

BOARD OF DIRECTORS

Mr. Raj Kumar Avasthi	Chairman & Managing Director
Mr. Munish Avasthi	Managing Director
Mr. Naresh Jain	Executive Director
Mr. Sunil Puri	Director
Mr. Ajay Chaudhry	Director
Dr (Mrs) H. K. Bal	Director

CHIEF FINANCIAL OFFICER
Mr. Parveen K. Gupta**COMPANY SECRETARY**
Mr. Nikhil Kalra

AUDITORS
M/s Rawla & Company
Chartered Accountants,
504, Surya Kiran Building,
19, K. G. Marg, New Delhi

BANKERS
State Bank of India
IFB Branch, Golden Tower,
Dholewal Chowk,
Ludhiana

State Bank of Patiala
Specialized Commercial Branch,
Aarti Complex, Miller Ganj,
Ludhiana

Punjab National Bank
International Banking Branch,
Industrial Area-A, Ludhiana

Allahabad Bank
Link Road, Partap Chowk
Ludhiana

Central Bank of India
Mid Corporate Branch,
369, R.K.Road, Ind Area-A,
Ludhiana-141008

Punjab and Sind Bank
Industrial Finance Branch
Dholewal Chowk, Ludhiana

REGISTERED OFFICE
5/69, Guru Mansion, (First Floor)
Padam Singh Road, Karol Bagh,
New Delhi - 110005

CORPORATE OFFICE

Village Kanech, Near Sahnewal, G. T. Road,
Sahnewal. G. T. Road, Ludhiana 141120

ADMINISTRATIVE OFFICE

17B, Col. Gurdial Singh Road,
Civil Lines, Ludhiana - 141001

WORKS

Village Kanech, Near Sahnewal,
G. T. Road, Ludhiana - 141120

Village Meharban, Rahon Road,
Ludhiana - 141007

Village Barmalipur, Near Doraha,
G. T. Road, Ludhiana- 141416

Village Jeeda, Kotkapura Road,
Distt. Bathinda - 151201

REGISTRAR & TRANSFER AGENT

Beetal Financial & Computer Services (P) Ltd.
BEETAL HOUSE, 3RD Floor, 99 Madangir,
Near Dada Harsukhdas Mandir
New Delhi - 110062

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NOTICE

NOTICE is hereby given that the **Twenty Fourth Annual General Meeting of the members of Sportking India Limited** will be held on Monday, the **30th day of September, 2013 at 2.00 P.M.** at Registered office 5/69, Guru Mansion, 1st Floor, Padam Singh Road, Karol Bagh, New Delhi-110005 to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and Statement of Profit and Loss for the year ended on that date, together with Report of Auditors and Directors thereon.
- 2) To appoint a Director in place of Sh. Raj Kumar Avasthi, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Sh. Munish Avasthi, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint M/s. Rawla & Co. Chartered Accountants, New Delhi, the retiring auditors as auditors of the company and to fix their remuneration.

SPECIAL BUSINESS

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

"Resolved that, pursuant to the provisions of Section 198, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent of the company be and is hereby accorded to increase the remuneration of Sh. Raj Kumar Avasthi, Chairman & Managing Director, of the Company for a period of 3 years w.e.f. 01-04-2013 on the terms and conditions set out below:-

Salary - Salary will be in the scale of Rs. 500000-750000-850000 per month

Perquisites - The following perquisites shall be allowed in addition to salary:

- a) Housing - Free residential accommodation along with the free furnishing and other amenities to be provided by the Company. The expenditure incurred by the Company on gas, electricity, water and furnishing shall

be valued as per the Income Tax Rules, 1962.

- b) Medical Reimbursement- Expenses incurred by the appointee (including Mediclaim insurance premium) on self and his family will be subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- c) Leave Travel concession - The expenses incurred on Leave Travel Concession by the appointee on self and his family shall be reimbursed once in a year.
- d) Club Fees -Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- e) Personal Accident Insurance- Premium not to exceed Rs. 5000/- per annum.
- f) Provident Fund -Contribution to provident fund, superannuation funds or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- g) Gratuity -Gratuity payable shall not exceed half a month's salary for each completed year of service.
- h) Car - Free use of company's car for official as well as personal purposes along with driver.
- i) Telephone/Cell phone - Free use of company's telephone at residence/cell phone for official as well as personal purposes. Use of Car for private purposes and personal long distance calls on telephone/cell phone shall be billed by the company to him.

Explanation- Family means the spouse, the dependent children and dependent parents of the Chairman-cum-Managing Director.

Minimum Remuneration - Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of the tenure of the Chairman-cum-Managing Director, the company has no profits or its profits are inadequate, the company will pay remuneration in accordance with the provisions as required under Clauses 1(B) of Section II, Part II of the Schedule XIII and other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER that the Board of Directors

of the company be and is hereby authorized to alter and vary the terms and conditions so as not to exceed the limits specified in Clauses 1(B) of Section II, Part II of the Schedule XIII of the Companies Act, 1956 including any statutory modification or re-enactment thereof and is authorized to do all such acts, deeds matters and things as may be necessary or expedient for giving effect to said resolution."

6) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Special Resolution:

"Resolved that, pursuant to the provisions of Section 198, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent of the company be and is hereby accorded to increase the remuneration of Sh. Munish Avasthi, Managing Director, of the Company for a period of 3 years w.e.f. 01-04-2013 on the terms and conditions set out below:-

Salary - Salary will be in the scale of Rs. 500000-750000-650000 per month

Perquisites - The following perquisites shall be allowed in addition to salary :

- a) **Housing -** Free residential accommodation along with the free furnishing and other amenities to be provided by the Company. The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.
- b) **Medical Reimbursement-** Expenses incurred by the appointee (including Mediclaim insurance premium) on self and his family will be subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- c) **Leave Travel concession -** The expenses incurred on Leave Travel Concession by the appointee on self and his family shall be reimbursed once in a year.
- d) **Club Fees -**Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- e) **Personal Accident Insurance-** Premium not to exceed Rs. 5000/- per annum.
- f) **Provident Fund -**Contribution to provident fund, superannuation funds or annuity fund

to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

- g) **Gratuity -**Gratuity payable shall not exceed half a month's salary for each completed year of service.
- h) **Car -** Free use of company's car for official as well as personal purposes along with driver.
- i) **Telephone/Cell phone -** Free use of company's telephone at residence/cell phone for official as well as personal purposes. Use of Car for private purposes and personal long distance calls on telephone/cell phone shall be billed by the company to him.

Explanation- Family means the spouse, the dependent children and dependent parents of the Managing Director.

Minimum Remuneration - Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of the tenure of the Managing Director, the company has no profits or its profits are inadequate, the company will pay remuneration in accordance with the provisions as required under Clauses 1(B) of Section II, Part II of the Schedule XIII and other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER that the Board of Directors of the company be and is hereby authorized to alter and vary the terms and conditions so as not to exceed the limits specified in Clauses 1(B) of Section II, Part II of the Schedule XIII of the Companies Act, 1956 including any statutory modification or re-enactment thereof and is authorized to do all such acts, deeds matters and things as may be necessary or expedient for giving effect to said resolution."

By Order of the Board

**Place : Ludhiana
Date : September 1, 2013**

**Raj Kumar Avasthi
Chairman**

**Regd. Office :
5/69, Guru Mansion, 1st Floor,
Padam Singh Road, Karol Bagh,
New Delhi - 110005**

NOTES

- 1) The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No 5 & 6 is annexed hereto and forms part of this notice.
- 2) The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the directors seeking re-appointment in the Annual General Meeting as proposed in Item No.2 & 3 of the Notice is annexed hereto and forms part of the Notice.
- 3) **A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the company. The proxy, in order to be effective, must be received by the company not less than 48 hours before the commencement of the meeting. A blank proxy form is enclosed.**
- 4) The terms and conditions for the increased remuneration of Sh. Raj Kumar Avasthi & Sh. Munish Avasthi as detailed in the resolution and explanatory statement be treated as an abstract under section 302 of the Companies Act, 1956.
- 5) The Register of Members and the Share Transfer Books of the company shall remain closed from 21st September 2013 to 30th September, 2013 (both days inclusive).
- 6) If the balance allotment money is not paid so far, pay the same along with interest @ 15% per annum from the last date of payment of 31.03.96 to the actual date of payment.
- 7) The copy of relevant documents can be inspected at the registered office of the company on any working day between 11:00 A.M. To 01:00 P.M.
- 8) Members are requested to bring their copies of the Annual Report at the Meeting. Members seeking any information with regard to the accounts of the company are requested to write to the company at least 15 days before the date of the meeting so as to enable the management to keep the information ready.
- 9) Members are requested to notify change in address, if any, to the company at its Registered office quoting their folio number.
- 10) Members/Proxies should bring the attendance slip sent herewith, duly filled in and signed and handover the same at the entrance of the meeting place.
- 11) The company's Registrar and Share Transfer Agents M/s. Beetal Financial & Computer Services (P) Ltd., are situated at Beetal House, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir, New Delhi and has maintained connectivity with both NSDL/ CDSL.

Important Communication

The Ministry of Corporate Affairs, Government of India (MCA) vide its General Circular No. 18/2011 dated 29th April, 2011, has clarified that as a measure of "Green initiative in Corporate Governance" it will be in compliance, if the Annual Report (i.e. documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail. A recent amendment to the listing agreement with the Stock Exchanges now permits Company to send soft copies of the Annual Report to all those shareholders who have registered email address for the purpose. To support this green initiative, you are requested to register your email id with Company's Share Transfer Agent viz. Beetal Financial & Computer Services (P) Ltd. BEETAL HOUSE, 3RD Floor, 99 Madangir, Near Dada Harsukhdas Mandir, New Delhi 11006 by giving your consent to receive the Annual Report in future in electronic form. To facilitate you in doing so, please write to us or to our Share Transfer Agent as mentioned above and also update the email address as and when there is change.

ANNEXURE TO THE NOTICE**Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956****Item No. 5**

Sh. Raj Kumar Avasthi - is a founder of the Sportking Group and possesses vast experience and expertise in managing textile businesses including apparel/garment business from the last 39 years. He is working as Managing Director of the company since 1995 and his appointment is valid upto 30.09.2017 on the remuneration as approved by the members in their annual general meeting held on 29th September, 2012. The company has made tremendous progress under his kind guidance and leadership. Keeping in view of his immense contribution to the Company as well as the prevalent packages of the top executives of the corporate houses, the Board recommends the increase in remuneration for a period of 3 years w.e.f. 01st April, 2013 as passed in its meeting held on 14th August, 2013 including payment of minimum remuneration as per Clause 1(B) of Section II, Part II of the Schedule XIII of the Companies Act, 1956 in case of loss or inadequacy of profits. Hence the said resolution is placed before the members for their approval.

MEMORANDUM OF INTEREST :

None of Directors except Sh. Raj Kumar Avasthi and Sh. Munish Avasthi are interested in the resolution.

Item No. 6

Sh. Munish Avasthi - is a founder of the Sportking Group and possesses vast experience and expertise in managing textile businesses from the last 21 years. He is working as Joint Managing Director since 1999 and later as Managing Director and his appointment is valid upto 30.09.2017 on the remuneration as approved by the members in their annual general meeting held on 29th September, 2012. Keeping in view of his immense contribution to the Company as well as the prevalent packages of the top executives of the corporate houses, the Board recommends the increase in remuneration for a period of 3 years w.e.f. 01st April, 2013 as passed in its meeting held on 14th August, 2013 including payment of minimum remuneration as per Clause 1(B) of Section II, Part II of the Schedule XIII of the Companies Act, 1956 in case of loss or inadequacy of profits. Hence the said resolution is placed before the members for their approval.

MEMORANDUM OF INTEREST :

None of Directors except Sh. Munish Avasthi and Sh. Raj Kumar Avasthi are interested in the resolution.

The Statement as required under Clauses 1(B) of Section II, Part II of the Schedule XIII of the Companies Act, 1956 with reference to the item no(s). 5 and 6 are as follows:

I. GENERAL INFORMATION:**1. Nature of Industry**

Sportking India Limited ("the company") is into Textile Industry.

2. Date or Expected Date of Commencement of Commercial Production :

The Company was incorporated on February 15, 1989 under the Companies Act, 1956. The Certificate for Commencement of Business was issued by the Registrar of Companies, Delhi & Haryana on June 15, 1990 and it started commercial production soon thereafter.

3. In Case of New Companies, Expected Date of Commencement of Activities As Per Project Approved by Financial Institutions Appearing in the Prospectus: Not Applicable

4. Financial performance for the year ended 31.03.2013

Particulars	(Rupees In Crores)
Income for the year	861.65
Profit before Interest, Depreciation and Tax	136.86
Finance Charges	70.76
Profit before Depreciation and Taxes	66.09
Depreciation	40.88
Provisions for Taxation-Current Tax	0.54
Deferred Tax	-7.50
Prior Period Items / Extra Ordinary Items	0.00
Net Profit/(Loss) for the Current Year	32.17
Earlier Years Balance Brought forward	26.19
Balance carried to Balance Sheet	32.17

5. Export performance and net foreign exchange collaborations

	Export (FOB Value) (Rupees In Crores)	Net Foreign Exchange Earnings (Rupees In Crores)
2012-13	366.07	354.68
2011-12	322.50	312.54

6. Foreign Investments or collaborators, if any.

Nil

II. INFORMATION ABOUT THE APPOINTEE**A. Sh. Raj Kumar Avasthi, Chairman cum Managing Director****1. Background Details**

Sh. Raj Kumar Avasthi aged 67 years having rich experience in Designing & Manufacturing of Apparel/Textile Business from last 39 years. He is the Chairman cum Managing Director of the company since 1995. He has knowledge of latest textile technology and advancement in manufacturing operations as well as a great vision for future of textile industry.

2. Past Remuneration

The company has approved remuneration to Sh. Raj Kumar Avasthi, Chairman cum Managing Director on a salary in the scale of Rs. 200000-30000-320000 per month along with perquisites in addition to salary for a period of 5 years w.e.f. 01st October 2012.

3. Recognition or awards

Nil

4. Job Profile and his suitability

Sh. Raj Kumar Avasthi is the Chairman cum Managing Director of the Company. He looks after the overall operations of the Company. He has enriched experience of more than 39 years in Textile Industry. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of textile industry. The Company has made

tremendous growth under his leadership. Sh. Raj Kumar Avasthi is instrumental in the development of the Company.

5. Remuneration Proposed

Salary will be in the scale of Rs. 500000-75000-650000 per month and perquisites as more fully described in the resolution.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).

Taking into consideration the size of the Company, the profile of Sh. Raj Kumar Avasthi, Chairman cum Managing Director of the Company, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level incumbents, in other companies.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Except for receiving remuneration from the company as Chairman-cum- Managing Director, Sh. Raj Kumar Avasthi had no other pecuniary relationship with the company. Sh. Munish Avasthi is his relative.

B. Sh. Munish Avasthi, Managing Director

1. Background Details

Sh. Munish Avasthi aged 40 years having rich experience in Spinning/Textile Industry from last 21 years. He is the Managing Director of the company since 1999. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of textile industry.

2. Past Remuneration

The company has approved remuneration to Sh. Munish Avasthi, Managing Director on a salary in the scale of Rs. 200000-300000-320000 per month along with perquisites in addition to salary for a period of 5 years w.e.f. 01st October 2012.

3. Recognition or awards

Nil

4. Job Profile and his suitability

Subject to the supervision and control of the Board of Directors Sh. Munish Avasthi is in overall in-charge of operational affairs of the Company. He has rich experience in the textile industry more than 21 years. The Company has made tremendous growth under his leadership. He is also looking after the finance, sales and purchase. He is a dynamic new generation industrialist. As a Managing Director he has played a key role in making the Company one of the most efficient yarn manufacturers in the country. Incorporated in 1989 with a single unit at Village Meharban, Ludhiana today the Company has 4 textile units situated at various locations in Punjab.

5. Remuneration Proposed

Salary will be in the scale of Rs. 500000-75000-650000 per month and perquisites as more fully described in the resolution.

6. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)**

Taking into consideration the size of the Company, the profile of Sh. Munish Avasthi, Managing Director of the Company, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level incumbents, in other companies.

7. **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.**

Except for receiving remuneration from the company as Managing Director, Sh. Munish Avasthi had no other pecuniary relationship with the company. Sh. Raj Kumar Avasthi is his relative.

III. OTHER INFORMATION:

1. **Reasons of loss or inadequate profits**

The company has adequate profits during the financial year ended 31-03-2013. The financial charges, depreciation and other expenses increased substantially due to increased scale of operations and the recession in the domestic and international market and other economic & external factors may effect the profitability of the company in future. So an enabling provisions made for payment of minimum remuneration in case of loss or inadequacy of profits.

2. **Steps taken or proposed to be taken for improvement**

Optimal utilization of the resources available with the Company, by using technologically advanced machines to achieve optimum production mix.

Aggressive Marketing to capture sizable shares in the Textile Industry. The Company is planning to expand its presence in those domains where small and mid size companies are operating but cannot provide superior quality products and thus it will help the Company to increase its order book size and in turn help the Company to achieve optimum utilization of its installed capacity as well as optimum product mix.

Concentrating on the Export Market. The Company is actively touching base with new clients in international market, whereby the untapped territories can be explored leading to increase in overall performance of the Company.

3. **Expected increase in productivity and profits in measurable terms**

With the above mentioned steps taken by the Company, the Company will be able to improve its sales and profit.

IV. DISCLOSURES

Remuneration Package

As described in the resolution above.

By Order of the Board

Raj Kumar Avasthi
Chairman

Place : Ludhiana

Date : September 1, 2013

Regd. Office :

5/69, Guru Mansion, 1st Floor,
Padam Singh Road, Karol Bagh, New Delhi - 110005

ANNEXURE TO THE NOTICE

Details of Directors seeking re-appointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Sh. Raj Kumar Avasthi	Sh. Munish Avasthi
Age	67 Years	40 Years
Date of Appointment	Since Incorporation	16.11.1992
Expertise in Specific Functional Area	An industrialist, having rich experience in Designing & Manufacturing Apparel / Textile Business	An industrialist, having vast experience in Spinning/Textile Industries.
Qualification	Intermediate	Graduate
Directorship of other Public Limited Companies	-	-
Membership of committees of Public Limited Companies	-	-
No. of Equity Shares held in the Company	197500	122400

DIRECTORS' REPORT

Dear Members,

The Directors of your company are pleased to present their Twenty Fourth Annual Report on the affairs of the company together with Audited Accounts of the Company for the year ended 31st March, 2013.

1. FINANCIAL RESULTS

The summarized financial results for the year are as under:

Particulars	(₹ in Crores)	
	2012-13	2011-12
Gross Turnover/Operating Income	861.65	763.30
Profit before Interest, Depreciation & Taxation	136.86	62.57
Less: Interest (Net)	70.76	52.07
Profit before Depreciation & Taxation	66.10	10.50
Less: Depreciation	40.88	25.81
Net Profit before Taxation	25.22	-15.31
Less: Provision for Current Taxes	0.54	-0.02
Net Profit after Current Taxes	24.68	(-15.29)
Add: Provision for Deferred Tax Assets (+) /Liabilities (-)	7.50	(-10.79)
Net Profit after Deferred Taxation	32.18	(-26.08)
Add: Surplus of Last Year	26.19	52.69
Less: Transfer to Capital Redemption Reserve	0.43	0.43
Surplus carried to Balance Sheet	57.94	26.18

**2. MANAGEMENT'S DISCUSSION AND ANALYSIS
BUSINESS REVIEW :**

Global economic outlook has been improving and expected to grow above 3% in the year 2013 and 4% in the year 2014, though the growth is not uniform even among the developed countries. Private demand in USA has been growing giving strength to the recovery but similar indications are missing in EU. The driver of the developed countries' growth is mainly monetary easing which needs to be substituted with more fundamental forces to make it sustainable. The emerging economies especially in Asia are likely to grow by 7% for next couple of years, which is less than the growth rate achieved in the past. It is mainly due to some slowdown in export sector of the leading economies like China and partially due to the China's efforts to rebalance economy towards domestic consumption side. It is expected that such a move

would strengthen the growth/exports of emerging economies in coming years.

The 12th Five Year Plan of India targets a growth rate of 9.8% for the manufacturing sector. The National Manufacturing Plan targets an increase in manufacturing sector growth to 12-14% over the medium term. The mean value of different GDP growth estimates of Indian economy shows that Indian economy may grow in the range of 5-6% in financial year 2013-14. The stubborn current account deficit, fiscal deficit and a lackluster performance of manufacturing sector especially catering to exports are some factors affecting the business climate and investor confidence in the country adversely. Since the Textile Sector contributes about 12 per cent of the manufacturing output, the growth of this sector is crucial to the realization of targets relating to total output and employment growth.

COTTON

During 2012-13, the International cotton prices benefited radically from the policies of the Chinese Government. It must be borne in mind that a large part of world cotton stocks are in the hands of the Chinese government. Though the future Chinese policies remain unclear, but it does not seem that the reserve cotton will be released in quantities large enough to significantly undermine domestic Chinese prices or international cotton prices. In 2012-13, global cotton production is estimated at 26.4 million tons, down by 5%, while cotton mill use is expected to rise by 6%. With consumption anticipated at 23.5 million tons, the global stocks at the end of July 2013 are forecast at a record 17.9 million tons, up 19% from the previous year. In 2013-14, world area under cotton cultivation is likely to drop by 5-6% due to better prices available to farmers against alternative crop. Globally, the cotton production is estimated at around 25.5 million tons against consumption of about 24.5 million tons. The major increase in stock will happen in China whereas the world stock minus China is likely to be reduced.

The cotton production in India in the current season (October- September) is estimated to be around 34

million bales. The exports of cotton are estimated at 10 million bales as compared to 12.9 million bales in 2011-12. Domestic consumption of cotton increased by 13% as compared to last year. Consequently, the closing stock of cotton is expected to get substantially reduced. In 2013-14, it is anticipated that the area under cotton cultivation in the country will reduce by around 5% again due to better margins in alternative crops. However, with the forecast of normal and on time monsoons the yield is likely to be better than the year 2012-13.

COTTON YARN

Cotton yarn production in India increased by about 14% during the year 2012-13. Most Indian yarn manufacturers experienced high demand from domestic as well as export market, mainly from China during the financial year 2012-13. Favorable policy environment, improved demand supply position and favorable input costs were some of the other driving factors that led to improvements in margins. With lower cotton prices, depreciating rupee, slow but steady pick up in domestic demand and continued demand of cotton yarn from China, yarn manufacturers expect to maintain their margins in the coming quarters. Also, Foreign Direct Investment in multi brand retail is an opportunity that would unleash demand in the long run.

The Central Government has also extended the benefits of Technology Upgradation Fund Scheme for the 12th Five Year Plan of (2012-17) and envisaged a capital investment of Rs. 144592 crores in the textile value chain activities during this period out of which capital investment of Rs. 41750 crores have been envisaged for spinning sector.

EXPORTS

The textiles industry accounts for nearly 11% share of the country's total exports basket. Exports of Textiles & Clothing grew from USD 21.22 billion in 2008-09 to USD 22.41 billion in 2009-10 and have touched USD 27.47 billion in 2010-11. In the financial year 2011-12 (P), exports of textiles and clothing, has grown by 20.05% over the financial year 2010-11 to touch USD 33.31 billion. In rupee / US\$ terms, exports

of readymade garments witnessed the highest export share (39%) followed by Cotton Textiles (33%), and Man- Made Textiles (17%) during 2012-13 (April-December). India's textiles and clothing industry is also one of the largest contributing sectors of India's exports worldwide. The report of Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at USD 64.11 billion by the end of March 2017.

FINANCIAL ANALYSIS

PRODUCTION / SALES REVIEW

During the year under review, your company achieved a production of 38364 MT of cotton/synthetic yarn as compared to 29479 MT in the previous year showing an increase of about 30%. The company achieved a gross turnover/operating income of Rs. 861.65 Crores as compared to Rs. 763.30 Crores in the previous year showing a growth of about 12.88%. The exports increased to Rs. 373.81 Crores against Rs. 325.05 Crores in the previous year showing a growth of about 11.90%. The Company is recognized as 'Trading House' by Govt. of India.

PROFITABILITY

The company earned a gross profit of Rs. 136.86 Crores having profitability/sales ratio of 15.88 % as compared to Rs. 62.57 Crores having profitability/sales ratio of 8.19% in the previous year which has improved substantially with stable business environment and due to better realisations, procurement of raw cotton at the appropriate price, purchase of power at lower price under open access etc.

The interest cost increased to Rs. 70.76 Crores as compared to Rs. 52.07 Crores in the previous year due to increase in interest rates and increased borrowings with the increased level of operations. The company earned gross cash profit of Rs. 66.10 Crores against cash profit of Rs. 10.50 Crores in the previous year. After making provision of depreciation of Rs. 40.88 Crores (Previous Year Rs 25.81 Crores), Income Tax of Rs. 0.54 Crores (Previous Year Rs. -

0.02 Crores), and after providing for deferred tax assets of Rs. 7.50 Crores (Previous Year Rs. (-)10.79 Crores) there was a net profit of Rs. 32.18 Crores against previous year net loss of Rs. 26.08 Crores. After transfer of Rs. 0.43 Crores to Capital Redemption Reserve, the surplus in the Profit & Loss Appropriation Account stands at Rs. 57.94 Crores.

RESOURCE UTILISATION :

Fixed Assets

The Net Fixed Assets (including work-in-progress) as at 31st March, 2013 were Rs. 431.00 Crores as compared to Rs. 400.05 Crores in the previous year as the company has completed a major part of brown field project of 61536 spindles at Bathinda.

Current Assets and Current Liabilities

The inventory level increased by Rs. 19.99 Crores from Rs. 173.89 Crores at the end of the previous year to Rs. 193.88 Crores at the end of the year under review. The Sundry Debtors level decreased to Rs. 78.10 Crores at the end of current year from Rs. 88.29 Crores at the end of previous year while the level of other current assets increased to Rs. 66.82 Crores at the end of current year from Rs. 44.99 Crores at the end of previous year due to increased level of operations. The level of trade payables/short term borrowings/other current liabilities and provisions has decreased to Rs. 393.79 Crs at the end of current year from Rs. 437.07 Crs at the end of previous year, thus improving the net working capital position of the company.

LIQUIDITY & CAPITAL RESOURCES:

The position of liquidity and capital resources is given below:

Particulars	(₹ in Crores)	
	2012-13	2011-12
Cash & Cash Equivalents :		
Beginning of the year	9.64	4.73
End of the year	9.26	9.64
Net Cash provided/ (used) by :		
Operating Activities	63.91	79.33
Investing Activities	(67.50)	(156.91)
Financial Activities	3.21	82.49

The company is utilizing cash accruals for meeting term loan commitments and acquisition of fixed assets.

EXPANSION PROJECT

So far 48480 spindles have been commissioned out of the company's brownfield expansion project of 61536 spindles at Bathinda for manufacture of polyester cotton blended/compact cotton yarn and the installed capacity of the Company has increased to 1.79 Lacs spindles as on date from 1.55 Lacs spindles as on 31st March 2012. The implementation of the balance 13056 spindles of the expansion project alongwith additional 19584 spindles at a additional cost of Rs. 63.50 crores for the manufacture of compact cotton yarn is at the final stage which is expected to be commissioned in the current FY 2013-14.

INTERNAL CONTROL SYSTEM

The company has internal audit department to oversee internal control systems and procedures to ensure efficiency of decisions for optimum utilization and protection of resources and compliance with applicable statutory laws and regulations and internal policies. Quarterly reports are submitted by the internal auditor to the Audit Committee of the Board and necessary action / recommendation are made thereafter by the said committee. Continuous efforts are being made to further strengthen the internal control systems.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company recognizes its human resources as its most valuable asset. The Company has specialized professionals in the respective fields to take care of its operations and allied activities. The company recognizes the whole hearted contribution by its committed work force in bringing the Company to its present position. The Company is employing over 3700 persons. The Industrial Relations continues to be cordial.

3. DIRECTORS

Mr. Raj Kumar Avasthi, Chairman cum Managing Director and Sh. Munish Avasthi, Managing Director

of the company, retire by rotation at the ensuing Annual General Meeting of the company and being eligible offer themselves for reappointment.

4. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:-

- i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2013 and the loss of the Company for the year ended on 31st March 2013.
- iii) proper and sufficient care has been taken 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 other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

5. AUDIT COMMITTEE

The Company has an Audit Committee of the Board of Directors, the members of which are Mr. Ajay Chaudhry, Dr. (Mrs.) H. K. Bal and Mr. Sunil Puri. Mr. Ajay Chaudhry is the Chairman of the committee. The committee is empowered to look into all the matters related to finance and accounting and its terms of reference are as per Clause 49(II) of the listing agreement read with section 292A of The Companies Act, 1956.

6. RISK MANAGEMENT - MANAGEMENT PERCEPTION

The textile business, like other businesses, is susceptible to various risks. The primary risk factor is raw material prices, mainly raw cotton and synthetic fibre, which is the largest component of cost. Since

cotton is an agriculture produce, it suffers from climatic volatility in the major cotton producing countries the prices of synthetic fibre are based on the prices of petroleum products in the international market. This in turn creates uncertainties for textile manufacturers.

Another important issue is the availability, quality and price of power. The availability of good quality power at reasonable prices is critical for sustainability of the industry. However, the cost of power has been continuously increasing. The non-availability of skilled manpower along with high labour cost prevailing in the country is growing concern area for textile industry.

We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements, diversification of products, training the workforce on the continued basis, and creating a stronger customer oriented approach.

7. AUDITORS

M/s. Rawla & Company, Chartered Accountants, New Delhi, being the auditors of the Company retire at the forthcoming Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

8. AUDITORS' REPORT

The comments in the Auditors' Report read with Notes to Accounts are self explanatory and do not call for any further explanation.

9. COST AUDITORS

The board of directors has appointed M/s R.R. & Co., Cost Accountants, Ludhiana as the Cost Auditors of the Company under Section 233B of the Companies Act, 1956 read with Cost Audit Rules, 2011 for the year 2013-14. The Cost Auditors' Report for the financial year 2012-13 will be forwarded to the Central Government as required under law.

10. PUBLIC DEPOSITS

The Company has not raised any deposits from the public except the interest free unsecured loan from Directors of the Company. Hence the provisions of

Section 58A of the Companies Act, 1956 and the rules made under Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not attracted.

11. LISTING OF SECURITIES

The securities of the company are listed on The Delhi Stock Exchange Ltd., New Delhi, The Ludhiana Stock Exchange Ltd., Ludhiana, The Ahmedabad Stock Exchange Ltd., Ahmedabad and The Madhya Pradesh Stock Exchange Ltd., Indore and the company has already paid listing fees of the stock exchanges for the financial year 2013-14.

12. PARTICULARS OF EMPLOYEES

No employee is covered under the provisions of Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975.

13. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information as required by the provisions of the Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of particulars

in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

14. CORPORATE GOVERNANCE

A separate report on Corporate Governance along with Auditors' Certificate is attached.

15. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the co-operation from the Bankers, Financial Institutions and Government Bodies & Business Associates. Your Directors also record their appreciation of the services rendered by the employees of the company.

By Order of the Board

Place : Ludhiana
Date : September 1, 2013

Raj Kumar Avasthi
Chairman

Regd. Office :
5/69, Guru Mansion, 1st Floor,
Padam Singh Road, Karol Bagh,
New Delhi - 110005

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013.

1. Conservation of Energy

The Energy management has always been given high priority by the Company. This continues to remain thrust area as this is a major portion of expenditure incurred by the Company. The Company has chalked out an action plan which includes installation of LED tube fixtures, replacement of R/F Spindles, installation of WCS Fan Impellers, reduction in compressed air consumption and other feasible areas for improvement are continuously explored. Full focus is given on optimizing harmonics in the systems, thus getting quality power and conservation of energy. The above said action plan is underway.

On the other hand the company has completed modification of Steam pressure reduction station, measure, recovery of steam condensate and separation of cooling water discharge for re-use thus saving steam and fuel consumption.

(FORM A)

A Power & Fuel Consumption

	2012-13	2011-12
i) Electricity		
a) Purchased		
Units (Kwh.)	11,91,15,369	9,01,43,439
Amount (Rs.)	72,59,78,670	46,53,02,607
Rate Per Unit (Rs.)	6.09	5.16
b) (Through Generator)		
Units (Kwh)	10,22,743	9,43,299
Amount (Rs.)	1,26,97,246	1,16,47,493
Cost per unit (Rs.)	12.41	12.35

ii) Coal / Pet coke		
Qty. (Kgs.)	24,71,775	23,68,676
Amount (Rs.)	2,45,52,733	2,31,26,532
Rate per unit (Rs.)	9.93	9.76
iii) Furnace Oil	NIL	NIL
iv) Rice Husk	NIL	NIL
Qty. (Kgs.)	NIL	NIL
Amount (Rs.)	NIL	NIL
Rate per unit (Rs.)	NIL	NIL
v) Other/ Internal generation	NIL	NIL

B) Consumption per Unit of production

i) Electricity (Kwh/Kg. of Product)	3.10	3.06
ii) Coal and Rice Husk	0.06	0.08
iii) Furnace	NIL	NIL
iv) Others/ Internal Generation	NIL	NIL

2. Technology Absorption

Efforts made in Technology Absorption are furnished in Form B as under:

A. Research and Development

i) Specific Areas in which Research & development is carried out by the Company:

Research & Development is carried out for improvement in production capacity by optimum utilization of available resources, development of new products apart from efficient management of deployed resources with lower cost. Modification in ring frame drafting system has been carried out which has resulted in improvement of yarn, quality and fabric appearance and modification in reeling operations has been completed which results in measured length of final products. Thus, effectively reducing wastage of raw material and yarns.

ii) Benefits derived as a result of Research & Development:

a) Reduction in maintenance cost, easy availability of spare parts.

- b) Enlargement of market base with new products.
 - c) Quality improvement, customer satisfaction.
 - d) Cost reduction, productivity & efficiency enhancement.
 - e) Enhanced capacity to cater for higher volume to foreign customers.
- iii) **Future Course of Action:**
- a) Productivity enhancement of Spinning Machines
 - b) Development of new products
 - c) Investment in R & D

iv) **Expenditure on Research & Development:**

The capital as well as revenue expenditure incurred on Research & Development activities has been shown under the respective heads of Plant & Machinery and Consumable Stores of Annual Accounts and it is not possible to segregate the same.

B. Technology Absorption, Adaptation and Innovation:

i) **Efforts Made:**

- a) The Company is continuously making efforts for adaptation of latest technology. The Company has installed Auto Coners of latest technology to improve quality of yarn and having product flexibility to make value added product along with reducing manual operations. An installation of effective contemplation monitoring system of Jossi along with detection of poly propylene is taken to improve the quality of yarns.
- b) Automations in material handling at speed frame & ring frame is adopted to improve the quality of final product by virtue of minimum handling manually.
- c) Elitwist technology is adopted for replacement of double yarn with single compact yarn thereby improving the most cost effective the final fabric and eliminating certain processes of operations.

- d) Company has installed on six machines of latest technology of making fancy yarn to cater the different needs of high fashion garments.

ii) **Benefits derived as a result of the above efforts e.g., product improvement, cost reduction, product development, import substitution etc.:**

Use of the latest developed techniques has enabled the company to improve the quality of yarn, launch of new products and reduction of cost of production.

iii) **Particulars of imported Technology during the last five years:**

The Company has not imported any technology.

3. **Foreign Exchange Earnings and Outgo:**

The company continued its efforts to develop export markets throughout the year and has got adequate response from various customers worldwide. The company has earned foreign exchange of Rs 366.06 Crores by export of its products. The outgoes of foreign exchange is Rs. 50.05 Crores, being the CIF value of imports of raw material/capital goods/stores & spares, interest on foreign currency loans & overseas commission/traveling expenses.

By Order of the Board

**Place : Ludhiana
Date : September 1, 2013**

**Raj Kumar Avasthi
Chairman**

**Regd. Office :
5/69, Guru Mansion, 1st Floor,
Padam Singh Road, Karol Bagh,
New Delhi - 110005**

CORPORATE GOVERNANCE REPORT

The company is following the path whereby the interest of shareholders becomes the top most priority without sacrificing any of the concerns of other stakeholders. The management and organization of company endeavours to be progressive, competent and trustworthy for customers and stakeholders and is committed to increase long term shareholders' value through excellence in manufacturing & customer services.

This section besides being in compliance of the mandatory Listing Agreement gives an insight into the process of functioning of the Company.

1. COMPANY'S PHILOSOPHY

- a) Faith in bright future of Indian textiles
- b) Total Customer focus in all operational areas
- c) Respect for people, consumer delight, Integrity, Quality and Shareholder's value.
- d) Achieving excellence through continuous innovation & creativity
- e) Faith in individual potential and respect for human values

2. BOARD OF DIRECTORS**Composition:**

The Board of the Company is headed by Executive Chairman & Managing Director. The Board consists of Six Directors out of which two are promoter Directors, one is non-independent director and three are independent Directors. Mr. Raj Kumar Avasthi (Chairman & Managing Director) and Mr. Munish Avasthi (Managing Director) are related to each other.

The details of Board of Directors and their shareholding in the Company are as under :

Name of the Directors	Category	No. of share held in the Company
Mr. Raj Kumar Avasthi	Executive Chairman & Managing Director and Promoter	197500
Mr. Munish Avasthi	Managing Director & Promoter	122400
Mr. Naresh Jain	Executive Non-Promoter Director	1300
Mr. Ajay Chaudhry	Non- Executive Independent Director	NIL
Mr. Sunil Puri	Non- Executive Independent Director	NIL
Dr. (Mrs.) H.K. Bal	Non- Executive Independent Director	NIL

Board Meetings etc:

The Board normally meets once in a quarter. Additional meeting are held as and when required. During the year under review, board met five times on 14.05.2012, 14.08.2012, 01.09.2012, 14.11.2012 and 31.01.2013. The gap between any two meetings did not exceed three months.

The board members attendance at the Board meetings, last Annual General Meeting and directorship and committee memberships in other Public Limited Companies are as under-

Name of the Directors	No. of Board Meeting Attended	Attendance at the last AGM	Total No. of Directorships in other Companies	Total No. of Committee Memberships in other Companies	Total No. of Committee Chairmanships in other Companies
Mr. Raj Kumar Avasthi	5	Yes	-	-	-
Mr. Munish Avasthi	5	Yes	-	-	-
Mr. Naresh Jain	5	Yes	-	-	-
Mr. Ajay Chaudhry	5	Yes	4	2	2
Mr. Sunil Puri	5	-	-	-	-
Dr. (Mrs.) H.K. Bal	5	-	5	4	2

Note:

The above mentioned Directorships exclude private limited companies, foreign companies and Companies under section 25 of the Companies Act, 1956.

3. AUDIT COMMITTEE**Composition:**

The Audit Committee of the Company in terms of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement comprise of three directors i.e., Mr. Ajay Chaudhry, Dr. (Mrs.) H.K. Bal and Mr. Sunil Puri. Mr. Ajay Chaudhry is the Chairman of the Committee. All the members of Audit Committee are financially literate and Chairman of the Committee possesses expertise in legal, finance and accounting matters.

Terms of reference :

The terms of reference of the Audit Committee based on the role of the Audit Committee as mentioned in Clause 49 of the Listing Agreement are as under:

- i) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- ii) Recommending to the Board, the appointment/re-appointment of the statutory auditors, fixation of audit fees and remuneration for other services.
- iii) Reviewing with the Management, the quarterly and annual financial statements before submission to the Board for approval.
- iv) Discussing with internal auditors any significant finding and follow up there on.
- v) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- vi) Discussion with the 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.
- vii) To look into the reasons, if any, for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.

viii) In addition to the above, all items listed in Clause 49(II) (D) of the Listing Agreement.

The committee met five times in the financial year 2012-13 on 14.05.2012, 14.08.2012, 01.09.2012, 14.11.2012 & 31.01.2013 The attendance of committee members is as under :

Name of the Directors	Designation	Category	No. of Meeting Attended
Mr. Ajay Chaudhary	Chairman	Non Executive Independent Director	5
Dr. (Mrs) H. K. Bal	Member	Non Executive Independent Director	5
Mr. Sunil Puri	Member	Non Executive Promoter Director	5

4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Composition:

The constitution of Shareholder Grievance Committee comprises of three directors i.e. Mr. Sunil Puri, Naresh Jain and Mr. Munish Avasthi. Mr. Sunil Puri is Chairman of the Committee, Naresh Jain is the member and Mr. Munish Avasthi, Managing Director is member & Compliance officer of the committee.

Terms of reference to the Committee : To specifically look in to matter relating to transfer / transmission of shares, issue of duplicate share certificates, redressal of shareholders' grievances like transfer of shares, non-receipt of dividends, non-receipt of annual report etc. received from shareholders/ investors and improve the efficiency in investors service, wherever possible.

The committee meeting is held within a fortnight of receipt of any complaint or request for transfer of shares. No request for transfer/dematization were pending for approval as on 31st March, 2013.

5. REMUNERATION COMMITTEE

Composition:

The constitution of committee comprises of Dr. (Mrs) H.K.Bal, Mr. Sunil Puri and Mr. Ajay Chaudhry. Mr. Sunil Puri is the chairman of the committee.

Terms of reference:

The committee meets as and when any item falling under its terms of reference comes up for deliberation. Although, Company is not required to constitute remuneration committee but as part of good governance a remuneration committee has been constituted by the board to determine and formulate company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

The committee met one time in the financial year 2012-13 on 14.08.2012. The attendance of committee members is as under:

Name of the Directors	Designation	Category	No. of Meeting Attended
Mr. Sunil Puri	Chairman	Non Executive Promoter Director	1
Dr. (Mrs) H. K. Bal	Member	Non Executive Independent Director	1
Mr. Ajay Chaudhary	Member	Non Executive Independent Director	1

6. DIRECTORS' REMUNERATION**Executive Directors:**

The company has paid remuneration to the Executive directors as approved by the Board of Directors as well as remuneration committee and the members of the company in the General Meeting as per following details:

Name	Designation	Salary (Rs.)	Allowances/ Perquisites (Rs.)	Commission (Rs.)	Contribution to PF (Rs.)	Total (Rs)
Mr. Raj Kumar Avasthi	Chairman & Managing Director	24,00,000	7,23,577	—	—	31,23,577
Mr. Munish Avasthi	Managing Director	24,00,000	7,23,576	—	—	31,23,576
Mr. Naresh Jain	Executive Director	7,80,000	3,90,000	—	—	11,70,000

Non Executive Independent Directors:

The independent directors have no pecuniary interest in the Company except sitting fee paid to them for attending Board / Committee Meeting within the permissible limit under the Companies Act, 1956. The details of sitting fee paid to them in the financial year 2012-13 are as under:

Name	Designation	Amount (Rs)
Mr. Ajay Chaudhry	Non Executive Independent Director	30,000
Dr. (Mrs) H. K Bal	Non Executive Independent Director	30,000
Mr. Sunil Puri	Non Executive Independent Director	30,000

7. ANNUAL GENERAL MEETING:

The Details of last three Annual General Meetings are as follows:

Meeting	Day	Date	Time	Venue	No. of Special Resolutions Passed
23 rd AGM	Saturday	29/09/12	2.00 P.M.	5/69, Guru Mansion, 1st Floor Padam Singh Road, Karol Bagh, New Delhi	1
22 nd AGM	Friday	30/09/11	2.00 P.M.	5/69, Guru Mansion, 1st Floor Padam Singh Road, Karol Bagh, New Delhi.	2
21 st AGM	Thursday	30/09/10	2.00 P.M.	5/69, Guru Mansion, 1st Floor Padam Singh Road, Karol Bagh, New Delhi.	—

The Company has not passed any resolution through postal ballot, during the financial years under review.

8. DISCLOSURES

There has not been any non-compliance by the company relating to capital markets in respect of which penalties or restrictions were imposed by the Stock Exchange or SEBI or any other Statutory Authority during the last three years.

Also, there has been no material / significant transaction with the directors or the management, their subsidiaries or relatives, etc. that have any potential conflict with interest of the company at large.

9. MEANS OF COMMUNICATION

The Company communicates with the shareholders through various means viz. through its Annual Reports. Publication of financial results, in leading newspapers and by filing of various reports and returns with the statutory bodies like Stock Exchanges and the Registrar of Companies.

Apart from this the quarterly unaudited financial results are published in prominent daily newspapers viz. Business Line & Veer Arjun. The financial results of the Company are also made available at Company's website www.sportking.co.in

10. GENERAL SHAREHOLDERS INFORMATION:

- | | | |
|--|---|---|
| i) 24th Annual General Meeting | : | |
| Date | : | 30 th September, 2013 |
| Time | : | 2.00 P.M. |
| Venue | : | Regd. Office:
5/69, Guru Mansion, 1st Floor,
Padam Singh Road, Karol Bagh,
New Delhi - 110 005 |
| ii) Financial Calendar | : | 2013-2014 (Tentative) |
| First Quarter Results (Unaudited) | : | On or before 15 th August, 2013 |
| Second Quarter Results (Unaudited) | : | On or before 15 th November, 2013 |
| Third Quarter Results (Unaudited) | : | On or before 15 th February, 2014 |
| Fourth Quarter (Audited) | : | On or before 31 st May, 2014 |
| iii) Dates of Book Closure | : | 21 st to 30 th Sept., 2013
(both days inclusive) |
| iv) Dividend Payment date | : | No dividend declared. |

v) LISTING:

The securities of the Company are listed on the following four Stock Exchange:

- 1) The Delhi Stock Exchange Ltd. (DSE), DSE HOUSE, 3/1, Asaf Ali Road, New Delhi - 110002.
- 2) The Ludhiana Stock Exchange Ltd. (LSE), Feroze, Gandhi Market, Ferozepur Road, Ludhiana-141001.

- 3) The Ahmedabad Stock Exchange Limited, Kamdhenu Complex, Opp. Shahjahan Nand Collage, Panjara Pole, Ahmedabad - 380015.
- 4) The Madhya Pradesh Stock Exchange, 201, Palika Plaza, Phase - II, MTH Compound, Indore (M.P.) - 452001

The Company has paid listing fees to all the Stock Exchanges for the financial year 2013-14

vi) STOCK MARKET DATA

The Regional Stock Exchanges where the equity shares of Company are listed do not have any platform for electronic trading of shares. Hence, the shares of the Company have not been traded, so there is no stock market data.

vii) SHARE TRANSFER SYSTEM / REGISTRAR AND TRANSFER AGENT (RTA):

The Share transfer committee approves the transfer of shares in the physical form as per the time limit specified in the listing agreement. M/s Beetal Financial & Computer Services (P) Ltd. is Registrar & Transfer Agent of the Company who has adequate staff & infrastructure to provide services to the shareholder and maintaining connectivity with both the depositories NSDL & CDSL.

viii) DISTRIBUTION OF SHAREHOLDERS AS ON 31ST MARCH 2013.

RANGE No. of Shares	Shareholders		Shares	
	Nos.	% to Total	Nos.	% to Total Shares
Up to 500	1586	74.29	432700	12.15
501 1000	463	21.69	384450	10.80
1001 2000	33	1.55	47800	1.34
2001 3000	15	0.70	34800	0.98
3001 4000	0	0	0	0
4001 5000	09	0.42	38900	1.09
5001 10000	05	0.23	39700	1.11
Above 10001	24	1.12	2582650	72.53
TOTAL	2135	100.00	3561000	100.00

ix) DEMATERIALIZATION OF SHARES:

The International Securities Identification Number (ISIN) of equity shares of the Company is INE885H01011. The Shareholders are required to submit demat /remat request to depository participants (DP) with whom they maintain a demat account. DP sends the request for demat of shares along with physical share certificates to Registrar & Transfer Agents of the Company. The Registrar liaison with DP and NSDL/CDSL and acknowledge the receipt of physical share for demat and verify the genuiness. After verification the RTA updates the final demat register. The RTA forwards the confirmation report to CDSL/NSDL or rejection report as the case may be.

x) **Outstanding GDRs, ADRs, Warrants or any Convertible instruments etc. : Nil**

xi) **PLANT LOCATIONS :**

Village Kanech, Near Sahnewal, G.T. Road, Ludhiana - 141120

Village Barmalipur, Near Doraha, G.T. Road, Ludhiana - 141416

Village Meharban, Rahon Road, Ludhiana - 141007

Village Jeeda, Kotkapura Road, Distt. Bathinda - 151201

XII) ADDRESS FOR CORRESPONDENCE :

Regd. Office: 5/69, Guru Mansion, 1st Floor,

Padam Singh Road, Karol Bagh,

New Delhi. 110005

REGISTRAR & TRANSFER AGENT:

Beetal Financial & Computer Services (P) Ltd.

3rd Floor, 99 Madangir

Behind Local Shopping Centre

Near Dada Harsukhdaas Mandir

New Delhi 110062

Phone: 011-29961281, Fax: 011-29961284

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the code of conduct adopted by the Company.

Place : Ludhiana
Date : September 1, 2013

Raj Kumar Avasthi
Chairman & Managing Director and C.E.O

CEO / CFO CERTIFICATION

To
The Board of Directors,
Sportking India Limited

- (a) We have reviewed the financial statements, read with the cash flow statement of Sportking India Limited 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 may be misleading;
 - (ii) These statements present a true and fair view of the Company's affairs and are in compliance with current 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 in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for the financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and Audit Committee:
- (i) Significant changes, if any, in the internal control over the financial reporting during the year.
 - (ii) Significant changes, if any, in accounting policies made during the year and that the same has been disclosed in the notes of accounts to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware 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.

P K Gupta
Chief Financial Officer

Raj Kumar Avasthi
Chairman & Managing Director and C.E.O

Place: Ludhiana
Dated : September 1, 2013

Auditor's Certificate on Compliance of Corporate Governance Under Corporate Governance Clause of the Listing Agreement(s).

To

The Members of
Sportking India Limited

We have examined the compliance of the conditions of Corporate Governance by Sportking India Limited for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of 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 our information and according to the explanations given to us and based on the representation made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

Further, we state that no investors' grievances are pending for a period exceeding one month against the Company as per the records maintained by the 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 Rawla & Company
Chartered Accountants
FRN : 001661N

Place : Ludhiana
Dated : May 30, 2013

Y. P. RAWLA
(Partner)
M.No.10475

INDEPENDENT AUDITOR'S REPORT

To the Members of
Sportking India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Sportking India 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 principles generally accepted in India including 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 misstatements.

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 audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Account, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our

knowledge and belief were necessary for the purpose of our audit;

- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

For Rawla & Company
Chartered Accountants
FRN : 001661N

Y. P. RAWLA
(Partner)
M.No.10475

Place : Ludhiana
Date : May 30, 2013

**ANNEXURE TO THE AUDITORS' REPORT
FOR THE YEAR ENDED ON 31st MARCH, 2013
[Referred in Paragraph (1) under the heading
"Report on other Legal and Regulatory
Requirements" of our Report of even date]**

1. In respect of its fixed assets :
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories :
 - a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. In respect of loans, Secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the

register maintained under Section 301 of the Companies Act, 1956:

- a) According to information & explanations given to us, 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 Companies Act, 1956.
 - b) According to information & explanations given to us, the company has not taken any loans, secured or unsecured during the year, from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
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 purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the companies Act, 1956 :
- a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- (Rupees five lacs only) in respect of each party have been made at the prices which appear reasonable as per information available with the Company.
6. According to the information and explanations given to us, the company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph of the Order are not applicable to the Company.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the Cost Records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues
- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other statutory dues have been generally deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period more than six months from the date of becoming payable.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period more than six months from the date of becoming payable.
 - c) The disputed statutory dues aggregating 119.35 lacs that have not been deposited on account of disputed matters pending before the appropriate authorities are as under:

SPORTKING INDIA LIMITED

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Name of the Statute	(Nature of Dues)	Year to which dues relate (F.Y)	Amount (₹ in Lacs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2005-06	99.58	Income Tax Appellate Tribunal
Punjab Val Act, 2005	Val/C.S.T.	2005-06	11.19	Deputy Excise & Taxation Commissioner (Appeals)
Provident Fund Act, 1952	Provident Fund	1993-94, 1994-95 & 1997-98	1.88	Employees Provident Fund Appellate Tribunal New Delhi
Provident Fund Act, 1952	Provident Fund	1995-96, 1997-98 & 1998-99	6.70*	Employees Provident Fund Appellate Tribunal New Delhi

*Net of Rs. 2.23 Lacs already paid under protest pending for final verdict.

10. The company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, and banks.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a Chit fund or a Nidhi/Mutual Benefit Fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
14. The company had maintained proper records of transactions and contracts in respect dealing or trading in shares, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the company in its

own name. However, no purchase/sale transaction was undertaken during the year under review.

15. The Company has given guarantees for loans taken by others from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
16. The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that there are no funds raised on short term basis that have been utilized for long term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanation given to us, the company had not issued any debentures during the period covered by our report. Accordingly the provisions of clause (xiv) of the Companies (Auditor Report) Order 2003 are not applicable to the company.
20. The company had not raised any monies by way of Public issues during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Rawla & Company
Chartered Accountants
FRN : 001661N

Y. P. RAWLA
(Partner)
M.No.10475

Place : Ludhiana
Date : May 30, 2013

SPORTKING INDIA LIMITED

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BALANCE SHEET AS AT MARCH 31ST, 2013

PARTICULARS	NOTE	As at	
		31.03.2013 (₹)	31.03.2012 (₹)
1. EQUITY AND LIABILITIES			
1) Shareholders Funds			
(a) Share Capital	3	118804000.00	118802800.00
(b) Reserves & Surplus	4	1081116124.92	759370642.84
		<u>1199920124.92</u>	<u>878173442.84</u>
2) Non-current liabilities			
(a) Long-term borrowings	5	2493740057.99	1726964632.75
(b) Deferred tax liabilities	6	154200000.00	229200000.00
(c) Other Long term liabilities	7	527153.00	595105.00
(d) Long-term provisions	8	27585704.01	15559470.98
		<u>2676052915.00</u>	<u>1972319208.73</u>
3) Current liabilities			
(a) Short-term borrowings	9	1841883629.97	1878718849.68
(b) Trade payables	10	726250293.93	1022306788.14
(c) Other current liabilities	11	1310548398.55	1466486332.98
(d) Short-term provisions	12	59215000.00	3241904.00
		<u>3937897322.45</u>	<u>4370753874.80</u>
	Total	<u>7813870362.37</u>	<u>7221246526.37</u>
2. ASSETS			
1) Non-current assets			
(a) Fixed assets	13		
i) Tangible assets		4278846302.88	3687572372.21
ii) Intangible assets		6772041.95	10085857.25
iii) Capital work-in-progress		24413045.00	302911708.41
(b) Long-term loans and advances	14	115727272.41	148955371.13
		<u>4425758662.24</u>	<u>4149525309.00</u>
2) Current assets			
(a) Inventories	15	1938839650.16	1738925358.17
(b) Trade receivables	16	781016373.59	882966060.12
(c) Cash and cash equivalents	17	92671895.05	96421049.70
(d) Short-term loans and advances	18	280417479.10	89144720.43
(f) Other current assets	19	295166302.23	264264028.95
		<u>3388111700.13</u>	<u>3071721217.37</u>
	Total	<u>7813870362.37</u>	<u>7221246526.37</u>
Significant accounting policies	2		
Other notes on accounts	29-38		

As per our report of even date attached

For Rawla & Company
Chartered Accountants
(FRN-00166IN)

CA Y.P. Rawla
(Partner)
M. No. 10475

Place : Ludhiana
May 30, 2013

(Raj Kumar Avasthi)
Chairman & Managing Director

(P.K. Gupta)
Chief Financial Officer

For & on behalf of Board of Directors

(Munish Avasthi)
Managing Director

(Sukhdev Gupta)
Dy. General Manager (F&A)

(Naresh Jain)
Executive Director

(Nikhil Kalra)
Company Secretary

SPORTKING INDIA LIMITED

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

PARTICULARS	NOTE	YEAR ENDED 31.03.2013 (₹)	YEAR ENDED 31.03.2012 (₹)
Income			
Revenue from operations	20	8597903355.56	7617142358.76
Other Income	21	18617617.50	15813034.31
Total Revenue		<u>8616520973.06</u>	<u>7632955393.07</u>
Expenses			
Cost of Material Consumed	22	5258288123.97	4805957272.75
Purchase of Traded Goods	23	433860423.00	1068829239.00
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	-210981431.25	-176873936.00
Employee benefits expense	25	412878367.78	296088388.11
Finance costs	26	707643501.60	520716191.93
Depreciation and amortisation expenses	13	408754699.97	258088391.89
Other expenses	27	1353904757.26	1013201303.55
Total expenses		<u>8364348442.33</u>	<u>7786006851.23</u>
Profit before tax		<u>252172530.73</u>	<u>-153051458.16</u>
Tax expense			
Current tax	28	5429848.65	-209054.22
Deferred tax		-75000000.00	107900000.00
Profit (Loss) for the period		<u>321742682.08</u>	<u>-260742403.94</u>
Earning per equity share :			
(1) Basic		90.35	-73.22
(2) Diluted		90.35	-73.22
Significant accounting policies	2		
Other notes on accounts	29-38		

As per our report of even date attached

For & on behalf of Board of Directors

For Rawla & Company
Chartered Accountants
(FRN-00166IN)

(Raj Kumar Avasthi)
Chairman & Managing Director

(Munish Avasthi)
Managing Director

(Naresh Jain)
Executive Director

CA Y.P. Rawla
(Partner)
M. No. 10475

(P.K. Gupta)
Chief Financial Officer

(Sukhdev Gupta)
Dy. General Manager (F&A)

(Nikhil Kalra)
Company Secretary

Place : Ludhiana
May 30, 2013

CASH FLOW STATEMENT FOR THE PERIOD 1ST APRIL 2012 TO 31ST MARCH, 2013

Particulars	Current Year 31.03.2013 (₹)	Previous Year 31.03.2012 (₹)
A. CASH FROM OPERATING ACTIVITIES :		
Net Profit before tax & extraordinary items		
Net Profit before tax	252172530.73	-153051458.16
Adjustments for:		
Depreciation	408754699.97	258088391.89
Interest on Borrowings	698694141.60	445233757.74
Interest/Rent/Dividend Income	-11447343.00	5956902.02
Profit/Loss on Assets Sold/Destroyed (Net)	1476494.68	-8826943.61
OPERATING PROFIT (LOSS) BEFORE WORKING CAPITAL CHANGES	1349650523.98	547400649.88
Adjustments for:		
Trade and Other Receivables	-69722758.42	-417053146.77
Inventories	-199914291.99	-99432155.56
Trade Payable and Other liabilities	-384905814.12	838078120.96
Cash Generated from operating activities	695107659.45	868983468.51
Taxes Paid	-55932435.65	-75632502.77
Net Cash from operating activities	639175223.80	793350965.74
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-721729646.61	-1610317899.18
Sale of Fixed Assets	2037000.00	11735000.00
Securities	1184104.00	-27964056.00
Advances for Investing Activities	32043994.72	63385702.12
Interest/Rent/Dividend Received	11447343.00	-5956902.02
Net Cash used in Investing Activities	-675017204.89	-1569118155.08
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from the issue of Share Capital	4000.00	289200000.00
Proceeds from the Long Term Borrowings	1009397922.43	710685708.37
Proceeds from the Short Term Borrowings	-36835219.71	417541782.76
Repayment of Short Term Borrowings		0.00
Repayment of Long Term Borrowings	-241779734.68	-147341363.69
Interest Paid	-698694141.60	-445233757.74
Net Cash used in Financing Activities	32092826.44	824852369.70
D. NET INCREASE IN CASH AND CASH EQUIVALENTS	-3749154.65	49085180.36
Opening Cash and Cash Equivalents	96421049.70	47335869.34
Closing Cash and Cash Equivalents	92671895.05	96421049.70

- Notes : 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement issued by ICAI.
2) Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

As per our report of even date attached

For & on behalf of Board of Directors

For Rawla & Company
Chartered Accountants
(FRN-001661N)

(Raj Kumar Avasthi)
Chairman & Managing Director

(Munish Avasthi)
Managing Director

(Naresh Jain)
Executive Director

CA Y.P. Rawla
(Partner)
M. No. 10475

Place : Ludhiana
May 30, 2013

(P.K. Gupta)
Chief Financial Officer

(Sukhdev Gupta)
Dy. General Manager (F&A)

(Nikhil Kalra)
Company Secretary

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**NOTE - 1 : CORPORATE INFORMATION**

Sportking India Limited (The Company) is a public company incorporated under the provisions of the Companies Act, 1956 on 15 February 1989. The company is engaged in manufacturing of Cotton yarn, Synthetic yarn and Blended Yarn and of dyeing activity. The Company has three manufacturing units at Ludhiana and one at Bathinda.

NOTE - 2 : SIGNIFICANT ACCOUNTING POLICIES**a) Accounting Convention :**

The financial statements are prepared under historical cost convention using the accrual system of accounting in accordance with the accounting principles generally accepted in India and the requirements of the Companies Act, 1956, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006. Value Added Tax (VAT), Income Tax, Wealth Tax, and Service Tax, Cess, Insurance Claims, etc. which are accounted for as and when final demand/refund/claim is determined on final assessment.

b) Use of Estimates :

The preparation of financial statements requires the management of the company to make estimates and assumption that effect the reported balances of assets/liabilities and disclosure relating to the contingent liabilities and provisions as at the date of the financial statements and reported amounts of income and expenses during the year. The difference between the actuals and estimates are recognized in the year such amounts are known/materialised.

c) Provisions, Contingent Liabilities and Contingents Assets :

Provisions involving substantial degree of estimation in measurement are recognized where there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements/notes.

d) Fixed Assets :

- i) Fixed Assets are stated at cost of acquisition, net of modvat /cenvat credit /terminal excise duty, additional custom duty including net effect on foreign exchange fluctuation/contracts, financial cost and other incidental expenses till the commencement of commercial production attributable to acquisition or construction/installation of fixed assets less depreciation and impairment loss.
- ii) Capital works in progress are carried at cost, comprising direct cost, finance cost, net effect on foreign fluctuation/contracts and related incidental expenses.
- iii) Intangible assets are stated at cost of acquisition less accumulated amortisation.

e) Depreciation / Amortisation :

- i) The company has provided depreciation on Straight Line Method in accordance with the rates as prescribed in Schedule XIV under the provisions of The Companies Act, 1956 on the fixed assets when it is put to use on monthly basis.
- ii) Renovation to premises taken on lease by the company have been amortised over the period of lease and in case of premature termination would be written off fully.
- iii) Electricity Line Expenses / Service connection charges and Computer Software being intangible are amortised over a period of 5 years.

f) Impairment of Assets :

At each balance sheet date the carrying amounts of fixed assets are reviewed by the management to

determine whether there is any indication that these assets had suffered an impairment loss. If any such indication exists recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing, value in use, the estimated future cash flows expected from the continuing use of the assets and from its disposal are discounted to their present value using a pre tax discount rate that reflects the current market assessments of time value of money and risks specific to the asset. Reversal of impairment loss is recognized immediately as income in the profit and loss account.

g) Inventories :

These are valued as under:

- | | |
|--|--|
| i) Raw Material, Work-in-Process and useable | At cost or net realisable value whichever is lower. |
| ii) Stores & Spares | At cost less provision for obsolescence or net realisable value whichever is lower. |
| iii) Finished Goods | At cost plus excise duty payable on sale or net realisable value whichever is lower. |
| iv) Unusable waste | At net realisable value |
| v) The raw material, stores & spares and raw-material contents of work-in-process are valued by using the first-in-first out (FIFO) method while the finished goods are valued by using weighted average cost method. Cost relating to finished goods/work-in-process means direct raw material cost and allocable manufacturing expenses. | |
| vi) The company makes provision for the value of goods in transit at the year end for imported/indigenous raw material and imported spare parts only. | |
| vii) The policy of valuation of inventories is in accordance with Accounting Standard-2 (Revised) 'Valuation of Inventories' issued by the Institute of Chartered Accountants of India. | |

h) Sales/Revenue Recognition :

- i) Domestic sales are accounted, net of returns & trade discounts, on dispatch of products to customers from the works/warehouses and export sales on shipment of goods. Sales within India comprising of sale of goods and services are inclusive of excise duty, if any. The sale value of goods on which value added tax has already been charged, are exclusive of such tax.
- ii) The revenue in respect of export benefit is recognized on post exports basis, at the rate at which the entitlement accrues, to the extent the company is reasonably certain of the realisable value.

i) Excise Duty :

The excise duty liability has been accounted for in respect of the finished goods/ useable waste cleared/ lying in the factory/bonded premises which are liable to excise duty provided the cenvat of excise duty/ additional custom duty of the inputs have been availed.

j) Employee Benefits :

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- ii) Long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains / losses in respect of long term benefits are adjusted to the profit and loss account.

k) Modvat (Cenvat) :

Modvat (cenvat) credit/Terminal Excise Duty paid on inputs and capital assets is accounted for by reducing the purchase cost of related inputs or the capital assets.

l) Subsidy :

Government's Capital Investment Subsidy in the nature of promoters' contribution represents Capital Reserve.

m) Direct Taxes :**i) Current Tax**

Provision for Income Tax, if any, is based on the assessable profits, computed in accordance with the provisions of Income Tax Act, 1961.

ii) Deferred Tax

Deferred Income tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets or liabilities are measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize these assets. All other deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

iii) Wealth Tax

Wealth tax is ascertained in accordance with the provisions of the Wealth Tax Act 1957

n) Foreign Currency Transactions :

- i) Foreign currency transactions are accounted for at equivalent rupee value converted at the exchange rates prevailing at the time of such transaction
- ii) Monetary Assets & Liabilities in foreign currency are translated at the year-end rate through exchange fluctuation account to the respective accounts as per the guidance issued by The Institute of Chartered Accountants of India
- iii) Any income or expense on account of exchange differences either on settlement or translation is recognized in the revenue account except in cases where they relate to acquisition of fixed assets and before put to use in which case they are adjusted to the carrying cost of such assets.
- iv) Financial derivatives and hedging contracts are accounted on the date of settlement. The accrued/ realised gain/loss in respect of the settled contracts/ renewed/ cancelled is only recognized in the books of accounts.

o) Prior Period Items :

Income and expenditure which relate to significant items of prior accounting period other than those occasioned during the close of accounting year to which it is relatable, is considered in current year.

p) Borrowing Costs :

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

q) Lease :

Leases of assets under which the lessor effectively retains all the risks and benefits of ownership are classified as operating lease. Payments made under operating lease are charged to profit and loss account over the period of lease.

SPORTKING INDIA LIMITED

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PARTICULARS	As at 31-03-2013 ₹	As at 31-03-2012 ₹
NOTE - 3 : SHARE CAPITAL		
Authorised		
50,00,000 (Previous year 50,00,000) Equity Shares of ₹ 10/- each	50000000.00	50000000.00
2,00,00,000 (Previous year 2,00,00,000) 5% Redeemable Non Cumulative Preference Shares of ₹ 10/- each	200000000.00	200000000.00
Issued		
35,61,000 (Previous Year 35,61,000) Equity Shares of ₹ 10/- each fully paid up	35610000.00	35610000.00
85,16,200 (Previous Year 85,16,200) 5% Redeemable Non Cumulative Preference Shares of ₹ 10/- each fully paid up	85162000.00	85162000.00
	120772000.00	120772000.00
Subscribed and fully paid up		
29,73,700 (Previous Year 29,73,300) Equity Shares of ₹ 10/- each fully paid up	29737000.00	29733000.00
85,16,200 (Previous Year 85,16,200) 5% Redeemable Non Cumulative Preference Shares of ₹ 10/- each fully paid up	85162000.00	85162000.00
	114899000.00	114895000.00
Subscribed but not fully paid up		
5,87,300 (Previous Year 5,87,700) Equity Shares of ₹ 10/- each partly paid up	5873000.00	5877000.00
Less : Calls in Arrears		
a) From directors & officers	0.00	0.00
b) From others	1968000.00	1969200.00
	3905000.00	3907800.00
	118804000.00	118802800.00

- a) Each holder of Equity share is entitled to one vote per share. In the event of liquidation of the company, the holders are entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- b) Preference shares are having preference over equity shares in respect of payment of 5% dividend and repayment of capital over equity shareholders and is entitled to voting rights in the resolutions directly affecting their interest or besides where the dividends to them are in arrears for the two financial years immediately preceding the meeting or for any three years during the period of six years ending with the financial years preceding the meeting, on all resolution at every meeting of the company. Preference shares are redeemable within 20 years from the date of allotment.

Current Year		Previous Year	
No. of Preference Shares to be Redeemed	Date of Redemption	No. of Preference Shares to be Redeemed	Date of Redemption
i) 24,39,000	31.03.2021	i) 24,39,000	31.03.2021
ii) 8,85,200	31.07.2026	ii) 8,85,200	31.07.2026
iii) 23,00,000	31.03.2031	iii) 23,00,000	31.03.2031
iv) 28,92,000	31.03.2032	iv) 28,92,000	31.03.2032

- c) The amount remaining unpaid on account of calls in arrear of public issue 9,28,500 Equity Shares of ₹ 10/- each for cash at a premium of ₹ 25/- per share have been apportioned between Share Capital (₹ 19,68,000/- PY. ₹ 19,69,200/-) and Share Premium Account (₹ 45,92,000/- PY. ₹ 45,94,800/-) in the ratio of three to seven.

- d) Reconciliation of the Number of shares

	As at 31.03.2013	As at 31.03.2012
i) Equity shares		
Opening Balance	3561000	3561000
Add : Addition during the year	0	0
Less : Reduction in shares	0	0
Closing Balance	3561000	3561000
ii) Preference shares		
Opening Balance	8516200	5624200
Add : Addition during the year	0	2892000
Less : Reduction in shares	0	0
Closing Balance	8516200	8516200

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

Class of shares / Name of shareholder	No. of Shares held	% of Holding
i) Equity shares with voting rights		
-Namokar Capital Services Limited	798985 (22.44%)	798985 (22.44%)
-Angel Finvest (P) Limited	429600 (12.06%)	
-Sobhagia Sales Private Limited	353315 (9.92%)	782915 (21.99%)
-Punjab State Industrial Development Corp. Ltd.	200000 (5.62%)	200000 (5.62%)
-Sh. Raj Kumar Avasthi	197500 (5.55%)	197500 (5.55%)
ii) Redeemable preference shares		
-Sh. Raj Kumar Avasthi	2489000 (29.23%)	2489000 (29.23%)

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-Classic Wears (P) Limited	2018000 (23.70%)	2018000 (23.70%)
-Sobhagia Sales Private Limited	1940200 (22.78%)	1940200 (22.78%)
-Sobhagia Clothing Co. (Through Partners)	1240000 (14.56%)	1240000 (14.56%)
-Angel Finvest (P) Limited	529000 (6.21%)	529000 (6.21%)

f) No. of shares for the period of five years immediately preceding the date as at which the Balance Sheet is prepared:

i) Equity Shares

- Alloted as Fully paid up pursuant to contract(s) without payment being received in cash	-	-
- Alloted as Fully paid up by way of bonus shares	-	-
- Shares bought back	-	-

ii) Preference Shares

- Alloted as Fully paid up pursuant to contract(s) without payment being received in cash	-	-
- Alloted as Fully paid up by way of bonus shares	-	-
- Shares bought back	-	-

NOTE - 4 : RESERVES AND SURPLUS

	As at 31.03.2013 (₹)	As at 31.03.2012 (₹)
a) <u>Capital Redemption Reserve</u>		
As per Last Balance Sheet	19816100.00	15558000.00
Add : Transfer from Statement of Profit & Loss Account	4258100.00	4258100.00
	<u>24074200.00</u>	<u>19816100.00</u>
b) <u>Securities Premium Reserve</u>		
As per Last Balance Sheet *	468390200.00	208110200.00
Add : On issue of preference shares	0.00	260280000.00
Add : Call in arrears received	2800.00	0.00
	<u>468393000.00</u>	<u>468390200.00</u>
* Refer Note No. 3 (c)		
c) <u>Capital Investment Subsidy Reserve</u>		
As per Last Balance Sheet	9000000.00	9000000.00
	<u>9000000.00</u>	<u>9000000.00</u>
d) <u>General Reserve</u>		
As per Last Balance Sheet	300000.00	300000.00
	<u>300000.00</u>	<u>300000.00</u>
e) <u>Statement of Profit and Loss</u>		
As per the last financial statement	261864342.84	526864846.78
Add : As per Statement of profit and loss	321742682.08	-260742403.94
Less : Transfer to Capital Redemption Reserve	4258100.00	4258100.00
Closing Balance	<u>579348924.92</u>	<u>261864342.84</u>
	<u>1081116124.92</u>	<u>759370642.84</u>

PARTICULARS	As at 31-03-2013	As at 31-03-2012
NOTE - 5 : LONG TERM BORROWINGS		
a) Secured Term loans :		
- From Banks	2483740057.99	1715997268.05
- From Others	0.00	967364.70
	2483740057.99	1716964632.75
b) Unsecured Loans and advances:		
- From related Parties	10000000.00	10000000.00
	2493740057.99	1726964632.75

- i) The term loans from State Bank of India, State Bank of Patiala, Punjab National Bank, Central Bank of India, Punjab & Sind Bank and Allahabad Bank are secured against a) first pari-pasu charge on hypothecation and mortgage of all present and future Plant & Machinery and Land/Building of all the works of the Company situated at Village Meharban, Ludhiana, Village Kanech, Ludhiana, Village Barmalipur, Ludhiana, Village Jida, Bathinda. b) second pari-pasu charge on hypothecation of current assets of the company and c) equitable mortgage of commercial land & building situated at Village Barmalipur, Ludhiana owned by Sh. Raj Kumar Avasthi (Chairman & Managing Director) & Sh. Munish Avasthi (Managing Director)
These term loans are further guaranteed by Sh. Raj Kumar Avasthi (Chairman & Managing Director) & Sh. Munish Avasthi (Managing Director).
- ii) The term loans from Reliance Capital Limited/ HDFC Bank Limited/ ICICI Bank Limited, are repayable in various equated monthly installment and is secured against hypothecation of respective vehicles.
- iii) The Loan of ₹ 1,00,00,000/- from Sh. Munish Avasthi (Managing Director) carry NIL interest and is not repayable before 31.03.2014
- iv) The Company has not defaulted in repayment of loans and interest.
- v) Terms of repayment of term loans

CURRENT YEAR

Name of Bank	As at 31.03.2013 ₹	Rate of Interest	Installments o/s as at 31.03.2013	Payable within 12 months ₹
TERM LOANS PROJECT				
			(Quarterly)	
State Bank of Patiala	25000000.00	13.75	8	12500000.00
State Bank of India	37500000.00	14.45	8	18750000.00
State Bank of Patiala	125200000.00	13.75	16	31200000.00
Punjab National Bank	125000000.00	14.25	16	31250000.00
Punjab National Bank	25000000.00	14.25	16	6250000.00
Punjab National Bank	25000000.00	14.25	16	6250000.00
Punjab National Bank	66000000.00	14.25	19	8000000.00
State Bank of Patiala	255199432.00	13.75	27	54000000.00
Punjab National Bank	415901113.82	14.25	27	54000000.00
Allahbad Bank	168998853.00	13.70	27	26000000.00
Central Bank of India	432442201.00	13.00	32*	0.00
Allahbad Bank	284734059.00	12.70	32*	0.00
State Bank of India	520860767.00	13.45	32*	0.00
Punjab & Sind Bank	220439192.00	13.00	32*	0.00

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Name of Bank	As at 31.03.2013 ₹	Rate of Interest	Installments o/s As at 31.03.2013	Payable within 12 months ₹
Term Loans Vehicles				
			(Monthly)	
Reliance Capital Limited	625850.81	11.51	11	625850.81
Reliance Capital Limited	341496.64	11.48	11	341496.64
HDFC Bank Limited	1880872.63	13.25	24	933097.18
HDFC Bank Limited	1619292.32	11.42	9	1619292.32
HDFC Bank Limited	277274.57	13.03	25	124921.04
HDFC Bank Limited	489642.13	13.03	34	152704.59
HDFC Bank Limited	2396038.74	12.74	16	1767391.47
HDFC Bank Limited	105658.20	13.25	6	105658.20
HDFC Bank Limited	472033.36	12.51	46	102331.00
HDFC Bank Limited	1470235.28	12.51	35	447034.26
ICICI Bank Limited	429354.00	9.39	29	167895.00
ICICI Bank Limited	1330008.00	10.43	48	385644.00
	2738713374.50			254973316.51
Net of Instalments	2483740057.99			* Repayment will commence from April 2014

Name of Bank	As at 31.03.2012 ₹	Rate of Interest	Installments o/s As at 31.03.2012	Payable within 12 months ₹
Term Loans Project				
			(Quarterly)	
State Bank of Patiala	3750000.00	14.00	12	1250000.00
State Bank of India	56250208.00	15.00	12	18750000.00
State Bank of Patiala	156445000.00	14.00	20	31200000.00
Punjab National Bank	218750000.00	14.75	20	43750000.00
Punjab National Bank	74000002.00	14.75	23	8000000.00
State Bank of Patiala	309199432.00	15.00	31	52000000.00
Punjab National Bank	361801113.82	14.75	31	54000000.00
Allahbad Bank	195008271.00	14.25	31	26000000.00
Central Bank of India	151305328.00	14.00	32*	0.00
Allahbad Bank	125008273.00	13.25	32*	0.00
State Bank of India	162109968.00	13.50	32*	0.00
Punjab & Sind Bank	103291064.50	13.25	32*	0.00
Term Loans Vehicles				
			(Monthly)	
Reliance Capital Limited	1238694.70	11.51	23	612843.00
Reliance Capital Limited	675933.00	11.48	23	334420.00
HDFC Bank Limited	2804458.58	13.25	36	866198.00
HDFC Bank Limited	3543065.41	11.42	21	1924497.00
HDFC Bank Limited	388774.94	13.03	37	111500.00
HDFC Bank Limited	623784.88	13.03	46	134142.00
HDFC Bank Limited	3998505.80	12.74	28	1602467.00
HDFC Bank Limited	297904.52	13.25	18	192246.00
ICICI Bank Limited	6273153.60	7.46	35	1999344.00
ICICI Bank Limited	582251.00	9.39	41	152897.00
	1971095186.75			254130554.00
Net of Instalments	1716964632.75			*Repayment will commence from April 2014

PARTICULARS	As at 31-03-2013	As at 31-03-2012																																																											
NOTE - 6 : DEFERRED TAX LIABILITY																																																													
<u>Deferred tax liabilities</u>																																																													
Related to Fixed Assets	309200000.00	235600000.00																																																											
<u>Deferred tax assets</u>																																																													
Disallowances under the Income Tax Act	155000000.00	6400000.00																																																											
Net Deferred tax liability	<u>154200000.00</u>	<u>229200000.00</u>																																																											
NOTE - 7: OTHER LONG TERM LIABILITIES																																																													
Security Deposits from persons other than directors	527153.00	595105.00																																																											
	<u>527153.00</u>	<u>595105.00</u>																																																											
NOTE - 8: LONG TERM PROVISIONS																																																													
<u>Provision of employee benefits : (Refer to Note No. 25 (i))</u>																																																													
a) Leave encashment	9318952.00	7328258.98																																																											
b) Gratuity	18266752.01	8231212.00																																																											
	<u>27585704.01</u>	<u>15559470.98</u>																																																											
NOTE - 9 : SHORT TERM BORROWINGS																																																													
a) <u>Secured</u>																																																													
- Working Capital borrowings from banks	1841883629.97	1875669776.68																																																											
b) <u>Unsecured</u>																																																													
- Business Loan from HDFC Bank Limited	0.00	3049073.00																																																											
	<u>1841883629.97</u>	<u>1878718849.68</u>																																																											
<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2"><u>Current Year</u></th> <th colspan="2"><u>Previous Year</u></th> </tr> <tr> <th>Total outstanding</th> <th>Rate of Interest EPC / CC</th> <th>Total outstanding</th> <th>Rate of Interest EPC / CC</th> </tr> </thead> <tbody> <tr> <td>i) Secured</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>State Bank of India</td> <td>682733165.30</td> <td>9.70 / 13.95</td> <td>664130065.02</td> <td>11.75 / 14.25</td> </tr> <tr> <td>State Bank of Patiala</td> <td>379631029.13</td> <td>12.10 / 14.25</td> <td>489332417.81</td> <td>13.35 / 15.50</td> </tr> <tr> <td>Punjab National Bank</td> <td>474246501.38</td> <td>11.20 / 13.95</td> <td>432756502.86</td> <td>12.00 / 14.25</td> </tr> <tr> <td>Central Bank of India</td> <td>103241744.50</td> <td>11.20 / 13.50</td> <td>78902884.98</td> <td>11.50 / 13.50</td> </tr> <tr> <td>Punjab & Sind Bank</td> <td>102031189.66</td> <td>11.20 / 14.00</td> <td>9969051.00</td> <td>--- / 13.5</td> </tr> <tr> <td>IndusInd Bank (WHR)</td> <td>0.00</td> <td></td> <td>10000000.01</td> <td>12.75</td> </tr> <tr> <td>Punjab & Sind Bank (WHR)</td> <td>10000000.00</td> <td>12.50</td> <td>100578855.00</td> <td>12.50</td> </tr> <tr> <td></td> <td><u>1841883629.97</u></td> <td></td> <td><u>1875669776.68</u></td> <td></td> </tr> <tr> <td>ii) The Working capital borrowings (Cash Credit / Export Packing Credit) and Letter of Credit/Bank Guarantee Limit from consortium member banks viz. State Bank of India, State Bank of Patiala,</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				<u>Current Year</u>		<u>Previous Year</u>		Total outstanding	Rate of Interest EPC / CC	Total outstanding	Rate of Interest EPC / CC	i) Secured					State Bank of India	682733165.30	9.70 / 13.95	664130065.02	11.75 / 14.25	State Bank of Patiala	379631029.13	12.10 / 14.25	489332417.81	13.35 / 15.50	Punjab National Bank	474246501.38	11.20 / 13.95	432756502.86	12.00 / 14.25	Central Bank of India	103241744.50	11.20 / 13.50	78902884.98	11.50 / 13.50	Punjab & Sind Bank	102031189.66	11.20 / 14.00	9969051.00	--- / 13.5	IndusInd Bank (WHR)	0.00		10000000.01	12.75	Punjab & Sind Bank (WHR)	10000000.00	12.50	100578855.00	12.50		<u>1841883629.97</u>		<u>1875669776.68</u>		ii) The Working capital borrowings (Cash Credit / Export Packing Credit) and Letter of Credit/Bank Guarantee Limit from consortium member banks viz. State Bank of India, State Bank of Patiala,				
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Punjab & Sind Bank, Central Bank of India and Punjab National Bank are secured against first pari-pasu charge on all the current assets of the company including raw material, consumable stores & spares, stock in process, finished goods, bills, book debts and receivables and further collaterally secured against second charge on the fixed assets of the company at Village Meharban, Ludhiana, Village Kanech, Ludhiana, Village Barmalipur, Ludhiana, Village Jida, Bathinda and equitable mortgage of commercial land & building situated at Village Barmalipur, Ludhiana owned by Sh. Raj Kumar Avasthi (Chairman & Managing Director) & Sh. Munish Avasthi (Managing Director).

These working capital borrowings are further guaranteed by Sh. Raj Kumar Avasthi (Chairman & Managing Director) & Sh. Munish Avasthi (Managing Director).

- iii) The working capital borrowings (Pledge of Warehouse Receipts) from Indusind Bank Limited and Punjab & Sind Bank is secured against pledge of warehouse receipts of the raw cotton stored in approved warehouse.
- iv) Working capital loans are repayable on demand.

PARTICULARS	As at	As at
	31-03-2013	31-03-2012
NOTE - 10 : TRADE PAYABLES		
Due to Micro, Small & Medium Enterprises*	8733804.81	761969.74
Acceptances payable Buyer's Credit (Raw Material) under Bank's LC/LOU (Refer Note No. 9)	566465436.00	578954269.60
Others	151051053.12	442590548.80
	<u>726250293.93</u>	<u>1022306788.14</u>

*The details of the amount outstanding to "The Micro, Small and Medium Enterprises" are based on available information with the Company and the outstanding balance beyond 45 days is ₹ NIL (Previous year ₹ NIL)

NOTE - 11 : OTHER CURRENT LIABILITIES

a) Current Maturities of long term debt (Refer to Note No. 5)	254973316.51	254130554.00
b) Acceptance Payable / Buyer's Credit (Machinery) under Bank's LC/LOU*	729611499.00	893560080.86
c) Interest accrued but not due on borrowings	18 924128.75	40529016.75
d) Interest accrued and due on borrowings	30913539.00	15975873.00
e) Advances from Customers	52908069.84	31853502.45
f) Creditors for Capital Expenditure	13004645.92	20994111.42
g) Security deposit/retention money	10182207.99	15491113.99
h) Other liabilities		
Statutory dues	21113567.78	9711931.41
Employee dues	52553095.90	40345942.03
Others	126364327.86	143894207.07
	<u>1310548398.55</u>	<u>1466486332.98</u>

* To be paid out of term loans already sanctioned by participating member banks and / or margin money lying with banks (Refer Note No. 5)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
NOTE - 12: SHORT TERM PROVISIONS		
a) Provision for Taxation		
Provision	56000000.00	0.00
Less : Paid	0.00	0.00
	<u>56000000.00</u>	<u>0.00</u>
b) Provision of employee benefits : (Refer Note No 25(ii))		
- Leave encashment	1165000.00	1134214.00
- Gratuity	2050000.00	2107690.00
	<u>59215000.00</u>	<u>3241904.00</u>
<i>(*Note 13 - Fixed Assets on next page)</i>		
NOTE - 14: LONG TERM LOANS & ADVANCES		
<u>Unsecured but considered good</u>		
a) Capital Advances	65261338.41	96416764.13
b) Security Deposits	49973277.00	51157381.00
c) Others-Prepaid Expenses	492657.00	1381226.00
	<u>115727272.41</u>	<u>148955371.13</u>
NOTE - 15 : INVENTORIES		
(at cost or net realisable value, whichever is lower)		
a) Raw Material	1016513222.73	1016989735.17
b) Raw Material in transit	22688829.00	35545708.00
c) Work in Progress	123412623.25	105879817.00
d) Finished Goods / Stock in Trade	721406591.00	528638487.00
e) Store and Spares	54818384.18	51871611.00
	<u>1938839650.16</u>	<u>1738925358.17</u>
NOTE - 16 : TRADE RECEIVABLES		
(Unsecured, unconfirmed & considered Good) (Refer to note no. 31)		
a) Due over six months	119858717.97	106879042.87
b) Others	661157655.62	776087017.25
	<u>781016373.59</u>	<u>882966060.12</u>
NOTE - 17 : CASH AND CASH EQUIVALENTS		
a) <u>Cash & cash equivalents</u>		
Balances with banks in current accounts	11609898.14	18504602.02
Cash on Hand	25527167.91	27412932.68
b) <u>Other bank balances</u>		
Fixed deposit with Banks		
Margin money for bank guarantee/Letter of Credit / undertakings	55534829.00	50503515.00
	<u>92671895.05</u>	<u>96421049.70</u>

***NOTE - 13 : FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01-04-2012	Addition during the year	Sale/Adjustment during the year	As at 31-03-2013	As at 01-04-2012	Provided for the year	Sale/Adjustment during the year	As at 31-03-2013	As at 31-03-2013	As at 31-03-2013	As at 31-03-2012
i) Tangible Assets											
Land	163240463.00	663260.00	0.00	169873063.00	0.00	0.00	0.00	0.00	169873063.00	163240463.00	
Building	1194596616.92	354403465.85	0.00	1499000082.77	106103514.83	41718206.21	0.00	147621723.04	1351181569.73	1086496302.09	
Building Lease Hold	10368355.00	16961765.00	0.00	27330120.00	1152039.44	3272260.07	0.00	4424290.51	22910620.49	9216315.56	
Plant & Machinery	3411753415.92	669691209.89	736895.38	407419030.43	1027671204.95	355706631.59	5408360.20	1377571476.94	2696146553.49	2384122210.97	
Vehicles	40638068.00	4662181.11	11715631.00	33774648.11	13073333.39	345520.66	3639386.73	12693667.32	20864780.79	27564864.61	
Furniture & Fixture	16647972.17	4187473.12	0.00	23135445.29	401576.17	1263363.74	0.00	5079119.91	1785625.38	14932216.00	
TOTAL	4839568121.01	1006726884.97	1906426.38	5877237169.69	1132015748.78	465418384.87	9047646.73	1548386486.72	4276846302.86	368757272.23	
Previous Year	297674932.95	1919357623.05	5650435.00	4839689121.01	902980179.69	25231957.05	53196381.86	1152015748.78	368757272.23	2023754753.36	
ii) Intangible Assets											
Particulars	As at 01-04-2012	Addition during the year	Sale/Adjustment during the year	As at 31-03-2013	As at 01-04-2012	Provided for the year	Sale/Adjustment during the year	As at 31-03-2013	As at 31-03-2013	As at 31-03-2012	
Computer Software	726074.00	0.00	0.00	726074.00	284113.95	118182.90	0.00	402296.65	326777.15	444960.05	
Electric Line Expenses	2969475.90	22500.00	0.00	29712075.90	20649578.70	3218132.40	0.00	23267711.10	6445364.80	9640897.20	
TOTAL	30419549.90	22500.00	0.00	30423049.90	203396245	3336315.30	0.00	20670007.95	6772041.95	10085857.25	
Previous Year	30419549.90	0.00	0.00	30419549.90	1447251.81	566449.64	0.00	2033962.65	10085857.25	15942268.09	
iii) Capital Work-in-progress											
Capital Work-in-progress									24413046.00	302911708.41	

PARTICULARS	As at 31-03-2013	As at 31-03-2012
NOTE - 18 : SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
<u>Other than related parties</u>		
a) Prepaid Expenses	11232431.99	45680437.71
b) Advance to suppliers	215227988.10	40009810.71
c) MAT Credit Entitlement	53075902.00	2505939.00
d) Advance Income Tax (including TDS)	881157.01	948533.01
	<u>280417479.10</u>	<u>89144720.43</u>
NOTE - 19 : OTHER CURRENT ASSETS		
a) Recoverable from Government Departments	97468260.22	106949548.91
b) Claims receivables	197698042.01	157314480.04
	<u>295166302.23</u>	<u>264264028.95</u>
NOTE - 20 : REVENUE FROM OPERATIONS		
a) Sale of products	8455228857.08	7422683867.40
b) Sale of Services	14091803.00	14658302.00
c) Other operating revenue	140717298.48	192832348.36
	<u>8610037958.56</u>	<u>7630174517.76</u>
Less : Excise Duty	12134603.00	13032159.00
	<u>8597903355.56</u>	<u>7617142358.76</u>
a) <u>Details of Sale of products</u>		
i) Yarn		
-Export	3701826086.00	3219189919.00
-Domestic	3857713445.08	2586027283.40
Fabric / Cloth	279838565.00	981992349.00
Waste		
-Export	36352546.00	31331462.00
-Domestic	532023745.00	423074962.00
Others	47474470.00	181067892.00
	<u>8455228857.08</u>	<u>7422683867.40</u>
b) <u>Detail of Sale of Services</u>		
Job Work Charges	14091803.00	14658302.00
c) <u>Details of Other Operating Revenue</u>		
Advance Authorisation Licence	0.00	8600000.00
Incremental Export Incentive	2870000.00	0.00
Duty Drawback / DEPB Incentive	114532647.48	155539940.70
Focus Market Incentive	16981689.00	21558926.66
Sale of Scrap	6332962.00	7133481.00
	<u>140717298.48</u>	<u>192832348.36</u>

PARTICULARS	Year ended 31-03-2013	Year ended 31-03-2012
NOTE - 21 : OTHER INCOME		
a) Misc. Income	3903494.50	1197813.29
b) Prior Period Income	916780.00	1007795.00
c) Interest Income	11447343.00	5956902.02
d) Excise Duty (Written Back)	2350000.00	7650524.00
	<u>18617617.50</u>	<u>15813034.31</u>
NOTE - 22 : COST OF MATERIAL CONSUMED		
Opening Stock	1052535443.17	1138684526.00
Add : Purchases	5244954732.53	4719808189.92
	6297490175.70	5858492715.92
Less : Closing Stock	1039202051.73	1052535443.17
Material Consumed during the year	<u>5258288123.97</u>	<u>4805957272.75</u>
<u>Detail of Material consumed</u>		
Raw Cotton	3591061886.63	3268645289.83
Manmade Fibre	1654225963.07	1360708471.95
Yarn	13000274.27	176603510.97
	<u>5258288123.97</u>	<u>4805957272.75</u>
NOTE - 23 : PURCHASE OF TRADED GOODS		
Purchase of Traded Goods	<u>433860423.00</u>	<u>1068829239.00</u>
<u>Detail of Traded Goods</u>		
Manmade Fibre	0.00	6243668.00
Fabric	433860423.00	933073967.00
Yarn	0.00	129511604.00
	<u>433860423.00</u>	<u>1068829239.00</u>
NOTE - 24: CHANGES IN INVENTORY		
<u>Opening Stock</u>		
Work-In-Progress	105879817.00	80252373.00
Finished Goods / Stock in Trade	528638487.00	383951819.00
	<u>634518304.00</u>	<u>464204192.00</u>
Less : Insurance Claim received on loss of stock	680521.00	6559824.00
<u>Closing Stock</u>		
Work-In-Progress	123412623.25	105879817.00
Finished Goods / Stock in Trade	721406591.00	528638487.00
	<u>844819214.25</u>	<u>634518304.00</u>
Increase(-)/Decrease(+)/In Stock	<u>-210981431.25</u>	<u>-176873936.00</u>

PARTICULARS	Year ended 31-03-2013	Year ended 31-03-2012
NOTE - 25 : EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Allowances	350816695.06	250120353.07
Contribution to Provident & Other Funds	32582693.02	23847538.00
Gratuity & Leave Encashment	15657936.00	10365870.01
Bonus	7905557.00	7794481.00
Workers & Staff Welfare	5915486.70	3960146.03
	412878367.78	296088388.11

Disclosures on 'Employees Benefits'

The disclosures required under Accounting Standard 15, 'Employee Benefits' (Revised) notified in the Companies (Accounting Standards) Rules 2006, are given below :-

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, during the year is as under :

	Figures in (₹)
Employer's Contribution to Provident Fund	- 8810006.00
Employer's Contribution to Family Pension Fund	- 13604882.00

b) Defined Benefit Plan

The Employees' Gratuity Fund Scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

(Figures in ₹)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.13	31.03.12	31.03.13	31.03.12
a)	Change in Present value of Defined Benefit Obligations.				
	Defined Benefit obligation as on 01.04.2012	14151494	8690192	8462472	6057143
	Current Service Cost	1645488	1184794	1528303	1317912
	Interest Cost	886071	655136	0	0
	Actuarial (Gain/Loss)	5951202	2230161	0	0
	Benefits Paid	0	0	(2435317)	(1087420)
	Defined Benefit Obligation as on 31.03.2013	25537692	14151494	7555458	8462476

b) Change in fair value of Plan Assets				
Fair value of plan assets as on 01.04.2012	3812592	4038449	-	-
Expected Return on Plan Assets	343855	286423	-	-
Actuarial (Gain/Loss)	0	0	-	-
Employer Contribution	796732	671124	-	-
Benefits Paid	12306	1183404	-	-
Fair Value of Plan Assets as on 31.03.2013	4940873	3812592	-	-
Actual Return on Plan Assets	343855	286423	-	-
c) Reconciliation of Fair Value of Assets and Obligations				
Fair Value of Plan Assets as at 31st March, 2013	4940873	3812592	-	-
Present Value of Obligation as at 31st March, 2013	25537692	14151494	7555458	8462476
Amount recognized in Balance Sheet	20596819	10338902	7555458	8462476
d) Expenses recognized in Profit & Loss Account				
Current Service Cost	1645488	1184794	1528303	1317912
Interest Cost	886071	655136	-	-
Expected Return on Plan Assets	343855	286423	-	-
Actuarial (Gain)/ Loss	5951202	2230161	-	-
Net Cost	(3763498)	(676654)	1528303	1317912
e) Investment Details				
L.I. C. Group Gratuity Policy	28.55%	28.55%	-	-
f) Actuarial Assumptions				
Mortality Table	L.I.C (1994-96)	L.I.C (1994-96)	L.I.C (1994-96)	L.I.C (1994-96)
Discount Rate (Per annum)	8%	8%	8%	8%
Expected Rate of Return on Plan Assets (per annum)	9%	9%	-	-
Rate of escalation in salary (per annum)	7%	7%	7%	7%

The estimates of rate of escalation in salary's considered in actuarial valuation and other factors such as inflation, seniority, promotion and other relevant factors including supply and demands in the employment market have been taken into account. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considered several applicable factors, mainly the composition of plan asset held, assessed risk, historical results of return on plan asset and the company's policy for the plan asset management.

NOTE - 26 : FINANCE COST

a) Interest on Bank borrowings	639798219.15	445233757.74
b) Other Borrowing Cost	58895922.45	44259637.18
c) Premium on Forward Exchange Contracts	8949360.00	31222797.01
	<u>707643501.60</u>	<u>520716191.93</u>

NOTE - 27 : OTHER EXPENSES**Manufacturing expenses**

Power & Fuel and Generator Expenses	764654644.64	501326644.57
Freight & Cartage	3709663.17	10995288.58
Packing Material	116367859.38	95927078.20
Dyes & Chemicals	83577888.25	66825702.60
Consumption of Stores & Spares	142087635.67	107960661.53
Repairs to Machinery	7914083.99	9822774.91
	<u>1118311775.10</u>	<u>792858150.39</u>

Administration expenses

Rent	1373428.00	1307475.00
Fees & Taxes	4058179.01	7097168.00
Professional Charges	2167091.00	2085925.01
Printing & Stationery	3306361.64	2655193.15
Postage & Telegram	1204442.00	919359.00
Telephone Expenses	1328956.48	1252533.50
Insurance	6032049.02	6866053.04
Vehicle Maintenance	8305779.00	6438928.02
General Expenses	10686964.64	5407083.70
Building Repair	6257229.98	4586668.50
Charity & Donation	44100.00	25000.00
Travelling & Conveyance	24159697.05	5506206.02
Entertainment Expenses	188983.01	241450.01
Directors' Meeting Fees	90000.00	90000.00
Payment to Auditors*	587939.00	526721.00
Festival Expenses	3274400.00	2407484.00
Service Tax	3469054.52	1299740.41
Vat Assessment Tax	1994787.00	0.00
Advertisement Expenses	239055.00	777960.00
Difference in foreign currency transactions	-62503271.66	21045635.14
Loss on Forward Contracts	3229324.00	-16399012.00
Doubtful Debts Written Back	0.00	-19139631.00
Profit / Loss on Sale of Assets	1476494.68	-8826943.61
Prior Period Expenses	1349227.01	260299.00
	<u>22320270.38</u>	<u>26431295.69</u>

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Selling and Distribution expenses

Ocean freight and Clearing & forwarding	116029123.02	92317882.21
Cartage, freight	15533500.01	5682912.08
Commission & Discount	81710088.75	95911062.98
	213272711.78	193911857.27
	1353904757.26	1013201303.55

***Payment to Auditors**

-Audit Fee	420000.00	375000.00
-Tax Audit Fees	80000.00	75000.00
-Others - taxation	10000.00	10000.00
Add : Sevice Tax	63037.00	47380.00
-Reimbursement of expenses	14902.00	19341.00
	587939.00	526721.00

NOTE - 28 : CURRENT TAX

a) Current Year	56000000.00	0.00
Less : MAT Credit Entitlement	50454049.00	0.00
b) Previous Year	-116102.35	-209054.22
	5429848.65	-209054.22

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**NOTE - 29****CONTINGENT LIABILITIES**

Sr. No.	Particulars	(₹ in Lacs)	
		As at 31.03.2013	As at 31.03.2012
a)	Letter of Credit(s)/Bank Guarantee(s) issued by banks	63.00	2.00
b)	Bills discounted with banks	7780.09	7036.05
c)	Commitments on account of capital account remaining to be executed (Net of Advances) out of which Letter of Credits/Bank Guarantee of ₹ 1362.52 Lacs (Pr.Year ₹ 3797.97 Lacs) net of margin.	7430.65	9529.90
d)	Bonds against un-fulfilled export obligations under Export Promotion Capital Goods/Duty Exemption scheme.	670.65	3288.55
e)	Disputed Income Tax Liabilities of cases pending with appellate authorities.	99.58	140.42
f)	Provident Fund dispute pending with High Court. (Net of Margin)	8.58	8.58
g)	Disputed Sales Taxes liabilities of cases pending with appellate authorities.	11.19	11.19

NOTE - 30

The working capital borrowings and current account balances are net of cheques issued but not presented for payment of ₹ 63568645.57 (Previous year ₹ 18970797/-) and that of cheques deposited but not credited of ₹ 38831/- (Previous year ₹ 8857/-) with net amount of ₹ 63529814.57/- (Previous Year ₹ 18961940/-). Accordingly, the trade payables and trade receivables are understated to the extent of ₹ 63568645.57/- and ₹ 38831/- (Previous year ₹ 18970797/- and ₹ 8857/-) respectively and working capital borrowings have been overstated to the extent of ₹ 63529814.57/- (Previous Year ₹ 18551044) and current account balances of bank are overstated to the extent of ₹ Nil /- (Previous year ₹ 410896/-)

NOTE - 31

Details pertaining to related party transactions in compliance of Accounting Standard-18 "Related Parties Disclosure" issued by the Institute of Chartered Accountants of India, are as under

1) Names of Related Parties and the Nature of Relationship :**a) Associate Concerns**

- M/s N.R.S. Knitwear's
- M/s Sobhagia Clothing Co.
- M/s Fashionable Attire
- M/s. Sobhagia Sales (P) Ltd.
- M/s. Aradhana Fabrics (P) Ltd.
- M/s. N.T.M. Shawls (P) Ltd.
- M/s Sportking Knitwears
- M/s Darling Demons
- M/s Nagesh Classic
- M/s. Classic Wears (P) Ltd.
- M/s. Marvel Dyers & Processors (P) Ltd.
- M/s. Namokar Capital Services (P) Ltd

b) Key Management Personnel

- | | |
|-----------------------|------------------------------|
| Sh. Raj Kumar Avasthi | Chairman & Managing Director |
| Sh. Munish Avasthi | Managing Director |
| Sh. Naresh Jain | Executive Director |

2) Related Party Transactions

Associates Concerns	Sale	Purchase	Job Work Sale	Job Work Purchase	Other Transactions	Total
Sobhagia Sales Private Limited	184580047.00	1568236.00	1465791.00	0.00	0.00	187614074.00
Classic Wears Private Limited	63338806.00	19411.00	0.00	0.00	112752.00	63470969.00
Aradhana Fabrics	23297619.00	0.00	1911867.00	0.00	0.00	25209486.00
Sobhagia Clothing Co.	70726016.00	128272966.00	0.00	0.00	0.00	198998982.00
Fashionable Attire	11429568.00	0.00	0.00	0.00	0.00	11429568.00
Nagesh Classic	6489231.00	108248.00	14582.00	0.00	0.00	6612061.00
N.R.S. Knitwears Private Limited	2981537.00	0.00	0.00	0.00	0.00	2981537.00
Total	362842824.00	129968861.00	3392240.00	0.00	112752.00	496316677.00

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Key Managerial Personnel	Mangement Services Paid			Unsecured Loan	Lease Rent Paid	Total
	Basic	HRA	Perquisites			
Sh. R.K. Avasthi	2400000.00	0.00	723577.00	0.00	498000.00	3621577.00
Sh. Munish Avasthi	2400000.00	0.00	723576.00	10000000.00	8000.00	13131576.00
Sh. Naresh Jain	780000.00	390000.00	0.00	0.00	0.00	1170000.00
Total	5580000.00	390000.00	1447153.00	10000000.00	506000.00	17923153.00
Relatives of Key Managerial Personnel's						
Smt. Anjali Avasthi	0.00	0.00	0.00	0.00	200000.00	200000.00
Raj Kumar (HUF)	0.00	0.00	0.00	0.00	480000.00	480000.00
Total	0.00	0.00	0.00	0.00	680000.00	680000.00

Debts due from/to firms or private companies in which any director is a proprietor or a director or a member

Particulars	Outstanding as on 31.03.2013	Outstanding as on 31.03.2012
M/s Classic Wears Private Limited	115964847.80	102917366.80
M/s Sobhagia Sales Private Limited	120159171.38	155658220.73
M/s Aradhana Fabrics Private Limited	9518346.59	11847091.00
M/s Sobhagia Clothing Co.	159863150.96	19708249.00

Includes advance to Supplier Rs. 9,24,63159.95

NOTE - 32

Accounting for leases has been done in accordance with Accounting Standard -19 issued by the Institute of Chartered Accountants of India. The details of Lease transactions for the year are as follows:

a) Finance Lease :

The Company does not have any finance lease arrangement.

b) Operating Lease;

i) Lease rentals charged in the Profit and Loss account for the year net of rent received is ₹ 13, 73,428/- (Previous year ₹ 13, 44,975/-).

ii) The company has entered into operating leases for its godowns, land and machinery that are renewable on a periodic basis and cancellable at company's option. The company has not entered into sub-lease agreements in respect of these leases.

iii) The total of future minimum lease payments under non-cancellable leases are as follows:

Particulars	(Figures in ₹)	
	As on March 31, 2013	As on March 31, 2012
Not Later than one year	1479600.00	1344975.00
Later than one year but not later than five years	5032000.00	6928000.00
Later than five years	3642000.00	

NOTE - 33

The foreign currency exposures of the company against firm commitments and/or highly probable forecast transactions are as under :

(₹ in lacs)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Amount (Foreign Currency)	Amount (In ₹)	Amount (Foreign Currency)	Amount (In ₹)
Hedged Foreign Currency Exposure				
Imports				
USD/INR	120.10	6591.09	90.56	4666.56
EURO/INR	-	-	22.71	1568.12
CHF/INR	-	-	31.48	1837.58
Loans				
FCNR USD/INR	-	-	30.00	1545.90
PCFC	-	-	18.23	924.44
Exports				
USD/INR	258.62	13981.00	281.28	14263.71
Un-hedged Foreign Currency Exposure				
Import				
USD/INR	4.51	247.51	4.88	251.47
EURO/INR	9.06	640.18	-	-
CHF/INR	1.13	65.62	-	-
Commission USD/INR	5.49	301.29		

NOTE - 34

There was a dispute / litigation in respect of certain foreign currency option contracts purported to be entered by HDFC Bank Limited with the Company. The Ld. Arbitrator has awarded in favour of the bank for payment of principal amount of Rs. 5.94 Crs and interest / cost of Rs. 1.31 Crs (based @ 8% p.a. upto 21.07.2010) and failing which payment of further interest @ 8% p.a. will be applicable for the delayed period, vide order dated 30th September, 2010 which have been upheld by Hon'ble High Court of Judicature at Bombay (Singly Judge) on 06th July, 2012. The Company has filed an appeal against the said order with the division bench of the Hon'ble High Court of Judicature at Bombay, relying on RBI guidelines issued to commercial banks and the bank has also filed a petition with the Hon'ble High Court of Delhi under Section 433 of the Companies Act, 1956 which are still pending. Based on legal advice / proceedings in similar matters, the company has opted not to make any provision of the said amount as awarded/upheld

NOTE - 35

A		As on 31.03.2013	As on 31.03.2012	
CIF Value of Imports				
Raw Materials		191854633	318011785	
Stores & Spares		33699405	34046212	
Capital Goods		158885759	390146447	
Dyes & Chemicals		2170903	1324272	
B Earning in Foreign Currency				
FOB Value of Exports		3660663046	3225047371	
C Expenditure in Foreign Currency				
Interest		58003636	21658388	
Traveling Expenses		1437379	1822363	
Commission		54065425	71030654	
Subscription		351554	228706	
Handling & Processing Charges		-	4921901	
Fees & Taxes		44528	-	
D Value of Imported & Indigenous Raw Material & Store Consumed and Percentage thereof				
Particulars	Value (₹)	% age	Value (₹)	% age
a) Raw Material				
Imported	260984005	4.96%	296332678	6.17%
Indigenous	4997304118	95.04%	4509624594	93.83%
b) Stores & Spares/Packing Material				
Imported Spares	34865247	10.18%	38324787	13.57%
Imported Dyes & Chemicals	3407110	0.99%	1687770	0.60%
Indigenous	304262097	88.83%	242409388	85.83%

NOTE - 36

- a) In the opinion of the Board of Directors, the Current Assets and Loans & Advances have been stated at the realizable values.
- b) The balance due to or from the parties, on whatever account, are subject to reconciliation & confirmation.

NOTE - 37

As the company is dealing only in textiles, the operations of the company are considered as a single business segment hence segment reporting under AS-17 of ICAI is not applicable.

SPORTKING INDIA LIMITED**Annual Report 2012-2013****NOTE - 38**

Previous year figures have been regrouped/restated wherever necessary.

As per our report of even date attached**For & on behalf of Board of Directors**For Rawla & Company
Chartered Accountants
(FRN-00166IN)**(Raj Kumar Avasthi)**
Chairman & Managing Director**(Munish Avasthi)**
Managing Director**(Naresh Jain)**
Executive DirectorCA Y.P. Rawla
(Partner)
M. No. 10475Place : Ludhiana
Dated : May 30, 2013**(P.K. Gupta)**
Chief Financial Officer**(Sukhdev Gupta)**
Dy. General Manager (F&A)**(Nikhil Kalra)**
Company Secretary