbekistan
Raiffeisen Bank a.s., Czech Republic
Uni Credit Bank, Czech Republic

INDEX

	Page No.
Directors' Report and Management Discussions & Analysis	1
Corporate Governance Report	6
Auditor's Report	14
Balance Sheet	19
Statement of Profit & Loss	20
Cash Flow Statement	21
Notes	22
Auditors' Report on Consolidated Financial Statements	45
Consolidated Balance Sheet	46
Consolidated Statement of Profit & Loss	47
Consolidated Cash Flow Statement	48
Consolidated Notes	49
Financial Statements U/s 212 (8) of Companies Act 1956	70

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of Spentex Industries Limited will be held on **Monday, the 30th day of September, 2013 at 2.30 P.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, 2013, 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 Shri Ajay Kumar Choudhary, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Kapil Choudhary, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Sitaram Parthasarathy, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

6. 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 and as per provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to Central Government approvals and such other sanctions/approvals as may be necessary from time to time, the consent of the Company be and is hereby accorded for re-appointment of Shri Mukund Choudhary as Managing Director of the Company for a period of another five years from the date of expiry of his tenure (w.e.f. 21-06-2014) and accordingly fix his remuneration from the date of expiry of approval of Central Government (w.e.f. 01-04-2013) on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, subject to requisite approvals as may be required from time to time and with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration upto 15% per annum of his remuneration, subject to maximum limits specified under Schedule XIII of the Companies Act, 1956 or any 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."

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 and as per provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to Central Government approvals and such other sanctions/approvals as may be necessary from time to time, the consent of the Company be and is hereby accorded for re-appointment of Shri Amrit Agrawal as Director Finance of the Company for a period of another five years from the date of expiry of his tenure (w.e.f. 28-04-2013) and accordingly fix his remuneration from the date of expiry of approval of Central Government (w.e.f. 01-04-2013) on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, subject to requisite approvals as may be required from time to time and with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration upto 15% per annum of his remuneration, subject to maximum limits specified under Schedule XIII of the Companies Act, 1956 or any 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."

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

Place: New Delhi
Date : August 8, 2013

Ranjan Mangtani
Company Secretary

SPENTEX INDUSTRIES LIMITED

NOTES:

- A. Explanatory Statement setting out all material facts regarding Special Business contained in Item Nos. 6 & 7 as required under Section 173 (2) of the Companies Act, 1956, 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. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, the 25th day of September, 2013 to Monday the 30th day of September, 2013 (both days inclusive) for the purpose of this Annual General Meeting.
- D. 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.
- E. Members are requested to intimate the change, if any, in their registered address immediately.
- F. Members/Proxies should bring the attendance slips duly filled in and signed for attending the meeting.
- G. 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.
- H. As per provisions of the Companies Act, 1956, facility for making nomination is now available to the members in respect of the shares held by them.
- I. For any queries on the Depository System, members may contact any depository participant or the Share Department at the Registered Office of the Company.
- J. 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 is given in Corporate Governance.
- K. 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.
- L. Members are requested to send queries to E-mail ID secretarial@clcindia.com which is being used exclusively for the purpose of redressing the compliant(s) of the investors.
- M. The 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 to send Annual Report and other reports/notices through e-mail.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6 and 7

The members of the Company at their 17th Annual General Meeting held on 30th September, 2009 approved the appointment of Shri Mukund Choudhary as Managing Director for a period of 5 years w.e.f. 21st June, 2009 and at their 18th Annual General Meeting held on 30th September, 2010 approved the appointment of Shri Amrit Agrawal as Director Finance for a period of 3 years w.e.f. 28th April, 2010.

The current term of appointment and Central Government approval in regard to remuneration of Shri Mukund Choudhary as Managing Director and Shri Amrit Agrawal as Director Finance will cease/ceased in the following manner

Name of the Director	Appointment valid till	CG approval for remuneration valid till	Remuneration approved by CG per month (Rs.)
Shri Mukund Choudhary	20-Jun-14	31-Mar-13	6,50,000/-
Shri AmritAgrawal	27-Apr-13	31-Mar-13	6,50,000/-

The members of Remuneration Committee and Board of Directors, subject to approval of members and other requisite approvals as may be necessitate from time to time, re-appointed them as whole time directors designated as Managing Director and Director Finance respectively and fixed their remuneration in the following manner :

Name of Director	Proposed Reappointment		Proposed CG Approval		Proposed Remuneration
	No. years	effect from	No. years	effect from	
Shri Mukund Choudhary	5 years	21-Jun-14	3 years	01-Apr-13	Rs. 6,50,000/-* pm
Shri AmritAgrawal	5 years	28-Apr-13	3 years	01-Apr-13	Rs. 6,50,000/-* pm

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

OVERALL REMUNERATION

Subject to the provision of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII, the remuneration payable to Chairman, Managing Director, Directors 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 to the overall limit of 10% of the annual net profit of the Company for all of them together, without the prior approval of Central Government.

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 by way of salary, commission and perquisites as provided herein below subject to the approval of Central Government, if required, as minimum remuneration.

The terms of appointment and remuneration as approved by the Board pursuant to the recommendation of the Remuneration Committee includes:

Sl.No.	Description	Sh. Mukund Choudhary	Sh. Amrit Agrawal
1.	Tenure of Agreement	21/06/2014 to 20/06/2019	28/04/2013 to 27/04/2018
2.	Salary	Rs. 6,50,000 per month w.e.f. 01/04/2013	Rs. 6,50,000 per month w.e.f. 01/04/2013
	Salary including additional Salary, Special Allowance, Performance Salary, Performance 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 him 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) Except Managing Director all executive 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 Managing Director, the annual increment will be granted by the Chairman.	

As required under Schedule XIII of the Companies Act, 1956, the relevant details to be sent alongwith the notice calling the General Meeting are as under :

I. General Information

- Nature of Industry – Textiles Industry
- Date or expected date of commencement of commercial production: The Company was incorporated on 25.11.1991 and already commenced commercial production thereafter.
- In case of new Companies, Expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
- Financial performance based on given indicators (as per audited financial statements for the year ended 31.03.2013)

Particulars	Rs. In Crores
Sales and other Income	1150.41
EBIDTA	126.24
Net Profit/(Loss)	20.58

- Export performance and net foreign exchange collaborations (as per audited financial statements for the year ended 31.03.2013)

Earnings in foreign exchange by exports (FOB value): Rs. 760.17 Crore

SPENTEX INDUSTRIES LIMITED

6. Foreign investments or collaborations, if any: Not applicable

II. Information about the appointee:

Sl.No.	Description	Sh. Mukund Choudhary	Sh. Amrit Agrawal
1.	Background details	Shri Mukund Choudhary (42) is a Director of the Company since 5th May, 2004. He is a Commerce Graduate and having rich experience in operations and acquired manufacturing units in India & Abroad. He has established Spentex name & marketing network all over the world.	Shri Amrit Agrawal, (45) FCA & FCS is a Director in the Company since 28th April, 2007. He is having about 24 years of hands on experience of corporate governance. Being an active integral part of organization(s) he has been looking after overall management of finance function and corporate affairs. Since he has In-depth Knowledge and active front end Progressive experience, he also discharges responsibility in the areas of Strategic financial planning and implementation, Supervising Commercial function, Budgeting, Finance, Accounts, corporate compliance. treasury management and Taxation. Handle active front end acquisition, dealings encompassing intense negotiations, restructuring financial plans and instruments including debts and seeking one time settlement etc.
2.	Past remuneration (Rs.)	6,50,000/- per month	6,50,000/- per month
3.	Job profile and his responsibility	He is overall in charge of entire affairs of the Company, including operations i.e looking after day to day operations in India & Abroad, strategizing / providing future planning for the growth and profitability.	He is in charge of operations of Finance, Accounts, Secretarial, Corporate & Legal affairs, IT and Logistics, beside overseeing Working capital management and fresh Fund syndication under CDR rework Scheme among others .
4.	Remuneration proposed (Rs.)	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 Managing Director and Director Finance the responsibilities shouldered by them and the industry benchmarks, the remuneration proposed is commensurate with the remuneration paid to similar appointees in other Companies.	
6.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	Does not have any pecuniary relationship with the Company. However, he is having pecuniary relationship with the Chairman and Dy. 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.**

None of Directors of the Company except Shri Mukund Choudhary and Shri Amrit Agrawal are interested in the resolution placed before the meeting directly or indirectly.

In compliance with the provisions of sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the re-appointment of Shri Mukund Choudhary as Managing Director and Shri Amrit Agrawal as Director Finance as specified above are now being placed before the members for their approval.

The above particulars may be treated as an abstract of the draft agreement between the Company and Shri Mukund Choudhary and Shri Amrit Agrawal under Section 302 of Companies Act, 1956.

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

Ranjan Mangtani
Company Secretary

Place: New Delhi
Date : August 8, 2013

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 21st Annual Report together with the Audited Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS

The highlights of the financial results for the year ended 31st March, 2013 are as under:

(` in Crores)

Particulars	2012-2013		2011-2012	
	Consolidated	Standalone	Consolidated	Standalone
Net Sales (Turnover)	1,190.72	1,129.66	1,090.60	967.84
Other Income	27.66	20.75	7.68	15.41
EBIDTA	119.34	126.24	(81.66)	(30.43)
Financial charges	88.57	76.81	97.09	85.42
Depreciation	75.43	26.20	78.17	33.08
Profit/(Loss) before tax (PBT)	(44.66)	23.23	(256.52)	(149.42)
Extra ordinary items (income) / Impairment loss @ Fixed Assets	(4.02)	-	0.41	0.41
Exceptional Items	-	-	16.74	48.59
Net Profit from Operations	(40.64)	23.23	(273.67)	(198.42)
Prior period expenses	2.65	2.65	-	-
Tax expenses	-	-	3.03	3.03
Net Profit/(Loss)	(43.29)	20.58	(276.70)	(201.45)
EPS	(0.49)	2.34	(33.31)	(24.25)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

The Indian Textile Industry, since 1991 with the opening of the economy, has become one of the largest in the world. It plays a major role in the economy of the Country. The textile Industry contributes about 14% of total industrial production of the Country and 4% to the Gross Domestic Production of the Country. The Textile Industry is also second largest source of employment after Agriculture sector, in the country. It generates jobs for almost 45 million people and accounts for nearly 11% share of the Country's total export basket. During the year the Indian Textile Industry has great potential to increase its share in textile and apparel in world trade from current level of 4.5% to 8% and likely to reach to US\$ 80 billion by 2020.

During the fiscal 2012-13 under review, the Indian Textile Industry witnessed an incipient turn around as cotton yarn prices started picking up and further with the Government of India allowing 100% FDI under automatic route facilitated the Indian Textile manufactures to pro-actively utilize their capacities to fulfill the demand. Price crash in raw cotton was also one of the factors for increasing of its capacity of output.

Spentex also utilized the opportunity offered as above by building its teams for any challenge ahead by way of tuning supply chain management and resource optimization to strengthen its competitiveness by offering more value to customers in terms of high value added products with a firm faith in the bright future of textile Industry in India.

However due to non recovery of global economy to the extent anticipated in the beginning of the year, pressure on selling prices, heavy interest burden, increase in power tariff and high volatility in cotton & yarn prices, your company could not achieve expected margins.

FINANCIAL ANALYSIS AND PERFORMANCE REVIEW

During the first two quarters of the fiscal 2012-13, due to Increase of raw material cost, and interest burden, besides reduction in percentage of sales, your Company witnessed a negative growth. There were other challenges too, like, increase in power tariff, high volatility in cotton and yarn prices, sudden glut in the domestic and international market, fluctuating global commodity prices, and low demand which had their own adverse financial impact on the Company. However Strong integrated business model and testimony of the quality of its projects along with value addition in products and spreading the customer base has helped your Company to turn around. As a result from the last of third quarter and through out the fourth quarter it had started shaping itself well and turned into profits gradually.

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

- (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 55100.47 MT of yarn as compared to 46775.90 MT of yarn produced during the previous year.

PERFORMANCE OF SUBSIDIARIES

The Company had six subsidiaries at the beginning of the year. 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 unviable market conditions and financial constraints, the subsidiary running under job work basic and manufactured 5157.46 MT of yarn as compared to 2699.73 MT of yarn produced during 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): Subsequent to execution of investment Agreement between Spentex and Government of Uzbekistan (GOU), pursuance to which this Subsidiary was incorporated and investment made, GOU, changed certain laws and policies by breaching the said investment agreement and rendered operation of STTL unviable. Consequently STTL could not pay its debts and insolvency proceedings have since been initiated against it. Since treaties entered between the Governments of India and Uzbekistan and the Investment agreement entered between Govt. of Uzbekistan and Spentex were breached, company has issued notice to GOU claiming protection of investment and payment of dues & compensation for the losses suffered by it.

Schoeller Litvinov k.s., Czech Republic: During the year under review, the step down subsidiary could only manufacture 2530.40 MT of yarn as compared to 2974 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

With the devaluation of Indian Rupee, as compared to U.S dollar and other European currencies, have offered an opportunity on short term basis to Textile industry to optimize its sales values and margins respectively on its exports to such European countries. However, with the increased differentials in the currencies some of its margins are likely to be set off against the increased cost of Exports, competition among the Asian countries in offering discounts, and due to hard bargain by the customer of such countries. The cotton industry is also presently facing challenges like increase in labour cost, increasing power tariff & fuel charges, increase in transportation and inventory carrying charges, which are further likely to impact its margins. However with the greater customer satisfaction, increase in existing customer loyalty, constant offering by the Company of its value added products, constantly improving its product mix with an increase in awareness of Spentex products, and with the increased realization against USD on exports, better recovery is not only expected but is likely to be strengthened in due course. Further on reduction of customs duty on textile machinery and parts from 7.5% to 5%, possibility of cutting in interest rates in near future and with the greater impetus on its exports, your directors, believes that sales volumes are reasonably expected to increase and consequently margins are also expected to be strengthened.

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 in 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 is having six subsidiaries/ step down subsidiaries. Pursuant to SEBI Circular No. 2/2011 dated 08.02.2011, the Board of Directors at their meeting held on 13th February, 2013 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, is 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, which integrates 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.

ISSUE OF EQUITY SHARES

During the year under review, your Company has issued and allotted 51,00,000 equity shares of Rs. 10/- each on 8th October, 2012 to CLC Technologies Private Limited, a promoters group Company in terms of CDR rework package which rank pari passu with the existing equity shares. Accordingly, the paid-up capital of the Company has been increased from Rs. 83,27,20,360 to Rs. 883,720,350/-consisting of 8,83,72,035 equity shares of Rs. 10/- each.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

The Company informs herewith to all its shareholders whose dividend still remained unclaimed for the year 2004-05 (declared by erstwhile Indo Rama Textiles Limited, which has since been amalgamated with the Company) that pursuant to Section 205A of the Companies Act, 1956, the Company is required to transfer unpaid and unclaimed dividend to Investor Education & Protection Fund on completion of 7 years of transferring of unpaid dividend into unpaid dividend account. Accordingly, Company is taking appropriate steps in this regard.

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

Shri Ajay Kumar Choudhary, Shri Kapil Choudhary and Shri Sitaram Parthasarathy are retiring by rotation in the forthcoming Annual General Meeting and being eligible, they offer themselves for re-appointment. Further, subject to approval of shareholders in the ensuing General Meeting and Central Government, the members of Remuneration Committee and Board of Directors at their meeting held on 13th February, 2013, have re-appointed Shri Mukund Choudhary as Managing Director and Shri Amrit Agrawal as Director Finance for another term of 5 years.

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 with stock exchanges in India, is provided in the Report of Corporate Governance forming part of the Annual Report.

AUDITORS

M/s. J C Bhalla, Chartered Accountants who are the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends for their re-appointment.

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 Rs. 20,44,69,921/- in and has amount recoverable amounting to Rs. 47,10,47,260/- from Amit Spinning Industries Limited (ASIL), a subsidiary, as on March 31, 2013. 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 Rs. 18,18,10,358. 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 No. 42 of the Financial Statement without qualifying Auditors, have drawn attention:

The Company has an investment of Rs. 56,10,11,339 and Rs. 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 Rs. 7,00,12,404 as export receivable from STTL and advances of Rs. 9,50,70,902 in SNBV as on March 31, 2013. During the period of investment Government of Uzbekistan changed certain laws and policies by breaching the investment agreement and rendered operation of STTL unviable. Since treaties entered between the Governments of India and Uzbekistan and the Investment agreement entered between Govt. of Uzbekistan and STTL were breached, company has issued notice claiming in excess of USD 100 Mn. towards protection of investment and payment of dues & compensation for the losses suffered by the company. Company has since been making all possible efforts to settle the same amicably with the Govt. of Uzbekistan, failing which arbitration proceeding would be initiated by the company to recover its Investment and claims. In view of the legal opinion and claim lodged with the Govt of Uzbekistan, the Directors have decided not to make any provision for diminution in value of investment at this stage.

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

Trade receivables and advance balances include amount aggregating to Rs. 63,71,477/- and Rs. 2,73,14,712/- 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 them 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. 47 of the Financial Statement without qualifying by 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.

COST AUDITORS

Pursuant to a directive of the Central Government, your Company is required to get Cost Audit conducted for the product "Textile" for every year until further notice. Accordingly Shri Rajesh Goyal, a Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants was appointed to carry out audit of the Cost Accounts maintained by the Company for the financial year ending 31st March, 2013. Cost Auditor would submit its report to concerned authorities in due course, in terms of applicable rules, guidelines and statutory provisions.

FIXED DEPOSITS

Your Company has not accepted any deposits during the year under review within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

- i) in preparing the Annual Accounts for the year ended 31st March 2013 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 2013,
- iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing / 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 conversion methods and such action has resulted into major savings in energy consumption as well as in cost control and new products also been developed. 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 consolidate 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 the 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: May 29, 2013

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, 2013, 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.

- Energy conservation measures as taken by the Company have been mentioned in the Directors Report.
- Relevant data in respect of energy consumption is as below:

	Current year 2012-13	Previous year 2011-12
A. Power and Fuel Consumption		
Electricity		
a. Purchased		
- Total Units consumed (KWH)	16,84,08,872	14,27,59,140
Total Amount (Rs. in Lacs)	1,01,82.72	77,29.03
Rate/unit (Rs.)	6.05	5.41
b. Own Generation (Through Genset)		
- Units (KWH)	Nil	Nil
- Units per litre of Diesel/Furnace Oil	Nil	Nil
- Cost/Unit (Rs.)	Nil	Nil
B. Electricity Consumption (Units)		
Per Kg. of Production of yarn	3.06	3.05

B. TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT (R&D)

- 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. New development of Spun Core Yarn & Siro Yarn
- Benefits derived as result of the above R & D
Meeting customer requirements and effective resource utilization,
- Future plan of action:
Identifying measures to further improve productivity and there by contribution per unit of production.
- Expenditure on R & D.
 - Capital Nil
 - Revenue 3.71 Lacs
 - Total 4.33 Lacs
 - Total R & D Expenditure as percentage of total turnover 0.003%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts: upgrading machines with technologically advanced accessories and spares.
- Benefits: Higher output and improved quality of product.
- Technology imported during the last 5 years: None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Efforts:** Significant exports to various countries round the globe on very competitive prices have brought in foreign exchange to the National Ex-chequer.
- Earnings and Outgo:** Particulars with regard to foreign exchange earnings and outgo appear in Note No.35 & 36 of annual accounts.

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

Place: New Delhi
Dated: May 29, 2013

Ajay Kumar Choudhary
Chairman

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-13

(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 and exceeds the percentages prescribed in the said Agreement.

During the year 4 Board Meetings were held and the interval between any two meetings did not exceed four months (as stipulated by law in force). The respective dates on which Board Meetings were held are 14th May, 2012, 9th August, 2012, 7th November, 2012 and 13th February, 2013.

The names and category of the Directors on the Board, their attendance at the Board Meetings and last Annual General Meeting and number of Directorships and 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
		Directorship*	Member**	Chairperson**	
Executive Directors					Yes/No
Shri Ajay Kumar Choudhary (Chairman)	3	1	-	-	No
Shri Mukund Choudhary (Managing Director)	4	3	-	-	No
Shri Kapil Choudhary (Deputy Managing Director)	4	2	-	-	No
Shri Sitaram Parthasarathy (Director – Works)	4	-	-	-	No
Shri Amrit Agrawal (Director – Finance)	4	2	-	-	Yes
Non Executive/Independent Directors :					
Shri Deepak Diwan	4	-	-	-	No
Shri Prem Malik	4	4	3	-	No
Shri Ram Kumar Thapliyal	4	1	1	-	Yes
Shri Shyamal Ghosh	4	3	2	1	No
Shri D P Singh	3	1	-	1	No
Shri 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 2013

Name	No. of shares held	Name	No. of shares held
Shri Deepak Diwan	NIL	Shri Prem Malik	15,500
Shri Ram Kumar Thapliyal	NIL	Shri Shyamal Ghosh	NIL
Shri Dhananjaya Prasad Singh	NIL	Shri 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 / effluent and material default in financial obligations to and by the company and also 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 for action taken / pending on decisions of the Board and Committees.

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

In terms of Articles of Association, one-third of the Directors retires by rotation and, if eligible, seeks re-appointment at the Annual General Meeting of Shareholders. Shri Ajay Kumar Choudhary, Shri Kapil Choudhary and Shri Sitaram Parthasarathy will retire at the ensuing Annual General Meeting and being eligible they seek their re-appointment.

The Board has recommended the re-appointment of aforesaid retiring Directors. As per Clause 49 of the Listing Agreement, the brief details of the aforesaid directors are indicated herein below:

- a) Shri 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 director in CLC & Sons Private Limited, Shivani Farms Private Limited and CLC Enterprises Limited.
Shri Ajay Choudhary holds 80,66,052 equity shares of the Company in his name as on 31st March, 2013.
- b) Shri Kapil Choudhary (40)** 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 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.
Shri Kapil Choudhary holds 84,74,869 equity shares of the Company in his name as on 31st March, 2013.
Shri Kapil Choudhary is member of the Banking Committee, Share Transfer and Shareholders'/Investors' Grievance Committee of the Company.
- c) Shri Sitaram Parthasarathy (52)** is a Director of the Company since 12th May, 2004. He has a sound academic background and did B. Sc. (Hons) and B. Tech (Textiles). He is having about 30 years of operational experience both in spinning and weaving businesses with an impressive track record in successful implementation of textile projects.
Shri Parthasarathy holds 68,150 equity shares of the Company in his name as on 31st March, 2013.
- d) Shri Mukund Choudhary (42)** is Managing Director of the Company since 21st June 2004. He is having more than 21 years of experience in the Textile Industry. He is instrumental in the growth of the Spentex group and the group's entry into manufacturing of cotton yarn can be attributed to him. During his tenure, Company has acquired Indo Rama Textiles Ltd. and also spread its wings internationally by acquiring manufacturing units in Uzbekistan and Czech Republic. He is Director in Himalayan Crest Power Private Ltd, CLC & Sons Private Ltd, CLC Power Ltd, CLC Enterprises Ltd, CLC Textile Park Pvt. Ltd, Vardhman Special Steels Limited, Ramya Agrotech Private Limited, Confederation of Indian Textile Industry,

Chhindwara Infrastructure Pvt Ltd. and Managing Director of Spentex (Netherlands) B.V.

Shri Mukund Choudhary is the Member of Banking Committee, Share Transfer & Shareholders'/Investors' Grievance Committee and Investment Committee of the Company.

Shri Choudhary holds 85,35,946 equity shares of the Company in his name as on 31st March, 2013.

- e) **Shri Amrit Agrawal (45)** 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 24 year experience in Finance, Corporate Secretarial & Legal. He is Director in Himalayan Crest Power Private Ltd, CLC Power Ltd, Jatalia Global Ventures Limited.

Shri Agrawal is Member of the Audit Committee and Banking Committee of the Company.

Shri Agrawal holds 17,571 equity shares of the Company in his name as on 31st March, 2013.

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. Shri Ram Kumar Thapliyal, Shri Prem Malik and one Executive Director, Shri 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 Shri Dhananjaya Prasad Singh, Independent Director as Alternative Member of the Audit Committee of the Company. Shri D P Singh will attend the Audit Committee Meeting in absence of either Shri R. K Thapliyal (Chairman) or Shri 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 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 14th May, 2012, 9th August, 2012, 7th November, 2012 and 13th February, 2013. The details of attendance of each member at the Audit Committee Meetings during the year 2012-13 are as follows:

Name of the Director	No. of Board Meetings Attended
Shri Ram Kumar Thapliyal (Chairman)	4
Shri Prem Malik	4
Shri Amrit Agrawal	4
Shri Dhananjaya Prasad Singh (Alternate Member)	-

4. Remuneration Committee

The 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 Shri Prem Malik, (Chairman), Shri Ram Kumar Thapliyal and Shri Deepak Diwan, (Members) all are Non-executive/Independent Directors. During the year one Committee Meeting was held on 13th February, 2013, all the members of the Committee attended the meeting.

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 2012-13 are as under:

(` in lacs)

Name of Director	Sitting Fee for Board Meeting(s) (`)	Sitting Fee for Remuneration Committee Meeting(s) (`)	Sitting Fee for Audit Committee Meeting(s) (`)	Salaries and Perquisites p.a. (`)	Total (`)
Executive Directors					
Shri Ajay Kumar Choudhary	-	-	-	70.55*	70.55
Shri Mukund Choudhary	-	-	-	76.35*	76.35
Shri Kapil Choudhary	-	-	-	70.55*	70.55
Shri Sitaram Parthasarathy	-	-	-	62.78*	62.78
Shri Amrit Agrawal	-	-	-	70.47*	70.47
Non Executive/Independent Directors					
Shri Deepak Diwan	0.84	0.15	-	-	0.99
Shri Prem Malik	0.84	0.15	0.60	-	1.59
Shri Ram Kumar Thapliyal	0.84	0.15	0.60	-	1.59
Shri Shyamal Ghosh	0.84	-	-	-	0.84
Shri D P Singh	0.63	-	-	-	0.63
Shri Rajeev Kalra ***	-	-	-	-	-

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

* Salary & Perquisites included Company's contribution to Provident Fund and Leave Encashment as perquisites payable in addition to salary in terms of remuneration approved by the Central Government

5. Share Transfer & Shareholders'/Investors Grievance Committee:

The Share Transfer & Shareholders'/Investors Grievance Committee comprises of three members viz. Shri Deepak Diwan (Chairman), Non-executive/Independent Director, Shri Mukund Choudhary and Shri Kapil Choudhary (Members), 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 reviews 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 investor relation.

The committee also reviews all investors' complaints and their grievances. During the year the Company has received 4 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 2013.

Shri 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, 2012, 5th July, 2012, 5th October, 2012 and 4th January, 2013. 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 and fellow subsidiary companies. The Committee comprises of three members viz. Shri Mukund Choudhary, Shri Kapil Choudhary, Executive – Directors and Shri Rajeev Kalra, Nominee Director (on behalf of CVC) of the Company. No Investment Committee meeting was held during the year.

7. 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 Shri Mukund Choudhary, Managing Director, Shri Kapil Choudhary, Deputy Managing Director, Shri Amrit Agrawal, Director-Finance, Executive Directors and Shri Deepak Diwan, Non-executive/ Independent Director. During the year, 5 Committee meetings were held on 4th May, 2012, 14th May, 2012, 9th August, 2012, 7th November, 2012 and 14th March, 2013. All the members of the Committee attended the meetings.

Name of Director	No. of Meeting Attended
Shri Mukund Choudhary	5
Shri Kapil Choudahry	5
Shri Amrit Agrawal	5
Shri Deepak Diwan	Nil

8. 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
18th AGM	Bipin Chandra Pal Memorial Bhavan, A – 81, Chittaranjan Park, New Delhi - 110019	30th September, 2010 at 9:30 A.M	1. To approve the Re-appointment of Shri Amrit Agrawal as Director – Finance of the Company for a period of 3 years and his remuneration.
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 Shri Ajay Kumar Choudhary as Chairman, Shri Kapil Choudhary as Deputy Managing Director, Shri 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 Shri Mukund Choudahry and Shri 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.

(B) Postal Ballot

No special resolution was passed through Postal Ballot during 2012-13.

9. 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. The declaration in compliance with Clause 49 I (D) (ii) of the Listing Agreement is given below:

To The Shareholders of Spentex Industries Limited

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, 2013 in terms of Clause 49 I (D) (ii) of the Listing Agreement entered into with the Stock Exchange.

Place: New Delhi
Date: August 8, 2013

Mukund Choudhary
Managing Director

10. 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, three Committees of Board, namely Remuneration Committee, Banking Committee and

Investment Committee are in place. Details of all the above mentioned committees have been provided in this report.

11. 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 to 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 to send Annual Reports and other reports/notices through e-mail.

12. 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

13. General Shareholder information

- The 21st Annual General Meeting will be held at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi – 110 019, on Monday, 30th day of September, 2013 at 2.30 P.M.
- Financial Calendar (Tentative) :

Financial reporting for the Quarter ending June 30, 2013	:	8th August, 2013
Financial reporting for the Quarter ending September 30, 2013	:	before 15th November, 2013
Financial reporting for the Quarter ending December 31, 2013	:	before 15th February, 2014
Annual Result for the year ended March 31, 2014	:	before 30th May, 2014
- Date of Book closure : Wednesday, the 25th September, 2013 to Monday, the 30th September, 2013 (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 2013-14.
- Market Price Data : High/Low during each month in last financial year 2012-13 at BSE & NSE:

Month	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
BSE												
High	7.40	6.70	6.10	7.62	5.99	5.65	7.45	7.30	6.45	6.55	5.52	5.49
Low	6.07	5.51	4.51	4.91	4.46	4.37	5.45	5.65	5.75	5.07	4.92	3.31
NSE												
High	7.45	6.85	6.45	8.00	6.00	5.65	7.50	7.35	6.50	6.70	5.55	5.50
Low	6.00	5.50	4.75	4.35	4.35	4.35	5.05	5.60	5.60	5.00	4.80	3.05

- 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 2013:**

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
1 to 500	35,027	90.46	32,50,073	3.68
501 to 1,000	1,786	4.61	15,01,087	1.70
1,001 to 2,000	856	2.21	13,34,375	1.51
2,001 to 3,000	335	0.87	8,55,335	0.97
3,001 to 4,000	150	0.39	5,43,477	0.61
4,001 to 5,000	143	0.37	6,80,255	0.77
5,001 to 10,000	201	0.52	14,92,265	1.69
10,001 and above	220	0.57	7,87,15,168	89.07
Total	38,718	100.00	8,83,72,035	100.00
Physical Mode			11,74,648	1.33
Electronic Mode			8,71,97,387	98.67

Shareholding Pattern as on 31st March 2013:

Sl. No.	Particulars	No. of shares	%
1	Promoter & Promoter Group	48,930,560	55.37
2	Bodies Corporate	5,123,246	5.80
3	Mutual Funds	20,811	0.02
4	Banks/Financial Institutions/UTI	458,438	0.52
5	State Government/Central Government	59,337	0.07
6	Foreign Institutional Investors	19,255,367	21.79
7	Foreign Banks	1,505	0.00
8	Directors Other Than Promoters	101,221	0.11
9	NRIs	314,936	0.36
10	Trust	28,145	0.03
11	Indian Public & Others	14,078,469	15.93
	Total	8,83,72,035	100.00

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 its meeting dated 28th September, 2012 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 has 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 been issued on 12th April, 2013 in second/final trench accordingly the Company's paid up capital has been increased from Rs. 883,720,350 to Rs. 897,720,350.

➤ **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
- Out side India
1. 2A, Zie Said Street, Tashkent City – 100042 Republic of Uzbekistan
 2. 2 Tashkent Yuli Street, Toypeta, Urta-Chirchik District, Tashkent Region 102300, Republic of Uzbekistan.
 3. Nadrazni 557 436 57, Litvinov, Czech Republic
 4. H. 440B, Margilan Street, Fergana Region, Margilan City, Republic of Uzbekistan

➤ **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
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; beetal_99@sify.com
3. Compliance Officer : Shri B V R Murthy, Sr. Manager Secretarial
Ph. 011 - 26387738, 46598900, Fax: 011 – 26385181
Email: murthy@clcindia.com; 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, 2013 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 29, 2013

Mukund Choudhary
Managing Director

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, 2013, 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, 2013, no such investor grievances remained unattended/pending as at 31st March, 2013 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

Place: New Delhi
Date: August 8, 2013

(Loveneet Handa)
ACS-25973
CP-10753

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, 2013, 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"). 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. 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:

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 Rs.20,44,69,921 in Amit Spinning Industries Limited subsidiary of the company. Further, uncertainties exist in relation to the recoverability of loans amounting to Rs.32,01,28,019, interest accrued thereon Rs.9,59,50,582 and advances amounting to Rs.5,49,68,659 due from above subsidiary.

The impact due to above observation on the financial statements could not be ascertained.

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, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit 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. 42 of the financial statements regarding long term investment amounting to Rs. 56,10,11,339 and Rs. 93,23,779 in Spentex Netherland B.V. and Spentex Tashkent Toytepa LLC respectively, subsidiaries of the company, and advance amounting to Rs. 9,50,70,902 from Spentex Netherland B.V. and trade receivable amounting to Rs. 7,00,12,404 from Spentex Tashkent Toytepa LLC 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 investments and amounts due stated above.
- (b) Note No. 43 of the financial statements regarding amounts recoverable relating to certain trade receivable and advance balances Rs.63,71,477 and Rs.2,73,14,712 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. 47 of the financial statements regarding preparation of these accounts on a going concern basis due to reasons indicated therein.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- a. 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 matter described in the Basis for Qualified Opinion paragraph**, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - v. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the 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

Place : New Delhi
Dated : May 29, 2013

(Akhil Bhalla)
Partner
Membership No.505002

Annexure to Independent Auditors' Report

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 programmed 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. However, the fixed assets have not been physically verified by the management during the year.
- (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, paragraph 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, 2013 for a period of more than six months from the date they became payable except for State Entry Tax of Rs. 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, 2013, which have not been deposited on account of dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Year to which the amount relates	Forum where the dispute is pending
Sales Tax				
The M.P. Commercial Tax Act, 1994	Penalty - Purchase tax demand	1,64,195 (including amount paid Rs.1,28,195)	1996-97	First Appellate Authority
The M.P. Commercial Tax Act, 1994	Sales Tax Demand	8,15,157(including amount paid Rs.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
Entry Tax Act, 1976	Entry tax demand	15,38,453 (including amount paid Rs. 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 Rs. 2,00,000)	2004-05	Deputy Commissioner, Nagpur
Central Sales Tax, 1956	Sales Tax Demand	29,99,290 (including amount paid Rs.10,00,000)	2004-05	Deputy Commissioner, Nagpur
Income tax				
Income Tax Act, 1961	Disallowance of goodwill amortisation & other expenses	1,08,75,657 (including amount paid Rs.39,81,354)	A.Y. 2001-02 A.Y. 2003-04	Income Tax Tribunal Delhi Bench - Rs. 39,81,354
				High Court - Rs. 68,94,303

The Income Tax Act, 1961	Disallowances of various expenses viz. sales tax subsidy, etc.	2,70,95,747 (including amount paid Rs.20,00,000)	A.Y. 2003-04 A.Y. 2005-06 A.Y. 2006-07	Commissioner of Income Tax (Appeal), New Delhi
Central Excise and Service Tax Act				
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 Rs.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 Rs.23,14,143)	Aug, 2004 to Apr, 2007	Deputy Commissioner of Central Excise, Nagpur – Rs. 77,371
				Commissioner, Central Excise Nagpur – Rs.7,26,93,700
				Customs, Excise & Service Tax Appellate Tribunal, New Delhi – Rs. 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)	6,66,215	April, 2003 – March, 2012	Customs, Excise & Service Tax Appellate Tribunal New Delhi Rs.1,80,167
				Deputy Commissioner, Central Excise, Nagpur – Rs. 4,86,048
The Central Excise Act, 1944	Cenvat on samples used in quality control (Butibori unit)	2,89,639 (including amount paid Rs. 67,597)	Apr, 2003 to May 2011	Customs, Excise & Service Tax Appellate Tribunal, Nagpur – Rs. 1,17,762
				Deputy Commissioner, Central Excise, Nagpur – Rs. 1,71,877
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 – Rs. 6,94,852
				Customs, Excise & Service Tax Appellate Tribunal – Rs. 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	29,63,450	Jun, 2006 to June, 2012	Assistant Commissioner of Central Excise, Nagpur
Finance Act, 1994	Refund against export services	22,59,287	2006-12	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 Rs.1,33,22,751)	March, 2004 to Feb, 2007	High Court , Indore
Finance Act, 1994	Service Tax on GTA paid including penalty	9,73,244	April 2005 to Sept 2006	Customs, Excise & Service Tax Appellate Tribunal – Rs. 2,80,282
				Commissioner (Appeals), Central Excise, Indore- Rs. 6,92, 962

The Central Excise Act, 1944	Cenvat on Capital Goods	27,03,762	2002-2003	Additional Commissioner of Central Excise, Nagpur -Rs. 25,51,564
				Deputy Commissioner of Central Excise – Rs. 1,52,198

- 10 The Company has accumulated loss as at March 31, 2013 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 but has incurred cash losses 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	6,59,86,327	1 – 64
2	Term Loan	48,56,87,077	1 – 88
3	Funded Interest Term Loan	9,79,80,647	1 – 90
4	Working Capital Term Loan I	4,52,54,980	1 – 68
5	Working Capital Term Loan II	7,96,81,672	1 – 88
6	Working Capital Term Loan III	7,56,73,582	1 – 71
7	Working Capital Term Loan IV	10,06,49,998	1 – 90
	TOTAL	95,09,14,283	

- 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 On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on short term basis which have been used for long-term investment.
- 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

(Akhil Bhalla)
Partner

Membership No.505002

Place : New Delhi
Dated : May 29, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

(Figure in `)

	Note No.	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
(1) Shareholder's funds			
a) Share capital	2	88,37,20,350	83,27,20,350
b) Reserves & surplus	3	(1,42,00,17,944)	(1,62,58,41,935)
c) Money received against share warrant	4	1,40,00,000	-
		(52,22,97,594)	(79,31,21,585)
(2) Non-current liabilities			
a) Long-term borrowings	5	2,91,87,30,525	3,30,21,82,443
b) Other long term liabilities	6	17,24,047	12,62,554
c) Long-term provisions	7	7,03,46,959	5,54,34,195
		2,99,08,01,531	3,35,88,79,192
(3) Current liabilities			
a) Short-term borrowings	8	99,96,98,080	85,81,04,524
b) Trade payables	9	1,23,00,70,260	1,30,76,51,546
c) Other current liabilities	10	1,57,87,16,960	1,13,58,64,698
d) Short-term provisions	11	25,09,614	1,14,74,740
		3,81,09,94,914	3,31,30,95,508
Total		6,27,94,98,851	5,87,88,53,115
ASSETS			
(1) Non-current assets			
a) Fixed assets	12		
(i) Tangible assets		2,19,51,33,280	2,40,97,00,586
(ii) Intangible assets		8,91,038	85,65,144
(iii) Capital work in progress		31,47,485	43,70,896
b) Non-current investment	13	77,48,93,379	77,49,26,779
c) Long-term loans and advances	14	96,10,16,525	95,32,84,126
d) Other non-current assets	15	25,30,08,779	27,07,36,924
		4,18,80,90,486	4,42,15,84,455
(2) Current Assets			
a) Inventories	16	85,94,06,784	47,34,46,623
b) Trade receivables	17	39,79,32,462	45,93,58,475
c) Cash and bank balances	18	6,06,86,938	4,29,34,416
d) Short-term loans and advances	19	56,18,96,935	25,47,73,222
e) Other current assets	20	21,14,85,246	22,67,55,924
		2,09,14,08,365	1,45,72,68,660
Total		6,27,94,98,851	5,87,88,53,115

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

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 29, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013 (Figure in `)

	Note No.	Year Ended 31st March, 2013	Year Ended 31st March, 2012
INCOME			
I. Revenue from operations (Gross)	21	11,33,30,11,287	9,71,10,29,348
Less: Excise duty		3,63,81,905	3,26,47,835
Revenue from operations (Net)		11,29,66,29,382	9,67,83,81,513
II. Other income	22	20,74,49,162	15,40,71,061
III. Total revenue (I+ II)		11,50,40,78,544	9,83,24,52,574
IV. EXPENSES			
Cost of materials consumed	23	7,38,54,81,377	6,35,50,45,065
Purchases of stock-in-trade	24	27,23,96,463	95,94,63,754
Changes in inventories of finished goods, Stock-in -trade and work-in-progress	25	(35,06,41,012)	57,55,25,524
Employee benefit expenses	26	70,13,02,129	63,18,36,727
Finance costs	27	76,80,51,079	85,41,52,310
Depreciation and amortization expense	12	26,19,50,399	33,07,97,607
Other expenses	28	2,23,32,00,592	1,62,40,03,785
Total expenses		11,27,17,41,027	11,33,08,24,772
V. Profit before exceptional items, prior period items and tax (III-IV)		23,23,37,517	(1,49,83,72,198)
VI. Exceptional & prior period items			
Exceptional items	29	-	48,58,65,811
Prior period items	44	2,65,13,526	-
VII. Profit/(loss) before tax (V-VI)		20,58,23,991	(1,98,42,38,009)
VIII Tax expenses:			
MAT credit entitlement reversal		-	3,02,75,377
Income tax of earlier year written back		-	3,68,52,303
		-	(65,76,926)
IX Profit/(loss) for the year (VII- VIII)		20,58,23,991	(2,01,45,13,386)
X Earnings per equity share of Rs. 10/- each:			
(1) Basic	34	2.34	(24.25)
(2) Diluted	34	2.34	(24.25)

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

Akhil Bhalla
Partner
Membership No : 505002

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 29, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Figure in `)

	Year ended 31st March 2013	Year ended 31st March 2012
Profit /(loss) Before Tax	20,58,23,991	(1,98,42,38,010)
Add:		
Depreciation / Amortisation	26,19,50,399	33,07,97,607
Impairment Loss/Reversal of loss	-	41,33,096
Loss/(Profit) on Sale of Fixed Asset (net)	6,07,298	6,45,799
Provision for Wealth Tax	32,544	32,684
Unrealised Exchange Fluctuation (net)	(32,98,131)	(3,14,67,693)
Investment written off	33,400	-
Liabilities no longer required written back	(3,28,17,840)	(53,58,789)
Loss on sale of assets held for sale.	1,44,224	25,25,820
Dividend Income	(3,120)	(3,207)
Interest Income	(1,07,12,733)	(4,24,89,733)
Interest Expense	81,20,13,761	85,78,86,163
Operating Profit Before Working Capital Changes	1,23,37,73,793	(86,75,36,263)
Adjustments for changes in working capital :		
- (Increase)/Decrease in Trade Receivable	5,75,75,418	54,14,87,782
- (Increase)/Decrease in Other Bank Balance, Short Term Loans and Advances and other current assets	(29,03,65,377)	35,44,77,089
- (Increase)/Decrease in Long Term Loans and Advances	(77,32,399)	(78,30,937)
- (Increase)/Decrease in Other Non Current Assets	2,43,51,682	1,42,40,639
- (Increase)/Decrease in Inventories	(38,59,60,161)	84,29,62,807
- Increase/(Decrease) in Trade Payable	(7,75,81,286)	(19,73,82,061)
- Increase/(Decrease) in Other Non Current Liabilities	4,61,493	(7,13,769)
- Increase/(Decrease) in Other Current Liabilities	5,24,17,872	6,52,61,392
- Increase/(Decrease) in Long Term Provisions	1,49,12,764	1,39,64,024
- Increase/(Decrease) in Short Term Provisions	(89,32,582)	28,01,199
Wealth Tax Paid	(32,684)	(52,767)
A Cash Flow From Operating Activities	61,28,88,533	76,16,79,135
Purchase of Fixed Assets	(4,96,94,840)	(1,94,07,023)
Sale proceeds of Fixed Assets	1,05,69,563	19,36,222
Dividend Received	3,120	3,207
Interest Received	1,11,39,919	1,01,41,244
B. Cash Flow From Investing Activities	(2,79,82,239)	(73,26,350)
Proceeds from Share Capital	5,10,00,000	-
Proceeds from Share Warrant	1,40,00,000	-
Repayment of Non-convertible Debenture	(2,49,54,626)	(79,92,789)
Proceeds from Long Term Borrowings	45,10,00,000	39,08,88,963
Repayment of Long Term Borrowings	(43,80,85,344)	(25,40,65,977)
(Repayment)/proceed of short term Borrowings (net)	14,15,93,556	(2,24,79,644)
Vehicle Loans	(16,27,673)	(34,99,887)
Interest Paid	(75,54,15,279)	(85,51,45,353)
C. Cash Flow From Financing Activities	(56,24,89,366)	(75,22,94,687)
Increase/(Decrease) in Cash Equivalents {A+B+C}	2,24,16,928	20,58,097
Cash and Cash Equivalents at the Beginning of the Year	2,37,82,152	2,17,24,055
Cash and Cash Equivalents at the End of the Year	4,61,99,080	2,37,82,152
Increase / (Decrease) in Cash/Cash Equivalents	2,24,16,928	20,58,097
Notes :-		
Cash and cash equivalents comprise		
Cash in hand	26,88,149	17,27,526
In Current Accounts	4,33,90,431	1,55,61,498
Cheque in hand	1,20,500	64,93,128
	4,61,99,080	2,37,82,152

1. 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.

2. 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

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 29, 2013

NOTE 1 :SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Accounting**

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:

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

Presentation in Financial Statement:

- Government grants relating to specific fixed assets are adjusted with the value of the fixed assets.
- 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.
- 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 out flow of resources or where a reliable estimate of the obligation cannot be made.

(Amount in `)

	As at March 31, 2013	As at March 31, 2012
NOTE 2 : SHARE CAPITAL		
Authorised		
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>1,21,00,00,000</u>	<u>1,21,00,00,000</u>
Issued, Subscribed and Paid up		
8,83,72,035 Equity Shares of ` 10/- each, fully paid up (Previous Year 83,272,035)	88,37,20,350	83,27,20,350
	<u>88,37,20,350</u>	<u>83,27,20,350</u>

SUB NOTE:- 2 (a) Above equity share of ` 10/- each include :

Pursuant to scheme of arrangement 44,87,844 Equity Share of ` 10/- each fully paid issued, to the share holder of erstwhile Indo Rama Textiles Limited during the financial year 2006-07 for consideration other than cash.

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Amount (`)	No. of Shares	Amount (`)
Equity shares outstanding at the beginning of the year	8,32,72,035	83,27,20,350	8,13,22,035	81,32,20,350
Add: Equity shares issued during the year	51,00,000	5,10,00,000	19,50,000	1,95,00,000
Less: Equity shares bought back during the year	-	-	-	-
Equity shares outstanding at the end of the year	8,83,72,035	88,37,20,350	8,32,72,035	83,27,20,350

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

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Citigroup Venture Capital International Growth Partnership Mauritius Ltd	1,92,52,650	21.79	1,92,52,650	23.12
CLC Technologies Private Limited	1,69,00,000	19.12	1,18,00,000	14.17
Mukund Choudhary	85,35,946	9.66	85,35,946	10.25
Kapil Choudhary	84,74,869	9.59	84,74,869	10.18
Ajay Kumar Choudhary	80,66,052	9.13	80,66,052	9.69

NOTE 3: RESERVES AND SURPLUS

(Amount in `)

	As at March 31, 2013	As at March 31, 2012
Capital Reserve :		
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
	14,77,69,543	14,77,69,543
Securities Premium Account		
Opening balance	1,02,82,73,822	1,01,47,21,322
Add: On conversion of share warrants	-	1,35,52,500
	1,02,82,73,822	1,02,82,73,822
Debenture Redemption Reserve		
Opening balance	17,03,60,578	17,03,60,578
Add: transfer from statement of profit & loss	-	-
	17,03,60,578	17,03,60,578
Surplus in the statement of profit and loss		
Opening balance	(2,97,22,45,878)	(95,77,32,492)
Profit /(Loss) for the year	20,58,23,991	(2,01,45,13,386)
Closing balance	(2,76,64,21,887)	(2,97,22,45,878)
	(1,42,00,17,944)	(1,62,58,41,935)

NOTE 4: MONEY RECEIVED AGAINST SHARE WARRANT

Money received against share warrant	1,40,00,000	-
	1,40,00,000	-

During the year, out of money received against share warrants, the company has allotted 51,00,000 (previous year 19,50,000) equity shares pursuant to options exercised by the share warrants holder CLC Technologies Private Limited to convert 51,00,000 (previous year 19,50,000) share warrants in equal number of fully paid up equity shares at the agreed price of ` 10/- per equity share (previous year ` 16.95/- pre equity share (including premium of ` 6.95/- per equity share))

NOTE 5: LONG-TERM BORROWINGS**Secured**

a) Debentures	30,77,73,740	33,27,28,366
Redeemable Non-Convertible Debentures		
b) Term Loans		
i) Term Loans		
- From Banks	3,61,06,92,329	3,59,77,77,673
ii) Vehicle Loans from Banks	53,34,128	69,61,801
	3,92,38,00,197	3,93,74,67,840
Less-Amount disclosed under the head "other current liabilities" (Note-10)	1,00,50,69,672	63,52,85,397
	2,91,87,30,525	3,30,21,82,443

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 Sh. Mukund Choudhary and Sh. 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 2,31,75,918 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 ₹30,77,73,740 (previous year ₹33,27,28,366) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹83,18,209/- (previous year nil) was due for payment as on 31.03.2013 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 Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. 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 2,31,75,918 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. 1,07,23,117 shares of promoters have also been pledged on exclusive basis for an amount of ₹37,43,64,313/-. Further secured by third charge on all the movable and immovable assets of the Company and personal guarantee of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary.

Amounting to ₹1,17,99,43,869 (previous year ₹1,27,33,98,769) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹3,17,15,467/- (previous year nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ₹38,70,21,984 (previous year ₹43,35,00,000) repayable in 20 quarterly installments commencing from June, 2012. An amount of ₹1,51,79,071/- (previous year nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹8,82,87,415 (previous year ₹11,54,00,000) repayable in 12 quarterly installments commencing from June, 2012. An amount of ₹93,50,000/- (previous year nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 3 below.

Amounting to ₹18,88,70,984 (previous year ₹23,30,00,000) repayable in 8 quarterly installments commencing from June, 2012. An amount of ₹1,45,62,500/- (previous year nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 4 below.

Amounting to ₹37,43,64,313 (previous year ₹40,47,00,000) repayable in 23 quarterly installments commencing from June, 2012. An amount of ₹1,01,17,954/- (previous year nil) was due for payment on 31.03.2013 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

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 entire current assets of the Company and additionally secured by personal guarantee of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary. The loan is also secured by pledge 2,31,75,918 shares of the Company on pari-passu basis. Loan amounting to ₹20,10,47,384/- is further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

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 Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. 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 2,31,75,918 shares of the Company and further secured by collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

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. 4

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

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 31.03.2013.

Amounting to ₹19,12,65,905 (previous year ₹22,50,00,000) repayable in 16 quarterly installments commencing from June, 2012. An amount of ₹1,07,08,823/- (previous year nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no.1 below.

Amounting to ₹85,00,000 (previous year ₹1,36,00,000) repayable in 8 quarterly installments commencing from June, 2012. An amount of ₹17,00,000/- (previous year nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹Nil (previous year ₹3,37,00,000) repayable in 3 quarterly installments commencing from June, 2012.

Amounting to ₹12,81,479 (previous year ₹52,00,000) repayable in 4 quarterly installments commencing from June, 2012. An amount of ₹12,81,479/- (previous year nil) was due for payment on 31.03.2013 is yet to be paid.

Funded Interest Term Loan Repayment schedule Table No. 2

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

Amounting to ₹23,57,81,250 (previous year ₹25,50,00,000) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹63,75,250/- (previous year nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ₹42,20,43,582 (previous year ₹45,84,00,000) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹1,14,93,072/- (previous year nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹5,71,58,108 (previous year ₹13,15,00,000) repayable in 2 half yearly installments during September 2012 & March 2013. An amount of ₹5,71,58,108/- (previous year nil) was due for payment on 31.03.2013 is yet to be paid. The rate of interest is 10% per annum.

Amounting to ₹46,07,94,535 (previous year ₹Nil) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹1,24,71,250/- (previous year nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 3 below.

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. 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 31.03.2013. For repayment schedule refer table below

Repayment schedule Table

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (in `)	27,30,211	16,55,692	6,56,584	1,59,462	1,32,179

(Amount in `)

**As at
March 31, 2013**
**As at
March 31, 2012**
NOTE 6 : OTHER LONG TERM LIABILITIES

Security Deposit	17,24,047	12,62,554
	17,24,047	12,62,554

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

Gratuity	5,24,69,686	4,36,50,401
Leave encashment	1,78,77,273	1,17,83,794
	7,03,46,959	5,54,34,195

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

Working Capital Loans From Banks*	99,95,24,362	85,79,30,806
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b) Unsecured

Loan From others *	1,73,718	1,73,718
	99,96,98,080	85,81,04,524

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 (2,31,75,918 nos.) on pari-passu basis.

* Repayable on demand.

NOTE 9 : TRADE PAYABLES

Trade payable	1,23,00,70,260	1,30,76,51,546
	1,23,00,70,260	1,30,76,51,546

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	20,01,649	3,47,127
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, 2013

As at March 31, 2012

NOTE 10 : OTHER CURRENT LIABILITIES**Current Maturities of Long-Term Debts* :****Secured**

- Debentures	5,82,27,464		3,32,72,837
- Term loan from banks	94,41,11,997		59,88,46,058
- Vehicle loans	27,30,211	1,00,50,69,672	31,66,502
			63,52,85,397

Unsecured

Deferred payment liabilities	-		6,81,69,902
Interest accrued and due on borrowings **	5,44,59,088		9,91,132
Unpaid dividend***	5,91,535		8,60,108
Advance from customers	3,87,11,133		4,03,81,387
Security deposits	40,000		11,57,863
Book Overdraft	7,35,73,730		4,70,20,503
Employee Benefits Payables	5,35,73,475		5,38,68,649
Statutory dues payable	2,77,40,966		1,91,15,790
Other payables	32,49,57,361		26,90,13,967
	1,57,87,16,960		1,13,58,64,698

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

** There is a default of ` 5,44,59,088/- (previous year ` nil) existed as on 31.03.2013 which ranges from 2 to 63 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	7,21,855	38,61,274
- Leave encashment	17,55,215	75,80,782
Provision for wealth tax	32,544	32,684
	25,09,614	1,14,74,740

NOTE - 12 FIXED ASSETS

(Amount in `)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	Cost as at 01.04.2012	Additions for the year	Deletions/ Adjustments	Cost as at 31.03.2013	Up to 01.04.2012	For The Year	Deletions/ Adjustments	Up to 31.03.2013	As at 31.03.2013	As at 31.03.2012
INTANGIBLE ASSETS										
Goodwill	10,89,10,417	-	-	10,89,10,417	10,71,28,339	8,91,041	-	10,80,19,379	8,91,038	17,82,078
Software	3,40,83,867	-	-	3,40,83,867	2,73,00,801	67,83,066	-	3,40,83,867	-	67,83,066
Total	14,29,94,284	-	-	14,29,94,284	13,44,29,140	76,74,107	-	14,21,03,246	8,91,038	85,65,144
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
TANGIBLE ASSETS										
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	1,75,24,624	25,99,448		2,01,24,072	3,41,75,171	3,67,74,619
Building	1,17,23,16,553	1,07,00,907	-	1,18,30,17,459	37,01,21,844	3,97,26,024	-	40,98,47,868	77,31,69,591	80,21,94,709
Plant & Machinery*	4,93,66,42,947	3,06,54,875	2,17,98,324	4,94,54,99,498	3,41,68,18,710	20,02,63,052	72,99,241	3,60,97,82,520	1,33,57,16,978	1,51,98,24,237
Furniture & Fixtures	3,90,12,945	7,03,463	1,29,766	3,95,86,642	3,01,86,344	12,28,007	70,009	3,13,44,342	82,42,300	88,26,601
Office Equipments	8,20,63,085	1,00,20,442	8,20,081	9,12,63,446	5,67,61,977	64,99,545	6,80,832	6,25,80,691	2,86,82,755	2,53,01,107
Vehicle	3,18,48,364	27,92,619	19,90,770	3,26,50,213	1,89,59,409	39,60,215	15,25,540	2,13,94,084	1,12,56,128	1,28,88,955
Total	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	4,15,50,73,579	2,19,51,33,280	2,40,97,00,586
Previous Year	6,31,27,40,823	2,41,60,969	1,68,28,298	6,32,00,73,494	3,60,15,29,376	32,30,89,788	1,42,46,256	3,91,03,72,908	2,40,97,00,586	2,71,12,11,450

Capital Work -in-Progress

Plant & Machinery	31,47,485	43,70,896
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* Addition includes ` 39,54,055/- (Previous Year ` 5,33,570/-) transfer from Fixed Assets held for sale to Plant & Machinery

				(Amount in `)
	Nos.	As at March 31, 2013	Nos.	As at March 31, 2012
NOTE 13 : NON CURRENT INVESTMENTS (AT COST)				
(Long Term Investments)				
1. Investment in Equity Instruments				
(a) In subsidiaries (Trade & Quoted)				
Amit Spinning Industries Limited	2,09,81,077	20,44,69,921	2,09,81,077	20,44,69,921
(Equity Shares of ` 5/- each, fully paid up)				
(b) In subsidiaries (Trade & Unquoted)				
Spentex Netherlands B .V.	18,200	56,10,11,339	18,200	56,10,11,339
(Face value Euro 1/- each, fully paid)				
Spentex Mauritius P Ltd	2	90	2	90
(Face value US Dollar 1/- each, fully paid)				
Less: Provision for Long term investment		(90)		-
Spentex Tashkent Toytepa LLC#		93,23,779		93,23,779
(c) In others (Trade & Quoted)				
In Fully Paid equity Shares of ` 10/- each :				
Sentinel Tea and Exports Limited	100	4,777	100	4,777
Summit Securities Limited	10	-	10	-
(d) In others (Non Trade & Unquoted)				
Equity Shares of ` 20/- each fully paid up of	1,300	26,000	1,300	26,000
The Baramati Co-operative Bank Limited				
Equity Shares of ` 50/- each fully paid up of	1,000	50,000	1,000	50,000
The Sadguru Jangli Maharaj Co-operative Bank Ltd.				
Equity Shares of ` 10/-each fully paid up of	200	7,563	200	7,563
Spencer & Co. Limited				
2. Investment in Govt. securities (Non Trade & unquoted)				
National saving certificates *		-		33,310
		77,48,93,379		77,49,26,779
Aggregate book value of :				
Quoted investments		20,44,74,698		20,44,74,698
Unquoted investments		57,04,18,771		57,04,52,081
Aggregate market value of quoted investment		2,26,61,187		3,58,77,642
Aggregate provision on Non Current Investment		90		-
# The Company has participating interest of 0.82% in Charter Capital				
of Spentex Tashkent Toytepa, LLC				
* Pledged with sales tax authorities.				
NOTE 14 : LONG -TERM LOANS AND ADVANCES				
Unsecured, Considered Good Unless Otherwise Stated				
Security deposit		8,94,20,700		6,77,86,240
Loans and advances to subsidiaries				
Amit Spinning Industries Limited	35,61,14,082		35,61,14,592	
Spentex (Netherlands) B.V.	9,50,70,902		9,50,70,902	
Spentex Mauritius Pvt. Ltd.	-		18,16,903	
Spentex (Cyprus) Pvt. Ltd.	-		7,11,741	
Less :Provision on advances to subsidiaries	-	45,11,84,984	25,28,644	45,11,85,494
Prepaid expenses		1,68,825		1,27,625
Balance with Customs , Excise, Govt Authorities, etc.		30,27,70,054		30,66,69,900
Advance to employees		14,99,553		-
Advance against expenses		4,51,87,074		3,29,35,612
Advance to trade payable				
-Considered good	4,85,05,475		7,21,97,725	
-Considered doubtful	16,73,95,417		16,73,95,417	
	21,59,00,892		23,95,93,142	
Less: Provision for doubtful advance	16,73,95,417	4,85,05,475	16,73,95,417	7,21,97,725
Advance tax/ tax deducted at source		2,22,79,860		2,23,81,530
		96,10,16,525		95,32,84,126

(Amount in `)

NOTE 15 : OTHER NON- CURRENT ASSETS**Unsecured, Considered Good Unless Otherwise Stated**

	As at March 31, 2013	As at March 31, 2012
Trade receivables		
-Considered good	9,45,85,532	8,74,36,805
-Considered doubtful	11,27,245	33,21,589
	<u>9,57,12,777</u>	<u>9,07,58,394</u>
Less:- Provision for doubtful trade receivables	11,27,245	33,21,589
Export incentives	1,79,47,232	4,11,92,629
Claims receivables	2,06,54,921	2,25,90,924
Interest accrued on fixed deposits	54,805	-
Interest accrued on loan to others	9,59,50,582	9,65,30,577
Unamortised upfront fees	2,07,59,349	2,29,85,989
Fixed deposit with more 12 month maturity from the balance sheet date	30,56,358	-
	<u>25,30,08,779</u>	<u>27,07,36,924</u>

NOTE 16 : INVENTORIES*

Raw materials	19,02,91,809	15,69,26,036
{Includes Goods in Transit ` Nil /- (Previous Year ` 1,34,87,187/-)}		
Work-in-process	14,21,25,390	12,91,47,813
Finished goods		
- Manufactured	43,84,36,655	13,93,53,943
- Stock in Trade	<u>3,33,04,254</u>	<u>34,04,596</u>
Stores, spares & packing materials	3,44,25,958	3,76,90,250
Waste	2,08,22,718	69,23,985
	<u>85,94,06,784</u>	<u>47,34,46,623</u>

*Refer accounting policy for mode of valuation.

NOTE 17 : TRADE RECEIVABLE**Unsecured, Considered Good Unless Otherwise Stated**

Outstanding for a period exceeding six months from the date they are due for payments	95,48,901	3,30,71,780
Others	38,83,83,561	42,62,86,695
	<u>39,79,32,462</u>	<u>45,93,58,475</u>

NOTE 18 : CASH AND BANK BALANCES**Cash & Cash Equivalent**

Cash in hand	26,88,148	17,27,526
Cheque in hand	1,20,500	64,93,128
Balance with banks	4,33,90,431	1,55,61,498

Others Bank Balances

Unpaid dividend accounts *	5,91,535	8,60,108
Fixed deposit with more than 3 month maturity from the original date	1,38,96,324	1,82,92,156
	<u>6,06,86,938</u>	<u>4,29,34,416</u>

* Earmarked against the corresponding liabilities.

(Amount in `)

	As at March 31, 2013	As at March 31, 2012
NOTE 19 : SHORT- TERM LOANS AND ADVANCES		
Unsecured, Considered Good Unless Otherwise Stated		
Loans and advances to subsidiaries		
- Amit Spinning Industries Limited	-	54,31,572
Margin Money with Others	79,00,000	-
Advance to trade payables	30,79,03,975	7,33,95,384
{Includes advance to subsidiary ` 1,83,61,496/- (Previous Year ` 1,62,02,762/-)}		
Advance against expenses	7,79,39,572	5,14,94,303
Prepaid expenses	3,25,85,948	2,50,06,169
Balance with Customs, Excise, Govt Authorities, etc.	13,24,71,328	9,52,18,179
Advance to employees of the company	30,96,111	42,27,615
Loans & advances to others		
Considered good	-	-
Considered doubtful	-	5,84,253
	-	5,84,253
Less : Provision for doubtful advances	-	5,84,253
	56,18,96,934	25,47,73,222

NOTE 20 : OTHER CURRENT ASSETS

Claims and other receivables	4,22,19,713	9,56,13,224
Fixed Assets held for sale	2,78,99,772	3,16,46,654
Export incentives	13,86,59,265	9,59,83,666
Unamortised upfront fees	10,90,445	19,94,332
Interest accrued on deposit	16,16,051	15,18,048
	21,14,85,246	22,67,55,924

(Amount in `)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
NOTE 21 : REVENUE FROM OPERATION (Gross)		
From Sale of Manufactured Goods		
- Man made fibre yarn	1,34,69,16,344	1,60,89,11,438
- Polyester cotton yarn	3,92,72,49,444	2,56,07,07,520
- Cotton Yarn	4,53,67,16,753	3,16,97,40,362
- Others	27,70,90,201	10,08,79,72,742
	64,54,62,871	7,98,48,22,191
From Sale of Traded Goods		
- Cotton Yarn	4,26,45,015	97,01,06,850
- Clothes (Fabrics)	24,42,57,671	14,34,950
- Machinery spares	-	21,060
Waste sale	66,74,35,163	97,15,62,860
	28,69,02,686	54,55,13,805
Other operating income-		
- Export Incentive	29,07,00,696	20,91,30,492
	11,33,30,11,287	9,71,10,29,348

(Amount in `)

NOTE 22 : OTHER INCOME

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Commission received	4,42,965	59,488
Interest received	1,07,12,733	4,24,89,733
Dividend Income from non-current investment	3,120	3,207
Rent income	72,000	72,000
Liabilities / Provisions no longer required written back	3,28,17,840	53,58,789
Net gain on foreign currency transactions	12,43,95,048	7,94,72,475
Miscellaneous income	3,90,05,456	2,66,15,369
	20,74,49,162	15,40,71,061

NOTE 23 : COST OF MATERIAL CONSUMED

Opening inventory	15,69,26,036	42,57,07,011
Purchases	7,41,88,47,150	6,08,62,64,090
Closing inventory	19,02,91,809	15,69,26,036
	7,38,54,81,377	6,35,50,45,065

Additional disclosure regarding cost of material consumed:

Cotton	4,80,66,59,309	3,74,84,16,217
Polyester staple fiber	1,89,68,35,435	1,96,25,66,982
Viscose staple fiber	62,99,48,543	61,42,70,088
Others	5,20,38,090	2,97,91,778
	7,38,54,81,377	6,35,50,45,065

Additional disclosures regarding closing inventory of Raw Material:

Cotton	13,19,66,491	9,76,38,278
Polyester staple fibre	3,67,80,303	3,44,20,512
Viscose staple fiber	95,89,614	1,19,49,421
Others	1,19,55,401	1,29,17,825
	19,02,91,809	15,69,26,036

NOTE 24 : PURCHASE OF STOCK- IN -TRADE

Cotton yarn	4,48,27,576	50,86,94,822
Clothes	22,75,68,887	45,07,68,932
	27,23,96,463	95,94,63,754

NOTE 25 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK- IN- TRADE & WORK- IN -PROGRESS**Opening inventory**

Finished goods:			
(a) Manufactured	13,93,53,944	63,51,08,991	
(b) Traded	34,04,596	4,47,02,325	67,98,11,316
Work in progress		12,91,47,813	14,76,54,047
Cotton waste		69,23,984	2,56,77,813
	27,88,30,337		85,31,43,176

(Amount in `)

		Year Ended 31st March, 2013	Year Ended 31st March, 2012
Less: Closing inventory			
Finished goods:			
(a) Manufactured	43,84,36,655		13,93,53,944
(b) Traded	3,33,04,254	47,17,40,909	34,04,596
Work in progress		14,21,25,390	12,91,47,813
Cotton waste		2,08,22,718	69,23,984
		63,46,89,017	27,88,30,337
Sub Total		(35,58,58,680)	57,43,12,839
Excise duty on (increase) / decrease in inventories		52,17,668	12,12,685
Increase /(decrease) in inventory		(35,06,41,012)	57,55,25,524
Additional disclosures regarding inventories:			
Work-in-progress			
Cotton yarn		9,24,45,229	7,52,42,633
Polyester cotton yarn		3,56,49,789	3,37,68,904
Man made fiber yarn		1,22,92,956	1,49,41,174
Others		17,37,416	51,95,102
		14,21,25,390	12,91,47,813
Finished goods			
Manufactured:			
- Cotton yarn	15,32,63,267		2,65,20,866
- Polyester cotton yarn	20,43,18,080		7,97,34,490
- Man made fibre yarn	7,25,41,734		2,71,60,767
- Others	83,13,574	43,84,36,655	59,37,820
			13,93,53,943
Traded:			
- Cotton Yarn	1,65,79,324		-
- Cloths (fabrics)	1,45,81,628		5,02,288
- Machinery spare	21,43,302	3,33,04,254	29,02,308
		47,17,40,909	14,27,58,539
NOTE 26 : EMPLOYEES BENEFIT EXPENSE			
Salaries, wages and bonus		55,89,55,765	50,58,24,503
Contribution to provident funds & other funds		6,37,45,753	6,49,95,018
Staff welfare expenses		7,86,00,611	6,10,17,206
		70,13,02,129	63,18,36,727
NOTE 27 : FINANCE COST			
Interest expenses from Bank:			
- On Non convertible debentures		3,45,86,119	3,74,08,075
- On borrowings		64,81,33,227	70,70,03,518
Interest expenses from others		3,00,12,377	3,03,49,034
Other borrowing cost		5,53,19,356	7,93,91,683
		76,80,51,079	85,41,52,310

(Amount in `)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
NOTE 28 : OTHER EXPENSES		
Store, spares and packing materials consumed	29,69,99,690	26,97,92,048
Sub contracting charges	33,66,07,443	1,56,96,142
Power & fuel	1,03,34,02,778	78,51,98,672
Rent	47,89,443	1,11,30,248
Rates & taxes	39,78,399	44,73,938
Repair & maintenance-		
- Plant & machinery	1,57,65,034	1,20,58,567
- Building	17,38,630	22,14,224
- Others	70,54,553	69,52,402
Insurance expenses-		
- Buildings	1,45,418	94,136
- Plant & machinery	10,48,710	6,27,095
- Inventory	2,18,629	11,86,306
- Others	55,93,313	51,05,195
Communication expenses	79,24,330	86,94,679
Travelling & conveyance expenses	5,32,94,223	5,00,02,687
Legal & Professional charges	3,23,66,221	3,14,97,425
Commission on sales	11,55,83,874	10,53,61,775
Freight outward and clearing charges (net of recoveries)	21,19,28,506	19,42,84,431
Director sitting fees	5,29,000	5,53,000
Impairment loss on asset held for sale	-	41,33,096
Loss on sale of assets held for sale (Net)*	1,44,224	25,25,820
Loss on sale of fixed assets	6,07,298	6,45,799
Selling & dist. Expenses	5,88,48,196	5,30,26,177
Bad debts written off	69,79,695	51,82,317
Loss on sale of raw material	-	1,90,18,110
Service tax cenvat reversal	58,74,953	42,64,859
Miscellaneous expenses	2,95,18,865	2,85,91,733
Payment to auditors (excluding service tax):		
- Audit fees	18,00,000	15,00,000
- For other services	3,44,900	70,000
- For reimbursement of expenses	1,14,267	1,22,904
	2,23,32,00,592	1,62,40,03,785

* Net off with impairment loss written back of ` 35,34,342/-

NOTE 29 : EXCEPTIONAL ITEMS :

Provision for doubtful advances	-	16,73,95,417
Bad Debts/ Advances Written off	-	31,84,70,394
	-	48,58,65,811

The Company has charged off ` Nil (Previous year ` 31,84,70,394/-) due from Schoeller Litvinov k.s.(SLKS) a step down subsidiary of the Company. During the year, the Company has applied for permission to write off the same from the Reserve Bank of India through its authorised dealer, which is pending for approval.

In addition to that as against the amount of ` 18,58,06,138/-, the company has provided ` Nil (Previous Year ` 16,73,95,415/-) considered doubtful, pending settlement of contractual obligation to various parties.

These matters had been properly reflected in statement of profit & loss as exceptional items.

NOTE 30 : CONTINGENT LIABILITIES :

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

(Amount in `)

Description	Year ended March 31, 2013	Year ended March 31, 2012
Contingent Liabilities Not Provided For:		
a) Demands from income tax authorities under appeal	3,79,71,404	3,79,71,404
b) Demands from sales tax authorities under appeal	92,74,854	44,88,038
c) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts	24,99,82,370	24,84,32,148
d) Show cause notices/demands raised by MP Government / MPEB department, not acknowledged as debts	12,50,56,000	11,78,56,000
e) Claims against the company not acknowledged as debts	36,77,12,997	31,89,92,331
f) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end	20,71,58,898	25,59,38,318
g) Bills Discounted with banks on behalf of the company, outstanding at the year end	1,03,30,94,058	67,69,75,025
h) Corporate Guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited	21,67,45,433	21,18,23,570
i) Corporate Guarantee given to AXIS Bank Ltd. & UCO Bank for loan to M/s Amit Spinning Industries Limited	34,09,53,429	35,42,91,492
j) Corporate Guarantee given to Tashkent Toytepa Textile for deferred payment of purchase consideration on behalf of Spentex Tashkent Toytepa LLC Current Year USD 4,32,50,000 (previous year USD 4,32,50,000)	2,34,76,10,000	2,20,01,27,500
k) Corporate Guarantee given to CVCI for investment in Spentex (Netherlands) B.V. Current Year USD 20,00,000 (previous year USD 20,00,000)	10,85,60,000	10,17,40,000
l) Corporate Guarantee given to SBI - Tokyo Branch for loan to Spentex (Netherlands) B.V. Current Year USD 2,00,59,842 (previous year USD 1,98,17,231)*	1,08,88,48,241	99,67,12,087

* 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

(ii)

(Amount in `)

Description	Year ended 31st March, 2013	Year ended 31st March, 2012
Estimated value of contracts remaining to be executed on capital account	13,00,000	1,01,36,935

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 `)

	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
A. Components of Employer expenses				
Current service cost	68,96,529	31,86,032	67,13,597	34,51,040
Interest cost	60,68,644	16,41,479	49,95,197	12,88,592
Curtailement cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Return on plan assets	(22,09,948)	-	(20,09,753)	-
Past service cost	-	-	-	-
Actuarial losses/(gains)	39,58,728	13,58,807	85,60,081	50,48,649
Total expense recognized in the statement of profit and loss	1,47,13,953	61,86,318	1,82,59,122	97,88,281

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, 2013.

Present Value of DBO at the beginning of year	7,15,91,961	1,93,64,575	5,70,87,957	1,47,26,765
Current service cost	68,96,529	31,86,032	67,13,597	34,51,040
Interest cost	60,68,644	16,41,479	49,95,197	12,88,592
Curtailement cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Plan amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains)/losses	39,58,520	13,58,807	85,60,397	50,48,649
Benefits paid	(1,06,73,838)	(59,18,407)	(57,65,187)	(51,50,471)
Present value of DBO at the end of year	7,78,41,816	1,96,32,486	7,15,91,961	1,93,64,575

C. Net Asset / (Liability) recognized in Balance Sheet as at March 31, 2013.

Present value of defined benefit obligation	7,78,41,815	1,96,32,488	7,15,91,961	1,93,64,575
Fair value on plan assets	2,46,50,274	-	2,40,80,286	-
Status [surplus/(deficit)]	(5,31,91,541)	(1,96,32,488)	(4,75,11,675)	(1,93,64,575)
Unrecognized past service cost	-	-	-	-
Net Asset/(Liability) recognized in Balance Sheet	(5,31,91,541)	(1,96,32,488)	(4,75,11,675)	(1,93,64,575)

D. Experience Adjustment

	2012-13		2011-12		2010-11		2009-10		2008-09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefit obligation	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	5,05,50,669	1,82,03,691
Fair value on plan assets	2,46,50,274	-	2,40,80,286	-	2,17,03,694	-	1,86,07,448	-	1,09,27,649	-
Status [surplus/(deficit)]	(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)	(3,96,23,020)	(1,82,03,691)
Experience adjustment on plan liabilities loss / (gain)	59,01,901	17,24,092	38,16,718	45,21,290	51,19,790	18,24,298	26,11,096	(11,62,307)	(29,57,968)	(9,52,579)
Experience adjustment on plan assets (loss) / gain	68,577	-	1,00,099	-	12,235	-	(57,121)	-	(80,904)	-

E. Change in Fair Value of Assets During the Year Ended March 31, 2013.

	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
Plan assets at the beginning of year	2,40,80,286	-	2,17,03,694	-
Acquisition adjustment for plan assets	-	-	-	-
Expected return on plan assets	22,09,948	-	20,10,239	-
Actuarial gains/(losses)	(209)	-	(169)	-
Actual company contribution	32,29,470	-	32,42,192	-
Benefits paid	(48,69,221)	-	(28,75,670)	-
Plan Assets at the end of year	2,46,50,274	-	2,40,80,286	-

F. Current & Non current liabilities as at March 31, 2013.

Current liabilities	7,21,855	17,55,215	38,61,274	75,80,782
Non-current liabilities	5,24,69,686	1,78,77,273	4,36,50,401	1,17,83,794
	5,31,91,541	1,96,32,488	4,75,11,675	1,93,64,576

G. Actuarial Assumptions

	Percentage		Percentage	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Discount Rate (%) at March 31, 2013	8.50%	8.50%	8.75%	8.75%
Expected Return on Plan Assets at March 31, 2013	9.15%	N.A.	9.15%	N.A.
Annual increase in salary cost	4.00%	4.00%	4.50%	4.50%

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
Segment Revenue			
Total Revenue	10,99,81,81,647 (8,65,64,75,423)	80,38,79,150 (1,68,23,23,453)	11,80,20,60,797 (10,33,87,98,876)
Inter - segment sales	- (-)	50,54,31,415 (66,04,17,363)	50,54,31,415 (66,04,17,363)
External Sales	10,99,81,81,647 (8,65,64,75,423)	29,84,47,735 (1,02,19,06,090)	11,29,66,29,382 (9,67,83,81,513)
Segment Results	1,10,24,06,096 (-376,918,423)	3,79,76,325 (4,49,26,504)	1,14,03,82,422 (-331,991,919)
Unallocated corporate expense (Net)	- (-)	- (-)	15,07,81,678 (35,47,20,909)
Operating Profit	- (-)	- (-)	98,96,00,744 (-686,712,828)
Finance charges	- (-)	- (-)	76,80,51,079 (85,41,52,310)
Interest income	- (-)	- (-)	1,07,84,733 (4,24,89,733)
Dividend income	0 (-)	0 (-)	3,120 (3,207)
Profit/(Loss) before Prior period items and Tax	- (-)	- (-)	23,23,37,517 (-1,498,372,198)
Exceptional Items	- (-)	- (-)	- (48,58,65,811)
Income Tax	- (-)	- (-)	- (-6,576,926)
MAT credit entitlement reversal	- (-)	- (-)	- (3,68,52,303)
Prior Period Items (Net)	- (-)	- (-)	2,65,13,526 -
Profit/(Loss) after tax	- (-)	- (-)	20,58,23,991 (-2,014,513,386)
OTHER INFORMATION			
Segment Assets	4,72,69,54,650 (4,10,04,39,223)	12,76,61,714 (15,00,48,312)	4,85,46,16,364 (4,25,04,87,535)
Unallocated corporate assets	- (-)	- (-)	1,42,48,82,486 (1,62,83,65,580)
Total Assets	- --	- -	6,27,94,98,850 (5,87,88,53,115)
Segment liabilities	1,76,09,31,649 (1,67,52,62,506)	1,56,23,842 (3,31,56,953)	1,77,65,55,490 (1,70,84,19,459)
Unallocated corporate liabilities	- (-)	- (-)	5,02,52,40,953 (4,96,35,55,241)
Total Liabilities	- (-)	- (-)	6,80,17,96,443 (6,67,19,74,700)
Capital expenditure incurred during the year	- (-)	- (-)	4,96,95,200 (1,88,73,473)
Depreciation and amortization for the year	- (-)	- (-)	26,19,50,399 (33,07,97,607)
Non - Cash Expenses other than depreciation and amortization	- (-)	- (-)	- (16,87,45,417)

B) GEOGRAPHICAL SEGMENT REPORTING:

(Amount in `)

DESCRIPTION	REVENUE	ASSETS
Domestic	3,09,77,18,417	5,99,97,33,715
	(2,46,14,73,235)	(5,51,98,31,872)
Outside India	8,19,89,10,966	27,97,65,136
	(7,21,69,08,278)	(35,90,21,243)
Current Year	11,29,66,29,383	6,27,94,98,851
Previous Year	(9,67,83,81,513)	(5,87,88,53,115)

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	2012-13	2011-12
1. Remuneration to Key Management Personnel		
i) Mr. Ajay Kumar Choudhary	70,55,470	75,61,195
ii) Mr. Mukund Choudhary	76,35,535	75,61,195
iii) Mr. Kapil Choudhary	70,55,470	75,61,195
iv) Mr. Amrit Agrawal	70,47,089	68,37,040
v) Mr. Sitaram Parthasarathy	62,78,599	66,96,468
Total	3,50,72,163	3,62,17,093
2. Scholarship to relatives of Key Management Personnel		
i) Mr. Raghav Choudhary	26,03,166	18,30,660
ii) Ms. Megha Agrawal	7,000	-
iii) Mr. Suraj Sitaram	4,000	8,000
Total	26,14,166	18,38,660
3. Sale to Subsidiaries / Step down Subsidiaries		
M/s Amit Spinning Industries Limited	76,36,582	1,12,55,871
M/s Spentex Tashkent Toytepa LLC	-	21,060
Total	76,36,582	1,12,76,931
4. Purchases from Subsidiaries / Step down Subsidiaries		
M/s Amit Spinning Industries Limited	2,63,62,253	46,20,67,527
Total	2,63,62,253	46,20,67,527

(Amount in `)

5. Interest Income		
M/s Amit Spinning Industries Limited	-	3,37,05,533
Total	-	3,37,05,533
6. Job Work Charges		
M/s Amit Spinning Industries Limited	29,73,90,111	-
Total	29,73,90,111	-
7. Sale of Fixed Assets / Spare Parts		
M/s Amit Spinning Industries Limited	18,00,000	2,25,675
Total	18,00,000	2,25,675
8. Purchase of Stores and Packing Materials		
M/s Amit Spinning Industries Limited	1,49,04,614	-
Total	1,49,04,614	-
9. Sale of Stores and Packing Materials		
M/s Amit Spinning Industries Limited	4,32,860	-
Total	4,32,860	
10. Reimbursement of Expenses		
M/s Amit Spinning Industries Limited	55,25,392	85,210
Total	55,25,392	85,210
11. Allotment of Equity Shares to Enterprises under significant influence		
CLC Technologies Private Limited	5,10,00,000	1,95,00,000
Total	5,10,00,000	1,95,00,000
12. Issuance of Share Warrant to Enterprises under significant influence		
CLC Technologies Private Limited	1,40,00,000	-
Total	1,40,00,000	-
13. Amount written off during the year		
M/s Spentex Mauritius P Ltd	18,16,903	-
M/s Spentex (Cyprus) P Ltd	7,11,741	-
M/s Schoeller Litvinov k.s.	-	31,84,70,394
Total	25,28,644	31,84,70,394
14. Investment in Subsidiaries / Step down Subsidiaries		
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
Total	77,48,05,129	77,48,05,129
15. Guarantees outstanding at year end.		
M/s Amit Spinning Industries Limited	34,09,53,429	35,42,91,492
M/s Himalayan Crest Power Pvt. Limited	21,67,45,433	21,18,23,570
M/s Spentex Tashkent Toytepa LLC	2,34,76,10,000	2,20,01,27,500
M/s Spentex Netherland B.V	1,19,74,08,241	1,09,84,52,087
Total	4,10,27,17,103	3,86,46,94,649
16. Year end receivable from		
M/s Amit Spinning Industries Limited	47,10,47,260	47,36,98,998
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
M/s Spentex Mauritius P Ltd	-	18,16,903
M/s Spentex (Cyprus) P Ltd	-	7,11,741
Total	63,61,30,566	64,13,10,948

* Provision has been made during the year.

NOTE 34 : EARNING PER SHARE

The following table reconciles the numerators and denominators used to calculate basic and diluted EPS for the year
(Amount in `)

	As at March 31, 2013	As at March 31, 2012
Net profit/(loss) attributable to equity shareholders	20,58,23,991	(2,01,45,13,386)
Weighted Average Shares Outstanding		
Weighted average Shares Outstanding	8,77,99,158	8,30,58,336
Effect of dilutive securities	-	-
Diluted weighted average shares outstanding	8,77,99,158	8,30,58,336
Nominal value of equity shares (`)	10	10
Basic earnings per shares (`)	2.34	(24.25)
Diluted earnings per shares (`)	2.34	(24.25)

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

Description	Current Year (`)	Previous Year (`)
F.O.B. value of goods exported	7,60,16,91,704	6,72,90,23,681
	7,60,16,91,704	6,72,90,23,681

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

Description	Current Year (`)	Previous Year (`)
Travelling	41,72,368	19,58,410
Commission	9,61,97,310	9,46,72,729
Claim paid on export sales	1,07,76,781	69,35,343
Legal & professional	60,40,662	70,723
Other expenses	29,92,834	47,45,757
	12,01,79,955	10,83,82,962

NOTE 37 : VALUE OF RAW MATERIALS CONSUMED

Description	Current Year		Previous Year	
	%	`	%	`
Imported	1.17%	8,66,78,404	3.90%	24,79,25,975
Indigenous	98.83%	7,29,88,02,973	96.10%	6,10,71,19,090
	100.00%	7,38,54,81,377	100.00%	6,35,50,45,065

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

Description	Current Year		Previous Year	
	%	`	%	`
Imported	13.82%	4,10,34,884	18.80%	5,07,32,369
Indigenous	86.18%	25,59,64,806	81.20%	21,90,59,679
	100.00%	29,69,99,690	100.00%	26,97,92,048

NOTE 39: CIF VALUE OF IMPORTS:

Description	Current Year (`)	Previous Year (`)
Raw materials	7,17,57,945	19,26,09,893
Stores and spares & components	3,60,97,301	4,76,38,184
	10,78,55,246	24,02,48,077

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 favour, it is also reasonably confident of the liquidation / utilization of these cenvat balances of ` 8,33,44,753/-

Note 41

The company has an investment of ` 20,44,69,921/- in and has amount recoverable amounting to ` 47,10,47,260/- from Amit Spinning Industries Limited (ASIL), a subsidiary, as on March 31, 2013. 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 ` 18,18,10,358. 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 EBITDA 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, 2013. The accumulated losses of SNBV and STTL at the year end exceeded their net worth. During the period of investment Government of Uzbekistan changed certain laws and policies by breaching the investment agreement and rendered operation of STTL unviable. Since treaties entered between the Governments of India and Uzbekistan and the Investment agreement entered between Govt. of Uzbekistan and STTL were breached, company has issued notice claiming in excess of USD 100 Mn towards protection of investment and payment of dues & compensation for the losses suffered by the company. Company has since been making all possible efforts to settle the same amicably with the Govt. of Uzbekistan, failing which arbitration proceeding would be initiated by the company to recover its Investment and claims. In view of the legal opinion and claim lodged with the Govt of Uzbekistan, the Directors have decided not to make any provision for diminution in value of investment at this stage.

Note 43

Trade receivables and advance balances include amount aggregating to ` 63,71,477/- and ` 2,73,14,712/- 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 them 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: Prior period items represent :-

(Amount in `)

	Current Year	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	-
Prior period income (a)	1,43,18,628	-
Interest expense from others	4,08,32,154	-
Prior period expenses (b)	4,08,32,154	-
Net Prior period Items(b-a)	2,65,13,526	-

NOTE 45: 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 31-03-2013	Maximum amount due during the Year
Loans & Advances to a Subsidiary - Amit Spinning Industries Limited	47,10,47,260	50,38,57,732

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 46: Taxation : Deferred Tax

Break-up of Deferred Tax Assets and Liabilities.

	Current Year (`)	Previous Year (`)
Deferred tax liability recognised on account of timing difference :		
Tax impact of difference in net book value of fixed assets as per Accounts and Tax	27,83,87,734	31,24,90,044
Total Deferred Tax liability [A]	27,83,87,734	31,24,90,044
Deferred tax asset recognised on account of timing difference :		
Tax Impact of brought forward losses	53,21,18,898	62,59,67,232
Tax Impact of unabsorbed depreciation	37,64,61,511	37,64,61,511
Tax impact of provision for doubtful debts and advances	5,46,77,178	5,50,68,506
Tax impact of disallowances under section 43B of the Income tax Act, 1961	9,40,59,665	9,04,16,694
Tax Impact of amount inadmissible under sec. 40 (a)	61,64,550	-
Total Deferred Tax Asset [B]	1,06,34,81,802	1,14,79,13,943
Net Deferred Tax Asset/ (Deferred Tax Liability) [B-A]	78,50,94,068	83,54,23,899
Charge to Statement of Profit and Loss account	-	-
Net Deferred Tax Asset/ (Deferred Tax Liability)	78,50,94,068	83,54,23,899

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

Note 47

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 48

For the year ended March 31, 2013, 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.

Note 49

The outstanding balance as on 31st March, 2013 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 financial Statement

On behalf of the Board

For J.C. Bhalla & Company

Firm Reg. No. 001111N
Chartered Accountants

Akhil Bhalla

Partner
Membership No : 505002

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 29, 2013

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, 2013, and 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. 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. 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. 43 of the consolidated financial statements, the financial statements of a wholly owned subsidiary Spentex Tashkent Toyetpa LLC for the financial year 2012-2013 are not available for the reasons stated therein. The Financial Statements reflect the group's share of total assets of Rs. 4,09,87,43,214 based upon the unaudited accounts of the subsidiary as at March 31, 2013. Hence we are unable to form an opinion as to the appropriateness and its consequential impact on the consolidated financial statements.

- (b) Note No. 44 of the consolidated financial statements with respect to the recoverability of amount of Rs. 1,93,46,572 in respect of duty drawbacks

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 Rs. 45,22,46,328 (as against the reported figure of Rs. 43,28,99,756), Reserve and Surplus would have been Rs. 4,02,30,79,529 (as against the reported figure of Rs. 4,00,37,32,957), Export Incentive included under the head "Other Non Current Assets" would have been Rs. 1,91,00,712 (as against the reported figure of Rs. 3,84,47,284).

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 reports of other auditor on the financial statements of the subsidiaries as noted below, except for the possible effects of the matter 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, 2013;
(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. 45 of the consolidated financial statements regarding preparation of these accounts on a going concern basis due to reasons indicated therein.
b. Note No. 46 of the consolidated financial statements regarding amounts recoverable relating to certain trade receivable and advance balances Rs.63,71,477 and Rs.2,73,14,712 respectively which have been considered good by the management in view of the reasons stated therein. We have relied upon the assertion by the management as to the recoverability of the said amounts.

Other Matter

- (a) We did not audit the financial statements of a subsidiary Amit Spinning Industries Limited, whose financial statements reflect total assets of Rs. 70,00,86,857 as at March 31, 2013 and total revenues of Rs. 34,91,58,348 for the year then ended. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management, and our opinion is based solely on the report of the other auditor furnished to us.
(b) We did not audit the financial statements of a subsidiary Schoeller Litvino k. s., whose financial statements reflect total assets of Rs. 94,01,22,404 as at March 31, 2013 and total revenues of Rs. 87,54,97,057 for the year then ended. The financial statements of the said subsidiary unaudited as of the date of this report and have been included in the consolidated financial statements on the basis of unaudited management accounts and our opinion is based solely on unaudited management accounts 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

(Akhil Bhalla)
Partner

Place : New Delhi
Dated: May 29, 2013

Membership No.505002

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

(Amount in `)

	Note No.	As at March 31, 2013	As at March 31, 2012
EQUITY & LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	2	88,37,20,350	83,27,20,350
b) Reserves and Surplus	3	(4,00,37,32,957)	(3,38,65,05,381)
c) Money received against share warrant	4	1,40,00,000	-
		(3,10,60,12,607)	(2,55,37,85,031)
(2) Preference share application money pending allotment	5	81,42,00,000	76,30,50,000
(3) Non-Current Liabilities			
a) Long-term borrowings	6	5,84,21,89,966	6,76,43,32,643
b) Other long term liabilities	7	17,24,048	12,62,554
c) Long-term provisions	8	8,08,59,990	6,46,08,891
		5,92,47,74,004	6,83,02,04,088
(4) Current Liabilities			
a) Short-term borrowings	9	1,26,14,88,674	1,08,07,29,394
b) Trade payables	10	2,11,08,05,789	2,37,69,45,826
c) Other current liabilities	11	4,18,53,93,027	2,92,18,06,276
d) Short-term provisions	12	31,87,882	1,29,26,061
		7,56,08,75,372	6,39,24,07,557
Total Liabilities		11,19,38,36,769	11,43,18,76,614
ASSETS			
(1) Non-Current Assets			
a) Fixed Assets	13		
(i) Tangible assets		6,04,07,31,513	6,86,40,97,728
(ii) Intangible assets		62,62,27,993	59,47,36,098
(iii) Capital Work- in- Progress		34,29,78,920	32,26,01,232
b) Non-current investment	14	1,11,571	1,44,881
c) Long-term loans and advances	15	74,97,99,100	73,32,76,189
d) Other non-current assets	16	14,68,03,965	16,72,52,309
		7,90,66,53,062	8,68,21,08,437
(2) Current Assets			
a) Inventories	17	1,45,23,66,755	1,16,12,31,457
b) Trade receivables	18	65,43,17,857	74,02,88,235
c) Cash and bank balances	19	8,01,23,486	6,89,00,737
d) Short-term loans and advances	20	88,22,09,930	54,65,90,996
e) Other current assets	21	21,81,65,679	23,27,56,752
		3,28,71,83,707	2,74,97,68,177
Total Assets		11,19,38,36,769	11,43,18,76,614

Significant accounting policies and notes (1 to 48) 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

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 29, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in `)

	Note No.	Year ended 31st March, 2013	Year ended 31st March, 2012
INCOME			
I. Revenue from operations (Gross)	22	11,94,35,94,378	10,93,86,50,580
Less: Excise Duty		3,63,81,905	3,26,47,835
Revenue from operations (Net)		11,90,72,12,473	10,90,60,02,745
II. Other Income	23	27,66,18,612	7,68,05,773
III. Total Revenue (I+ II)		12,18,38,31,085	10,98,28,08,518
IV. EXPENSES			
Cost of material consumed	24	7,70,45,68,729	7,36,45,79,655
Purchase of stock-in-trade	25	24,20,91,726	51,40,96,685
Changes in inventories of finished goods, Stock-in-trade and work-in-progress	26	(25,80,46,544)	73,62,50,465
Employee benefit expense	27	91,99,26,481	90,42,60,630
Financial Cost	28	88,57,27,122	97,09,94,909
Depreciation and amortization expense	13	75,42,55,080	78,17,31,879
Other expense	29	2,38,18,91,114	2,28,02,05,925
Total Expenses		12,63,04,13,708	13,55,21,20,148
V. Profit/(loss) before exceptional, extraordinary, prior period items and tax (III-IV)		(44,65,82,623)	(2,56,93,11,630)
VI. Exceptional items - (income) / Expenses	30	-	16,73,95,417
VII. Profit/(loss) before extraordinary & Prior Period items and tax (V-VI)		(44,65,82,623)	(2,73,67,07,047)
VIII. Extraordinary Items (Net)	31	4,01,96,393	-
Prior Period Items (Net)	32	2,65,13,526	-
IX. Profit/(loss) before tax (VII-VIII)		(43,28,99,756)	(2,73,67,07,047)
X. Tax Expenses:		-	-
- MAT Credit Entitlement Reversal		-	3,68,52,305
- Income tax of earlier year written back		-	(65,76,928)
XI. Profit/(loss) for the year (IX-X)		(43,28,99,756)	(2,76,69,82,424)
XII. Earnings per equity share of ` 10/- each before and after Extraordinary items:	38		
(a) Before Extraordinary items:			
- Basic		(0.45)	(33.31)
- Diluted		(0.45)	(33.31)
(b) After Extraordinary items:			
- Basic		(0.49)	(33.31)
- Diluted		(0.49)	(33.31)

Significant accounting policies and notes (1 to 48) 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

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 29, 2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Amount in `)

	Year ended 31st March 2013	Year ended 31st March 2012
Profit /(loss) before Tax	(43,28,99,756)	(2,73,67,06,948)
Add:		
Depreciation / Amortisation	75,42,55,080	78,17,31,879
Loss/(Profit) on Sale of Fixed Asset (net)	6,07,298	(12,60,155)
Provision for Wealth Tax	32,544	32,684
Loss on sale of assets held for sale.	1,44,224	25,25,820
Impairment Loss	-	41,33,096
Unrealised Exchange Fluctuation (net)	(32,98,131)	(15,65,33,561)
Provision for doubtful advances	-	16,73,95,417
Liabilities no longer required written back	(3,61,43,871)	-
Dividend Income	(7,080)	(3,207)
Interest Income	(3,22,97,584)	(95,50,586)
Interest Expense	88,57,27,122	95,34,09,178
Operating Profit Before Working Capital Changes	1,13,61,19,846	(99,48,26,383)
Adjustments for changes in working capital :		
- (Increase)/Decrease in Trade Receivable	7,55,23,521	4,52,78,356
- (Increase)/Decrease in Other Bank Balances, Short Term Loans and Advances and Other Current Assets.	(31,45,61,618)	69,03,54,913
- (Increase)/Decrease in Long Term Loans and Advances	(1,65,22,911)	(64,28,630)
- (Increase)/Decrease in Other Non Current Assets	2,69,27,657	2,66,73,699
- (Increase)/Decrease in Inventories	(29,11,35,298)	1,19,06,85,151
- Increase/(Decrease) in Trade Payables	(26,61,40,037)	(8,53,12,418)
- Increase/(Decrease) in Long Term Provisions	1,62,51,099	1,51,44,551
- Increase/(Decrease) in Short Term Provisions	(97,70,723)	42,32,437
- Increase/(Decrease) in Other Non Current Liabilities	4,61,494	(7,13,769)
- Increase/(Decrease) in Other Current Liabilities	46,12,82,762	(68,70,90,130)
Direct Taxes Paid (Net)	(32,684)	(52,767)
Cash Flow From Operating Activities before Extra Ordinary Items	81,84,03,108	19,79,45,010
Extraordinary Items		
Liabilities no longer required written back	(26,81,39,356)	-
Loss on sale of fixed assets	22,79,42,963	-
A. Cash Flow From Operating Activities	77,82,06,715	19,79,45,010
Purchase of Fixed Assets	(7,32,12,785)	(11,83,03,857)
Sale proceeds of Fixed Assets	6,23,95,591	1,20,05,000
Dividend Received	7,080	3,207
Interest Received	3,27,24,769	1,02,13,277
B. Cash Flow From Investing Activities	2,19,14,655	(9,60,82,373)
Proceeds from Share Capital	5,10,00,000	-
Proceeds from Share Warrant	1,40,00,000	-
Repayment of Non-convertible Debenture	(2,49,54,626)	(79,92,789)
Proceeds from Long Term Borrowings	45,10,00,000	92,68,56,915
Repayment of Long Term Borrowings	(65,48,37,682)	(28,67,45,199)
Proceeds/(Repayment of Short Term Borrowings) (net)	15,92,65,834	(1,54,51,010)
Vehicle Loans	(16,27,673)	(38,32,819)
Short term advances (net)	2,14,93,446	1,44,30,782
Interest Paid	(75,60,23,792)	(90,75,38,631)
C. Cash Flow From Financing Activities	(74,06,84,493)	(28,02,72,751)
Increase/(Decrease) in Cash Equivalents (A+B+C)	5,94,36,877	(17,84,10,114)
Cash and Cash Equivalents at the Beginning of the Year	4,72,62,647	20,48,69,639
Add: Exchange difference on translation of foreign currency	(4,18,45,888)	2,08,03,122
Cash and Cash Equivalents at the End of the Year	6,48,53,636	4,72,62,647
Increase / (Decrease) in Cash/Cash Equivalents	5,94,36,877	(17,84,10,114)
Notes :-		
Cash and cash equivalents comprise		
Cash in hand	37,02,283	29,33,585
In Current Accounts	6,10,30,853	3,78,35,935
Cheque in hand	1,20,500	64,93,128
	6,48,53,636	4,72,62,647

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 48) 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

Akhil Bhalla
Partner
Membership No : 505002

Place : New Delhi
Date : May 29, 2013

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

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:

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.

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 expenses 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 expenses 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 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 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.

		(Amount in `)	
		As at March 31, 2013	As at March 31, 2012
NOTE 2 : SHARE CAPITAL			
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
		1,21,00,00,000	1,21,00,00,000
Issued, Subscribed and Paid up			
8,83,72,035	Equity shares of ` 10/- each, fully paid up (previous year 8,32,72,035)	88,37,20,350	83,27,20,350
		88,37,20,350	83,27,20,350

SUB NOTE:- 2(a) Above equity share of ` 10 each include:

Pursuant to scheme of arrangement 4,487,844 Equity Share of ` 10/- each fully paid issued, to the share holder of erstwhile Indo Rama Textiles Limited during the financial year 2006-07 for consideration other than cash.

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

(Amount in `)

Particulars	As at 31 March 2013		As at 31 March 2012	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares outstanding at the beginning of the year	8,32,72,035	83,27,20,350	8,13,22,035	81,32,20,350
Add: Equity shares issued during the year	51,00,000	5,10,00,000	19,50,000	1,95,00,000
Less: Equity shares bought back during the year	-	-	-	-
Equity shares outstanding at the end of the year	8,83,72,035	88,37,20,350	8,32,72,035	83,27,20,350

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

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Citigroup Venture Capital Inter. Growth Partnership Mauritius Ltd	1,92,52,650	21.79	1,92,52,650	23.12%
CLC Technologies Private Limited	1,69,00,000	19.12	1,18,00,000	14.17%
Mukund Choudhary	85,35,946	9.66	85,35,946	10.25%
Kapil Choudhary	84,74,869	9.59	84,74,869	10.18%
Ajay Kumar Choudhary	80,66,052	9.13	80,66,052	9.69%

(Amount in `)

NOTE 3 : RESERVES AND SURPLUS
Capital Reserve :

	As at March 31, 2013		As at March 31, 2012	
Capital reserve				
Opening balance	80,71,04,498		76,11,41,030	
(+) Exchange fluctuation on restatement of opening balance	1,70,65,522	82,41,70,020	4,59,63,468	80,71,04,498
Share forfeiture reserve		71,79,250		71,79,250
Profit on restructure		23,58,587		23,58,587
		83,37,07,857		81,66,42,335

Securities Premium Account

Opening balance	1,02,82,73,822		1,01,47,21,322	
Add: On conversion of share warrants (Refer note 5 of schedule XXI)	-	1,02,82,73,822	1,35,52,500	1,02,82,73,822
Debenture Redemption Reserve		17,03,60,578		17,03,60,578

Foreign Currency Translation Reserve (FCTR)

Opening balance	82,66,25,023		86,89,33,923	
Add: Addition /(Deletion) during the year	37,29,84,115	1,19,96,09,138	(4,23,08,900)	82,66,25,023
Surplus in the consolidated statement of profit and loss				
Opening balance	(6,22,84,07,139)		(3,20,69,25,528)	
Profit /(Loss) for the year	(43,28,99,756)		(2,76,69,82,424)	
Foreign currency translation reserve on consolidated statement of profit & loss	(57,43,77,456)	(7,23,56,84,352)	(25,44,99,187)	(6,22,84,07,139)
		(4,00,37,32,957)		(3,38,65,05,381)

NOTE 4 : MONEY RECEIVED AGAINST SHARE WARRANT

Money received against share warrant	1,40,00,000	-
	1,40,00,000	-

During the year, out of money received against share warrants, the company has allotted 51,00,000 (previous year 19,50,000) equity shares pursuant to options exercised by the share warrants holder CLC Technologies Private Limited to convert 51,00,000 (previous year 19,50,000) share warrants in equal number of fully paid up equity shares at the agreed price of ` 10/- per equity share (previous year ` 16.95/- pre equity share (including premium of ` 6.95/- per equity share))

NOTE 5 :

During the year 2006-07, Spentex (Netherlands) B.V received USD 1,50,00,000 (Equivalent to Rs. 81,42,00,000 as on 31.03.2013 & previous year Rs.76,30,50,000) 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 `)

NOTE 6 : LONG-TERM BORROWINGS**Secured****(a) Debentures**

Redeemable Non-Convertible Debentures

As at March 31, 2013**As at March 31, 2012**

30,77,73,740

33,27,28,366

(b) Term Loans**(i) Term loan**

- From Banks

5,20,74,95,768

5,27,79,47,350

- From Other Party

1,15,34,50,000

1,08,09,87,500

(ii) Vehicle Loans from Bank

53,34,128

69,61,801

Unsecured

Deferred payment liabilities

2,34,76,10,043

2,26,82,97,453

9,02,16,63,679

8,96,69,22,470

3,17,94,73,713

2,20,25,89,827

Less: Amount disclosed under the head 'other current liabilities'. (Note-10)

5,84,21,89,966**6,76,43,32,643****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 Sh. Mukund Choudhary and Sh. 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 2,31,75,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, New Delhi.

Repayment terms & amount of default

Amounting to ` 30,77,73,740 (previous year ` 33,27,28,366) repayable in 24 quarterly installments commencing from June, 2012. An amount of ` 83,18,209/- (previous year ` nil) was due for payment as on 31.03.2013 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 Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. 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 2,31,75,918 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. 1,07,23,117 shares of promoters have also pledged on exclusive basis for an amount of ` 37,43,64,313 Further secured by third charge on all the movable and immovable assets of the company and personal guarantee of Sh. Ajay Choudhary, Sh Mukund Choudhary and Sh. Kapil Choudhary.

Amounting to ` 1,17,99,43,869 (previous year ` 1,27,33,98,769) repayable in 24 quarterly installments commencing from June, 2012. An amount of ` 317,15,467 (previous year ` nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ` 38,70,21,984 (previous year ` 43,35,00,000) repayable in 20 quarterly installments commencing from June, 2012. An amount of ` 1,51,79,071 (previous year ` nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ` 8,82,87,415 (previous year ` 11,54,00,000) repayable in 12 quarterly installments commencing from June, 2012. An amount of ` 93,50,000 (previous year ` nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 3 below.

Amounting to ` 18,88,70,984 (previous year ` 23,30,00,000) repayable in 8 quarterly installments commencing from June, 2012. An amount of ` 1,45,62,500 (previous year ` nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 4 below.

Amounting to ` 37,43,64,313 (previous year ` 40,47,00,000) repayable in 23 quarterly installments commencing from June, 2012. An amount of ` 1,01,17,954 (previous year ` nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 1 below.

- b 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 18,200 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 ` 19,20,68,838 (previous year ` 22,12,88,000) repayable in 20 quarterly installments. An amount of ` 74,68,838 (Previous year ` 67,80,000) was due for payment as on 31.03.2013 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 ` 2,19,15,54,186 (previous year ` 2,05,38,76,800) repayable in 7 annual installments till June 2017. There is a default of ` 57,67,24,186 (previous year ` 32,42,96,249) existing as on 31.03.2013 in payment of Installment of loan. For repayment schedule refer table no. 6 below.

Amounting to ` 22,70,52,215 (previous year ` 32,57,14,366) repayable in 40 quarterly installments. For repayment schedule refer table no. 7 below. There is no default in payment of principal & interest.

Amounting to ` 9,52,49,452 (previous year ` 10,69,67,711) 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 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (`)	74,68,838	3,26,00,000	3,60,00,000	3,87,00,000	4,27,00,000	3,46,00,000
ROI (%)	10	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 (`)	10,80,98,750	21,61,97,499	25,24,27,937	23,06,90,000	23,06,90,000	23,06,90,000	34,59,80,720	57,67,79,280
ROI (%)	3 Month BBA Libor + 1.7							

Term Loan Repayment schedule Table No.7

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Principal (`)	2,05,25,673	1,24,25,177	1,55,89,940	27,25,113	3,18,21,215	3,18,21,215	3,18,21,215	3,18,48,350	2,39,47,316
ROI (%)	Nil								

Term Loan Repayment schedule Table No.8

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Principal (₹)	85,11,469	85,11,469	85,11,469	95,45,391	1,26,47,157	1,26,47,157	1,26,47,157	1,26,68,861	95,59,322
ROI (%)	Nil								

c. 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 current assets of the Company and additionally secured by personal guarantee of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary. The loan is also secured by pledge of 2,31,75,918 shares of the Company on pari-passu basis. Loan amounting to ₹ 20,10,47,384 is further secured by collateral security of property at 1st floor, 7, Padmini Enclave, New Delhi.

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

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 18,200 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 ₹ 1,53,78,904 (previous year ₹ 1,53,78,904) repayable in 2018. There is no default in repayment of loan existing as on 31.03.2013.

Amounting to ₹ 19,12,65,905 (previous year ₹ 22,50,00,000) repayable in 16 quarterly installments commencing from June, 2012. An amounting of ₹ 1,07,08,823 (previous year ₹ nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no.1 below.

Amounting to ₹ 85,00,000 (previous year ₹ 1,36,00,000) repayable in 8 quarterly installments commencing from June, 2012. An amounting of ₹ 17,00,000 (previous year ₹ nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹ Nil (previous year ₹ 3,37,00,000) repayable in 3 quarterly installments commencing from June, 2012.

Amounting to ₹ 12,81,479 (previous year ₹ 52,00,000) repayable in 4 quarterly installments commencing from June, 2012. An amount of ₹ 12,81,479 (previous year ₹ nil) was due for payment on 31.03.2013 is yet to be paid.

Amounting to ₹ 96,12,689 (previous year ₹ 1,10,68,000) repayable in 20 quarterly installments. An amount of ₹ 3,72,689 (Previous year ₹ 3,38,000) was due for payment as on 31.03.2013. For repayment schedule refer table no. 3 below.

Funded interest term loan (FITL) amounting to ₹ 1,75,72,553 (previous year ₹ 2,38,24,100) repayable in 3 annual installments till June 2013. There is a default of ₹ 90,98,848 (previous year ₹ 79,41,367) existing as on 31.03.2013 in payment of Installment which ranges from 1 to 640 days till 31.03.2013 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 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	3,72,689	16,28,000	17,92,000	19,40,000	21,40,000	17,40,000
ROI (%)	10	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	84,73,705
ROI (%)	3 Month BBA Libor + 1.7		

d. 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 Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary and collateral guarantee of Ms. 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 2,31,75,918 shares of the company and further secured by collateral security on the property at 1st floor, 7, Padmini Enclave, New Delhi.

Amounting to ₹23,57,81,250 (previous year ₹25,50,00,000) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹63,75,250 (previous year ₹nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ₹42,20,43,582 (previous year ₹45,84,00,000) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹1,14,93,072 (previous year ₹nil) was due for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹5,71,58,108 (previous year ₹13,15,00,000) repayable in 2 half yearly installments during September 2012 & March 2013. An amount of ₹5,71,58,108 (previous year ₹nil) was due for payment on 31.03.2013 is yet to be paid. The rate of interest is 10% per annum.

Amounting to ₹46,07,94,535 (previous year Nil) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹1,24,71,250 was due (previous year ₹nil) for payment on 31.03.2013 is yet to be paid. For repayment schedule refer table no. 3 below.

Amounting to ₹84,04,506 (previous year ₹96,80,000) 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 ₹2,21,988 (previous year ₹300,000) 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. An amount of ₹24,89,000 (previous year ₹12,50,000) was due for payment as on 31.03.2013 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 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (₹)	3,04,506	14,00,000	16,00,000	17,00,000	19,00,000	15,00,000
ROI (%)	10	10	10	10	10	10

WCTL Repayment schedule Table No. 5

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (₹)	24,89,000	12,50,000	12,50,000	12,50,000	12,50,000	12,50,000
ROI (%)	10	10	10	10	10	10

f. 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	16,55,692	6,56,584	1,59,462	1,32,179

f. 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, 2013, is ` 2,34,76,10,046 (2,20,01,27,585) Repayable in annual installments till December 2016. There is default of ` 85,89,81,000 (previous year ` 42,34,93,000) existing as on 31.03.2013 in payment of installment which ranges from 1 to 730 days till 31.03.2013 is yet to be paid. For repayment schedule refer table below.

	FY 13	FY 13	FY 14	FY 15	FY 16	FY 17
Principal (`)	8,54,91,000	33,80,02,000	41,38,85,500	44,10,25,000	41,79,56,000	21,57,63,043

Deferred payment liability of ` Nil (PY ` 6,81,69,902/-) to Bombay Dying & Manufacturing Company Limited is repayable within one year.

NOTE 7 : OTHER LONG TERM LIABILITIES

Security Deposit

	As at March 31, 2013	(Amount in `) As at March 31, 2012
Security Deposit	17,24,048	12,62,554
	17,24,048	12,62,554

NOTE 8 : LONG-TERM PROVISIONS**Provision for Employee Benefits:**

- Gratuity	6,14,61,908	5,14,11,770
- Leave encashment	1,93,98,082	1,31,97,121
	8,08,59,990	6,46,08,891

NOTE 9 : SHORT -TERM BORROWINGS**Loan Repayable on Demand:****(a) Secured**

Working capital loans from banks	1,11,42,35,588	95,49,69,753
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(b) Unsecured

Loan from Others	14,72,53,086	12,57,59,641
	1,26,14,88,674	1,08,07,29,394

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 (23,175,918 nos.) on pari-passu basis.

	(Amount in `)
As at March 31, 2013	As at March 31, 2012
NOTE 10 : TRADE PAYABLES	
Trade payable	2,11,08,05,789
	<u>2,11,08,05,789</u>
	<u>2,37,69,45,826</u>

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

1. Principal amount remaining unpaid	28,54,810	6,08,855
2. Interest	-	-
3. Total of 1 & 2	28,54,810	6,08,855
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	5,82,27,463	3,32,72,837
- Term loan from banks	1,38,42,70,039	96,86,66,586
- Term loan from other party	46,13,80,000	32,42,96,250
- Vehicle loans from bank	27,30,211	31,66,502
	1,90,66,07,713	1,32,94,02,175

Unsecured

- Deferred payment liabilities	1,27,28,66,000	87,31,87,652
Interest accrued and due on borrowings**	27,33,69,301	14,36,65,971
Unpaid dividend***	5,91,535	8,60,108
Advance from customers	3,99,73,114	4,17,71,677
Security deposits	1,03,871	12,00,896
Book Overdraft	7,35,73,730	4,70,20,503
Employee benefits payable	5,81,04,070	5,93,97,776
Statutory dues payable	2,96,30,496	2,08,93,047
Other payables	53,05,73,197	40,44,06,471
	<u>4,18,53,93,027</u>	<u>2,92,18,06,276</u>

* For security details and other terms and conditions, refer note 5 of financial statement.

** There is default of ` 27,33,69,301/- (Previous Year ` 14,36,65,971) existed as on 31.03.2013 which ranges from 2 to 1496 days.

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

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

- Gratuity	13,11,382	52,43,756
- Leave encashment	18,43,956	76,49,621
Provision for wealth tax	32,544	32,684
	<u>31,87,882</u>	<u>1,29,26,061</u>

NOTE - 13 FIXED ASSETS

(Amount in `)

PARTICULARS	Gross Block				Depreciation / Amortisation						Net Block		
	Cost as at 01.04.2012	Additions for the year*	Deletions/ Adjustments@	Addition/ (deletion) due to foreign Exchange	Cost as at 31.03.2013	Up to 01.04.2012	Impairment Loss	For The year	Deletions Adjustments	Addition / (deletion) due to foreign Exchange	Up to 31.03.2013	As at 31.03.2013	As at 31.03.2012
INTANGIBLE ASSETS													
Goodwill	69,47,67,286	-	-	3,92,72,104	73,40,39,390	10,71,28,338	-	8,91,042	-	(1,69,964)	10,78,49,418	62,61,89,972	58,76,38,948
Software	5,03,20,401	-	-	(1,61,621)	5,01,58,780	4,32,23,252	-	68,97,507	-	-	5,01,20,759	38,021	70,97,149
Total	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
Previous Year	67,17,80,093	-	-	7,33,07,594	74,50,87,687	14,15,90,527	-	78,14,532	-	9,46,531	15,03,51,590	59,47,36,097	53,01,89,566
TANGIBLE ASSETS													
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
- Freehold Land	3,63,63,925	-	1,66,93,978	(3,28,536)	1,93,41,411	-	-	-	-	-	-	1,93,41,411	3,63,63,925
- Leasehold Land	5,42,99,739	-	-	-	5,42,99,739	1,75,24,624	-	25,99,448	-	-	2,01,24,072	3,41,75,667	3,67,75,115
Building	3,54,57,14,787	1,07,00,907	37,15,51,076	3,38,59,417	3,21,87,24,035	1,08,24,81,153	-	11,84,39,032	13,48,96,538	62,92,581	1,07,23,16,228	2,14,64,07,807	2,46,32,33,634
Plant & Machinery	11,16,31,50,360	3,23,43,557	14,84,81,846	16,16,26,421	11,20,86,38,492	7,66,14,94,487	-	50,36,64,741	9,90,74,793	6,43,81,133	8,13,04,65,568	3,07,81,72,924	3,50,16,55,873
Furniture & Fixtures	14,72,30,773	7,03,463	1,13,75,807	(10,97,698)	13,54,60,731	13,21,16,146	-	20,04,947	1,13,12,140	(10,59,833)	12,17,49,120	1,37,11,611	1,51,14,627
Office Equipments	1,10,82,58,152	1,02,82,406	8,53,881	6,71,44,219	1,18,48,30,896	32,49,16,321	-	11,27,25,041	6,80,832	2,26,81,542	45,96,42,072	72,51,88,824	78,33,41,831
Vehicle	6,47,35,446	27,92,619	19,90,770	17,62,538	6,72,99,833	3,71,22,724	-	70,33,322	15,25,544	9,36,062	4,35,66,564	2,37,33,269	2,76,12,723
Total	16,11,97,53,182	5,68,22,952	55,09,47,358	26,29,66,361	15,88,85,95,137	9,25,56,55,455	-	74,64,66,531	24,74,89,847	9,32,31,485	9,84,78,63,624	6,04,07,31,513	6,86,40,97,728
Previous Year	15,25,23,22,707	9,96,84,792	4,41,31,493	81,18,77,176	16,11,97,53,182	7,76,84,44,680	41,07,20,720	77,39,17,347	3,33,86,654	33,59,59,362	9,25,56,55,455	6,86,40,97,727	7,48,38,78,027
Capital Work -in-Progress:													
Plant & Machinery												34,29,78,920	32,26,01,232

Notes :

* Addition includes Rs. 39,54,055/- (Previous Year Rs. 5,33,570/-) transfer from Fixed Assets held for sale to Plant & Machinery

		(Amount in `)	
		As at March 31, 2013	As at March 31, 2012
		No.	No.
NOTE 14 : NON CURRENT INVESTMENTS (AT COST)			
1. Investment in Equity Instruments			
(a) In others (Non Trade & quoted)			
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) In others (Non Trade & unquoted)			
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
2. Investment in Govt. securities			
National saving certificates*		-	33,310
		1,11,571	1,44,881
Aggregate book value of :			
Quoted investments		4,777	4,777
Unquoted investments		1,06,794	1,40,104
Aggregate market value of quoted investment		1,624	2,880

* Pledged with sales tax authorities.

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

- Considered good	94,57,639	2,00,90,496	
- Considered doubtful	1,19,99,459	-	
	2,14,57,098	2,00,90,496	
Less: Provision for doubtful advances	1,19,99,459	94,57,639	2,00,90,496
Security deposits		8,98,14,556	6,81,80,096
Prepaid expenses		1,68,825	1,27,623
Balance with Customs , Excise, Govt Authorities, etc.		39,30,41,297	38,60,52,089
Advance against expenses		4,51,87,074	3,29,35,612
Loan and Advance to employees		14,99,553	-
Advance to trade payable:			
- Considered good	16,36,10,525	18,00,71,600	
- Considered doubtful	16,73,95,417	16,73,95,417	
	33,10,05,942	34,74,67,017	
Less: Provision for doubtful advances	16,73,95,417	16,36,10,525	18,00,71,600
Advance tax/ tax deducted at source		2,22,79,860	2,23,81,530
Other loan and advances:			
-Considered good	2,47,39,771	2,34,36,633	
-Considered doubtful	92,35,000	92,35,000	
	3,39,74,771	3,26,71,633	
Less : Provision for doubtful advances	92,35,000	2,47,39,771	2,34,36,633
		74,97,99,100	73,32,76,189

(Amount in `)

	As at March 31, 2013	As at March 31, 2012
NOTE 16 : OTHER NON- CURRENT ASSETS		
Unsecured, Considered Good unless otherwise stated		
Trade receivables:		
-Considered good	2,45,73,128	1,74,24,401
-Considered doubtful	11,27,247	33,21,589
	2,57,00,374	2,07,45,990
Less:- Provision for doubtful trade receivables	11,27,246	33,21,589
Export incentives	3,84,47,284	6,05,39,201
Claims receivables	2,64,29,065	2,83,65,068
Interest accrued on Fixed Deposit	54,805	-
Interest accrued on loan to others	-	5,79,994
Unamortised Upfront Fee	5,42,43,324	6,03,43,645
Fixed deposit with more 12 month maturity from the balance sheet date	30,56,359	-
	14,68,03,965	16,72,52,309
NOTE 17 : INVENTORIES*		
Raw materials	33,93,78,312	32,14,35,280
(Includes Goods in Transit ` Nil, (Previous Year ` 1,34,87,187/-)		
Work-in-process	35,20,82,408	34,60,83,586
Finished goods		
- Manufactured	52,59,66,209	30,69,41,770
- Stock in trade	3,33,04,254	55,92,70,463
Stores, spares & packing materials	18,05,19,053	78,14,872
Waste	2,11,16,519	31,47,56,642
		17,05,90,994
		83,64,955
	1,45,23,66,755	1,16,12,31,457
*Refer accounting policy for mode of valuation.		
NOTE 18 : TRADE RECEIVABLE		
Unsecured, Considered Good		
Outstanding for a period exceeding six months from the date they are due for payments	1,21,84,262	30,59,11,532
Others	64,21,33,595	43,43,76,703
	65,43,17,857	74,02,88,235
NOTE 19 : CASH AND BANK BALANCES		
Cash & Cash Equivalent		
Cash in hand	37,02,283	29,33,585
Cheque, drafts on hand	1,20,500	64,93,128
Balance with banks	6,10,30,853	3,78,35,935
Others Bank Balances		
Unpaid dividend accounts *	5,91,535	8,60,108
Fixed deposit with more than 3 month maturity from original date	1,38,96,324	1,82,92,156
Margin money with bank	5,87,560	23,03,609
Restricted Cash (Interest reserve account)	1,94,431	1,82,216
	8,01,23,486	6,89,00,737
* Earmarked against the corresponding liabilities.		
NOTE 20 : SHORT- TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Security Deposits	1,17,21,619	1,01,84,236
Intercompany Deposits	22,26,01,078	19,63,83,235
Margin Money with Others	79,00,000	-
Advance to Trade Payables	28,89,21,379	5,71,92,622
Advance against expenses	7,79,39,572	5,25,12,075
Prepaid expenses	10,75,04,641	9,52,46,629
Balance with Customs , Excise, Govt Authorities, etc.	14,95,77,489	12,44,62,878
Advance income tax/tax deducted at source	40,25,215	32,46,130
Accrued Income	29,92,006	-
Advance to employees of the company	43,04,933	54,08,514
Loans & advances to others	47,21,998	19,54,677
	88,22,09,930	54,65,90,996

(Amount in `)

NOTE 21 : OTHER CURRENT ASSETS

	As at March 31, 2013	As at March 31, 2012
Claims and other receivables	4,22,19,713	9,56,13,224
Fixed assets held for sale	2,78,99,772	3,16,46,654
Export incentives	13,86,59,265	9,59,83,666
Unamortised Upfront Fees	74,68,345	79,71,557
Interest accrued on deposit	16,16,050	15,18,046
Deferred Revenue Expenditure	3,02,534	23,605
	21,81,65,679	23,27,56,752

	Year Ended March 31, 2013	Year Ended March 31, 2012
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NOTE 22 : REVENUE FROM OPERATION (Gross)
From Sale of Manufactured Goods

- Yarn	10,69,68,90,391	9,21,12,52,769
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Sale of Traded Goods

- Cotton Yarn	4,26,45,015	97,01,06,850
- Clothes (Fabrics)	24,42,57,671	14,34,950
- Waste sale	66,74,35,163	54,55,13,805

Other operating income

- Export Incentive	29,23,66,138	21,03,42,206
	11,94,35,94,378	10,93,86,50,580

NOTE 23 : OTHER INCOME

Commission Income	4,42,965	59,488
Interest Income	3,22,97,584	2,71,36,316
Dividend Income from non-current investment	7,080	7,467
Rent Income	72,000	72,000
Profit on sale of fixed assets(Net)	-	12,05,262
Liabilities/provision no longer required written back	3,61,43,871	55,24,727
Net gain on foreign currency transactions	7,45,58,910	95,23,772
Misc Income	13,30,96,202	3,32,76,741
	27,66,18,612	7,68,05,773

NOTE 24 : COST OF MATERIAL CONSUMED

Opening stock	32,14,35,280	77,94,28,512
Purchases	7,72,25,11,761	6,90,65,86,423
Closing stock	33,93,78,312	32,14,35,280
	7,70,45,68,729	7,36,45,79,655

NOTE 25 : PURCHASE OF STOCK- IN -TRADE

Cotton yarn	1,45,22,839	6,33,27,753
Clothes	22,75,68,887	45,07,68,932
	24,20,91,726	51,40,96,685

	Year Ended March 31, 2013	(Amount in `) Year Ended March 31, 2012
NOTE 26 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK- IN- TRADE & WORK- IN -PROGRESS		
Opening inventories		
Finished Goods:		
(a) Manufactured	30,69,41,770	97,38,31,833
(b) Traded Goods	78,14,872	4,84,93,367
Work in progress	34,60,83,586	34,65,74,893
Cotton waste	83,64,954	3,53,42,865
	66,92,05,182	1,40,42,42,958
Closing Inventories		
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
	93,24,69,390	66,92,05,182
Sub total	(26,32,64,208)	73,50,37,776
Excise duty on (Increase) / Decrease in inventories	52,17,664	(12,12,689)
(Increase) /Decrease in inventories	(25,80,46,544)	73,62,50,465
NOTE 27 : EMPLOYEES BENEFIT EXPENSE		
Salaries, wages and bonus	72,46,01,564	72,42,53,259
Contribution to provident funds & other funds	11,38,32,839	11,40,68,917
Staff welfare expenses	8,14,92,078	6,59,38,454
	91,99,26,481	90,42,60,630
NOTE 28 : FINANCIAL COST		
Interest expenses from bank		
- On Non convertible debentures	3,45,86,119	3,74,08,075
- On Borrowings	74,93,37,177	80,10,31,326
Interest expenses from others	4,49,85,980	4,79,38,580
Other borrowing cost	5,68,17,846	8,46,16,928
	88,57,27,122	97,09,94,909
NOTE 29 : OTHER EXPENSES		
Store, spares and packing materials consumed	35,09,50,505	33,28,00,662
Sub contracting charges	5,07,24,741	1,83,92,245
Power, fuel & water	1,27,97,64,908	97,13,14,530
Rent	56,33,736	7,69,67,178
Rate & taxes	75,65,771	51,43,274
Repair & maintenance-		
- Plant & machinery	1,88,98,848	2,40,78,838
- Building	21,13,095	24,76,872
- Others	71,47,294	70,87,961
Insurance expenses-		
- Buildings	1,45,418	94,136
- Plant & machinery	70,73,112	82,07,370
- Stock	2,18,629	11,86,306
- Others	55,93,313	56,23,148
Communication expenses	84,32,336	96,37,731
Travelling & conveyance expenses	5,53,61,315	5,20,38,788
Legal & professional charge	5,58,19,646	7,04,29,286
Payment to auditors (excluding service tax):		
- Audit Fees	20,45,660	17,45,660
- For other services	3,44,900	70,000

	Year Ended March 31, 2013	Year Ended March 31, 2012
- For reimbursement of expenses	1,14,267	1,22,904
Commission on sales	11,56,48,192	10,57,24,240
Freight outward and clearing charges (net of recoveries)	23,79,60,136	23,86,37,627
Director sitting fees	5,71,472	6,21,200
Impairment loss on asset held for sale	-	41,33,096
Loss on sale of assets held for sale (Net)*	1,44,224	25,25,820
Loss on sale of fixed assets (Net)	6,07,298	-
Selling & distribution Expenses	5,97,39,537	5,57,58,035
Bad debts written off	2,52,81,724	5,54,75,198
Loss on sale of raw material	-	1,90,18,110
Service tax cenvat reversal	62,12,875	42,64,859
Miscellaneous expenses	7,77,78,162	20,66,30,850
	2,38,18,91,114	2,28,02,05,925

* Net off with impairment loss written back of ` 35,34,342/-

NOTE 30 : EXCEPTIONAL ITEMS :

Provision for doubtful advances	-	16,73,95,417
	-	16,73,95,417

NOTE 31: EXTRAORDINARY ITEMS

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

NOTE 32: PRIOR PERIOD ITEMS REPRESENT

(Amount in `)

	Current Year	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	-
Prior period income (a)	1,43,18,628	-
Interest expense from others	4,08,32,154	-
Prior period expenses (b)	4,08,32,154	-
Net Prior period Items (b-a)	2,65,13,526	-

NOTE 33 : 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.

The Financial Statements of the following subsidiaries, drawn upto March 31, 2013, along with Spentex Industries Limited, 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, 2013	Percentage of ownership interest as on March 31, 2012
Spentex (Netherlands), B.V. (100 % held by the Company and its nominees)	Subsidiary	Netherlands	100.00%	100.00%
Spentex Tashkent Toytepa LLC (STTL) (99.18% held by Spentex (Netherlands), B.V. and 0.82% held by Spentex Industries Limited)	Subsidiary	Uzbekistan	100.00%	100.00%
Schoeller Textile (Netherlands), B.V. (a 100% subsidiary of Spentex (Netherlands), B.V.)	Subsidiary	Netherlands	100.00%	100.00%

Name of Company	Relationship	Country of Incorporation	Percentage of ownership interest as on March 31, 2013	Percentage of ownership interest as on March 31, 2012
Schoeller Litvinov K.S. # (25 % with Schoeller Textile (Netherlands), B.V. (limited partnership) and 75% with Schoeller Textile, GmbH & Co. KG (unlimited partnership))	Subsidiary	Czech Republic	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%

Note : # These are partnership firms which have been considered for the purpose of consolidation as per AS -21.

* Spentex (Mauritius) Pvt. Ltd., Spentex (Cyprus) Pvt. Ltd., Schoeller Textile GmbH & Co. K.G and Schoeller Textile Verwaltungs GmbH have gone for liquidation, hence not considered here for the purpose of consolidation as per AS-21.

NOTE 34 : CONTINGENT LIABILITIES :

1. Contingent Liabilities not provided for in respect of :

(Amount in `)

Description	Year ended March 31, 2013	Year ended March 31, 2012
a) Demands from income tax authorities under appeal	3,79,71,404	3,79,71,404
(b) Demands from sales tax authorities under appeal	1,03,18,854	55,32,038
(c) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts	25,63,11,008	25,48,41,194
(d) Show cause notices/demands raised by MP Government / MPEB department , not acknowledged as debts	20,47,23,579	19,04,43,830
(e) Claims against the company not acknowledged as debts	36,93,07,346	32,05,86,680
(f) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end	20,71,58,898	25,59,38,318
(g) Bills discounted with banks on behalf of the company, outstanding at the year end	1,03,30,94,058	67,69,75,025
(h) Corporate guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited	21,67,45,433	21,18,23,570

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, 2013	Year ended 31st March, 2012
Estimated value of contracts remaining to be executed on capital account	13,00,000	1,01,36,935

NOTE 35 : 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 `)

	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
A. Components of Employer expenses	Funded	Unfunded	Funded	Unfunded
Current service cost	77,85,728	34,52,880	77,35,044	37,17,888
Interest cost	69,78,870	17,84,623	58,95,079	14,31,736
Curtailment cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Return on plan assets	(24,60,173)	-	(23,21,183)	-
Past service cost	-	-	-	-
Actuarial losses/(gains)	55,12,678	18,58,698	1,19,02,028	55,48,540
Total expenses recognised in the consolidated statement of profit and loss	1,78,17,103	70,96,201	2,32,10,968	1,06,98,164

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, 2013.

Present value of DBO at the beginning of year	8,20,81,864	2,08,46,741	6,73,72,321	1,63,62,698
Current service cost	77,85,728	34,48,417	77,35,044	37,17,888
Interest cost	69,78,870	17,67,118	58,95,079	14,31,736
Curtailment cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Plan amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains)/losses	20,59,480	14,63,592	1,19,02,028	55,48,540
Benefits paid	(91,19,858)	(62,83,830)	(94,40,126)	(62,14,120)
Present value of DBO at the end of year	8,97,86,084	2,12,42,038	8,34,64,346	2,08,46,742

C. Net Asset / (Liability) recognised in balance sheet as at March 31, 2013.

Present value of defined benefit obligation	8,35,36,229	2,12,42,038	8,34,64,346	2,08,46,742
Fair value on plan assets	2,70,12,793	-	2,68,08,820	-
Status [surplus/(deficit)]	(6,27,73,290)	(2,12,42,038)	(5,66,55,526)	(2,08,46,742)
Unrecognised past service cost	-	-	-	-
Net Asset/(Liability) recognised in balance sheet	(6,27,73,290)	(2,12,42,038)	(5,66,55,526)	(2,08,46,742)

D. Experience Adjustment

(Amount in `)

	2012-13		2011-12		2010-11		2009-10		2008-09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefit obligation	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	2,70,12,793	-	2,78,33,951	-	2,56,29,822	-	2,21,81,824	-	8,35,36,229	2,14,47,889
Status [surplus/(deficit)]	(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)	2,70,12,793	-
Experience adjustment on plan liabilities loss / (gain)	71,08,952	17,86,912	56,37,402	48,25,702	57,91,134	24,32,572	(26,11,096)	(11,62,307)	(29,57,968)	(9,52,579)
Experience adjustment on plan assets (loss) / gain	80,571	-	1,13,733	-	12,235	-	(57,121)	-	(80,904)	-

E. Change in Fair Value of Assets During the Year Ended March 31, 2013.

(Amount in `)

	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
Plan assets at the beginning of year	2,68,08,820	-	2,56,29,822	-
Acquisition adjustment for plan assets	-	-	-	-
Expected return on plan assets	24,60,203	-	23,21,669	-
Actuarial gains/(losses)	(209)	-	(169)	-
Actual company contribution	45,12,240	-	43,83,292	-
Benefits paid	(67,68,261)	-	(55,25,794)	-
Plan Assets at the end of year	2,70,12,793	-	2,68,08,820	-

F. Current & Non current liabilities as at March 31, 2013.

Current liabilities	13,11,382	18,43,956	52,43,756	76,49,621
Non-current liabilities	6,14,61,908	1,93,98,082	5,14,11,770	1,31,97,121
	6,27,73,290	2,12,42,038	5,66,55,526	2,08,46,742

G. Actuarial Assumptions

	Percentage		Percentage	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Discount rate (%) at March 31, 2013.	8.50%	8.50%	8.25%	8.25%
Expected return on plan assets at March 31, 2013.	8.15-9.15%	N.A.	8.95%	N.A.
Annual increase in salary cost	3-4%	3-4%	3-5%	3-5%

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 36 : 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
Segment Revenue			
Total Revenue	11,93,45,87,434	30,40,13,986	12,23,86,01,420
	(9,66,90,98,487)	(1,70,89,62,660)	(11,37,80,61,147)
Inter - segment sales	-	33,13,88,947	33,13,88,947
	(-)	(47,20,58,402)	(47,20,58,402)
External Sales	11,93,45,87,434	(2,73,74,961)	11,90,72,12,473
	(9,66,90,98,488)	(1,70,89,62,660)	(10,90,60,02,744)
Segment Results	42,86,80,529	3,81,85,622	46,68,66,151
	(-1,326,488,029)	(4,52,12,274)	(1,28,12,80,113)
Unallocated corporate expenses (Net)	-	-	6,00,26,321
	(-)	(-)	(34,41,80,393)

Operating Profit	-	-	40,68,39,830
	(-)	(-)	(1,62,54,60,506)
Finance charges	-	-	88,57,27,122
	(-)	(-)	(97,09,94,909)
Interest income	-	-	3,22,97,584
	(-)	(-)	(2,71,36,316)
Dividend income	-	-	7,080
	(-)	(-)	(7,467)
Profit/(Loss) before Prior period items, exceptional items and Tax	-	-	(44,65,82,628)
	(-)	(-)	(2,56,93,11,632)
Exceptional Item	-	-	-
	(-)	(-)	(16,73,95,417)
Extra Ordinary Item	-	-	4,01,96,393
	(-)	(-)	(-)
Prior Period Items	-	-	2,65,13,526
	(-)	(-)	(-)
Income Tax written back	-	-	-
	(-)	(-)	(-6,576,928)
MAT credit entitlement reversal	-	-	-
	(-)	(-)	(3,68,52,305)
Profit/(Loss) after tax	-	-	(43,28,99,761)
	(-)	(-)	(2,76,69,82,426)
OTHER INFORMATION			
Segment Assets	10,81,41,36,031	12,88,40,496	10,94,29,76,527
	(10,84,68,42,464)	(15,60,67,273)	(11,00,29,09,737)
Unallocated corporate assets	-	-	25,08,60,242
	(-)	(-)	(42,89,66,877)
Total Assets	-	-	11,19,38,36,768
	(-)	(-)	(11,43,18,76,614)
Segment liabilities	2,89,74,89,337	1,56,23,842	2,91,31,13,178
	(2,86,84,83,156)	(3,31,56,953)	(2,90,16,40,109)
Unallocated corporate liabilities	-	-	10,57,25,36,197
	(-)	(-)	(10,32,09,71,536)
Total Liabilities	-	-	13,48,56,49,375
	(-)	(-)	(13,22,26,11,645)
Capital expenditure incurred during the year	-	-	5,68,22,952
	(-)	(-)	11,77,70,276
Depreciation and amortisation for the year	-	-	75,42,55,080
	(-)	(-)	(78,17,31,882)

B) GEOGRAPHICAL SEGMENT REPORTING:

DESCRIPTION	REVENUE (₹)	ASSETS (₹)
Domestic	3,11,12,38,006	5,57,30,81,272
	(2,54,03,56,647)	(4,18,57,77,555)
Outside India	8,79,59,74,467	5,62,07,55,496
	(8,36,56,46,097)	(7,24,60,99,059)
Current Year	11,90,72,12,473	11,19,38,36,768
Previous Year	(10,90,60,02,744)	(11,43,18,76,614)

NOTE 37 : 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

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 `)

1. Remuneration to Key Management Personnel	Current Year	Previous Year
i) Mr. Ajay Kumar Choudhary	70,55,470	75,61,195
ii) Mr. Mukund Choudhary	76,35,535	75,61,195
iii) Mr. Kapil Choudhary	70,55,470	75,61,195
iv) Mr. Amrit Agrawal	70,47,089	68,37,040
v) Mr. Sitaram Parthasarathy	62,78,599	66,96,468
Total	3,50,72,163	3,62,17,093
2. Scholarship to relatives of Key Management Personnel		
i) Mr. Raghav Choudhary	26,03,166	18,30,660
ii) Ms. Megha Agrawal	7,000	-
iii) Mr. Suraj Sitaram	4,000	8,000
Total	26,14,166	18,38,660
3. Allotment of Equity Shares to Enterprises under significant influence		
CLC Technologies Private Limited	5,10,00,000	1,95,00,000
Total	5,10,00,000	1,95,00,000
4. Issuance of Share Warrant to Enterprises under significant influence		
CLC Technologies Private Limited	1,40,00,000	-
Total	1,40,00,000	-
5. Guarantees outstanding at year end.		
M/s Himalayan Crest Power Private Limited	21,67,45,433	21,18,23,570
Total	21,67,45,433	21,18,23,570

NOTE 38 : EARNING PER SHARE

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

(Amount in `)

Description	Current Year	Previous Year
Net profit/(loss) attributable to equity shareholders	(43,28,99,756)	(2,76,69,82,325)
Weighted Average Shares Outstanding		
Weighted average shares outstanding	87,79,91,583	8,30,58,336
Effect of dilutive securities	-	-
Diluted weighted average shares outstanding	87,79,91,583	8,30,58,336

SPENTEX INDUSTRIES LIMITED

Description	Current Year	Previous Year
Nominal value of equity shares (`)	10	10
Before extraordinary items:		
Basic earnings per shares (`)	(0.45)	(33.31)
Diluted earnings per shares (`)	(0.45)	(33.31)
After extraordinary items:		
Basic earnings per shares (`)	(0.49)	(33.31)
Diluted earnings per shares (`)	(0.49)	(33.31)

NOTE 39 : TAXATION

Deferred Tax*

Break-up of Deferred Tax Assets and Liabilities.

(Amount in `)

Description	Current Year	Previous Year
Deferred tax liability recognised on account of timing difference:		
Tax impact of difference in net book value of fixed assets as per Accounts & Tax	34,14,74,927	38,59,67,401
Total Deferred Tax liabilities [A]	34,14,74,927	38,59,67,401
Deferred tax asset recognised on account of timing difference:		
Tax impact of provision for doubtful debts and advances	8,92,76,907	8,96,68,235
Tax impact of disallowances under section 43B of the Income tax Act, 1961	10,12,65,027	9,35,59,833
Tax Impact on carrying charges 40 (a)	61,64,550	-
Realisation of tax impact of:		
Tax impact of brought business losses	56,08,03,166	65,51,60,264
Tax impact of Unabsorbed depreciation	50,86,82,466	50,89,67,601
Total Deferred Tax Asset [B]	1,26,61,92,116	83,83,88,332
Deferred Tax Asset/ (Deferred Tax Liability)	92,47,17,189	45,24,20,931
Charge to consolidated Statement of Profit and Loss-	-	-
Net Deferred Tax Asset/ (Deferred Tax Liability)	92,47,17,189	45,24,20,931

* 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 40

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 Tashkent Toytepa, LLC	Spentex (Netherlands) B.V.	Botekos Plus s.r.o.
1	Share Capital (including share application money)	20,58,48,335 (20,58,48,335)	12,52,565 (12,21,307)	94,73,55,028 (88,78,39,909)	81,55,91,631 (76,44,01,718)	5,28,791 (5,15,595)
2	Reserves and Surplus	-624,093,383 (59,35,73,368)	-1,034,788,922 (1,00,89,36,148)	-180,296,665 (17,57,93,748)	6,21,24,166 (18,33,90,572)	- (-)
3	Total Assets (excluding investments)	70,00,63,626 (77,12,79,974)	- (13,163)	4,09,87,43,214 (4,18,60,14,062)	1,64,31,27,304 (1,60,44,83,853)	5,28,791 (5,15,595)
4	Total Liabilities	1,11,83,31,905 (1,15,90,28,239)	1,23,33,48,563 1,09,01,25,944	3,33,16,84,851 (3,12,23,80,405)	2,71,25,95,559 (2,48,15,48,784)	- -
5	Investment	23,231 (23,231)	- -	- -	- -	- -

Sl. No.	Name of Subsidiary	Amit Spinning Industries Ltd.	Schoeller Textile (Netherlands) B.V.	Spentex Tashkent Toytepa, LLC	Spentex (Netherlands) B.V.	Botekos Plus s.r.o.
6	Turnover	34,82,76,954	-	-	-	-
		(57,64,75,151)	-	(40,60,28,613)	-	-
7	Profit/(loss) before Taxation	-30,520,015	-30,392	-368,484,465	-133,832,026	-
		(-300,170,561)	(-1,437,365)	(-494,887,167)	(-120,731,744)	-
8	Provision for Taxation (Deferred Tax)	-	-	-	-	-
		-	-	-	-	-
9	Profit/(loss) after Taxation	-30,520,015	-30,392	-368,484,465	-133,832,026	-
		(-300,170,561)	(-1,437,365)	(-494,887,167)	(-120,731,744)	-
10	Proposed Dividend	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)

Figures shown in brackets represents previous year figures.

NOTE 41 :

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 42 :

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 cenvat balances of ` 8,33,44,753/-.

NOTE 43:

Spentex Tashkent Toytepa LLC (STTL) is being operated by the administrator. Hence, STTL Financials for the year 2012-13 are not available. Therefore, the company has consolidated STTL's financials as at 31st March 2012 after giving the effect of depreciation for the year 2012-13 . As a result, Current year figures are not comparable with the previous year figures.

NOTE 44:

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 45:

During the period of Investment, Government of Uzbekistan changed certain laws and policies by breaching the investment agreement and Bilateral Investment Treaty and rendered operation of STTL unviable. The Company has issued notice claiming in excess of USD 100 Mn towards protection of Investment and payment of dues & compensation for the losses suffered by the STTL.

As on 31st March, 2013 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 46:

Trade receivables and advance balances include amount aggregating to ` 63,71,477/- and ` 2,73,14,712/- 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 them 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 47:

For the year ended March 31, 2013, 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 48:

The outstanding balance as on 31st March, 2013 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

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 29, 2013

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 21st Annual General Meeting of the Company on Monday, the 30th day of September, 2013 at 2:30 P.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 21st Annual General Meeting of the Company to be held on Monday, the 30th day of September, 2013 at 2.30 P.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019

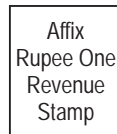
Signed this day of 2013.

Signature

DPID & Client ID No.

Folio No.

No of Shares held



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.

SPENTEX INDUSTRIES LTD.-BARAMATI



CIMMCO SPINNERS, SOLAPUR



SPENTEX INDUSTRIES LTD.-PTI HAMPUR



SPENTEX INDUSTRIES LTD.-BUTHBORI



AMIT SPINNING INDUSTRIES LTD.-KOLHAPUR



SPENTEX TASHKENT TOYTEPA LLC-TASHKENT



SPENTEX INDUSTRIES LTD.- CZECH REPUBLIC



SPENTEX TASHKENT TOYTEPA LLC-TOYTEPA



SPENTEX INDUSTRIES LIMITED

Manufacturer of Yarns



FORM B

Format of Covering Letter of the annual Audit Report to be filled with the Stock Exchanges

1.	Name of the Company	Spentex Industries Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit-qualification	<p>Note No. 41</p> <p>The company has an investment of ₹204,469,921/- in and has amount recoverable amounting to ₹47,10,47,260/- to Amit Spinning Industries Limited (ASIL), a subsidiary, as on March 31, 2013. 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 ₹181,810,358. 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 EBITDA 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 realized within a reasonable period of time. Accordingly no provision considered necessary in the value of investment held and amount due from ASIL</p>
4.	Frequency of qualification	REPEATED
5.	Draw attention to relevant notes in the annual financial statements and managements response to the qualifications in the directors report	The said qualification has been mentioned in the Directors Report on Page No. 3 under heading of DIRECTORS' VIEW OF AUDITOR'S OBSERVATIONS
6.	Additional Comments from the Board/Audit Committee chair	Board for Industrial and Financial Reconstruction has declared the said subsidiary as Sick Company and has directed it to file its Rehabilitation plan and with that it is expected that the financial position of the Company would turnaround in due course.
Signed By		
1) Mukund Choudhary Managing Director		
2) Amrit Agrawal Director Finance		

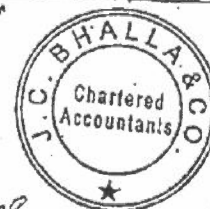
Regd. & Corporate Office:
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(INDIA), Tel.: +91-11-46598900, Fax: +91-11-26385181
Email: info@clcindia.com, www.spentexindustries.com

INDIA / UZBEKISTAN / CZECH REPUBLIC

3) M/s. J.C. Bhalla & Co.
Statutory Auditors

1) R K Thapliyal
Audit Committee Chairman

[Handwritten signature]



[Handwritten signature: R K Thapliyal]