

The logo for Sportking, featuring the word "Sportking" in a bold, blue, sans-serif font. The letter "o" is replaced by a stylized globe icon with red and blue segments. The background of the cover is a photograph of a large industrial factory floor with rows of machinery and large rolls of white material.

# Sportking

*26<sup>th</sup>* **ANNUAL**  
*Report 2014-15*

**SPORTKING INDIA LIMITED**

**BOARD OF DIRECTORS**

Mr. Raj Kumar Avasthi	Chairman & Managing Director
Mr. Munish Avasthi	Managing Director
Mr. Naresh Kumar 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**

178, Col. Gurdial Singh Road,  
Civil Lines, Ludhiana - 141001

**WORKS**

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

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*

<b>CONENTS</b>	<b>Page No.</b>
Notice	1
Directors' Report	8
Corporate Governance Report	29
Independent Auditor's Report	41
Balance Sheet	45
Profit & Loss Statement	46
Cash Flow Statement	47
Notes to Financial Statements	48

**NOTICE**

NOTICE is hereby given that the **Twenty Sixth Annual General Meeting of the members of Sportking India Limited** will be held on Wednesday, the **30th day of September, 2015 at 2.00 P.M.** at Registered Office of the company situated at 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 Financial Statements of the Company for the financial year ended 31st March, 2015, including the Audited Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss for the year ended on that date and the Reports of Directors and Auditors thereon.
- 2) To appoint a Director in place of Sh. Naresh Kumar Jain (DIN 00254045), who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors of the Company and fix their remuneration. In this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act 2013 read with Companies (Audit and Auditors) Rules, 2014, (the rules) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/s. Rawla & Company Chartered Accountants, New Delhi (Registration No. 001661N), the retiring auditors of the company be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors of the Company."

**SPECIAL BUSINESS****4) To Re-appoint Sh. Sunil Puri as an Independent Director of the Company**

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 149, 150, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Sunil Puri (DIN:00425213), who was appointed as an Independent Director of the company for his first

term for a period of one year in its 25th Annual General Meeting be and is hereby re-appointed as an Independent Director of the Company (not liable to retire by rotation) to hold office for a second term for a period a five years upto the conclusion of the 31st Annual general Meeting of the company in the calendar year 2020."

**5) To Re-appoint Smt. Harbhajan Kaur Bal as an Independent Director of the Company**

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 149, 150, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Smt. Harbhajan Kaur Bal (DIN:00008576) who was appointed as an Independent Director of the company for her first term for a period of one year in its 25th Annual General Meeting be and is hereby re-appointed as an Independent Director of the Company (not liable to retire by rotation) to hold office for a second term for a period of five years upto the conclusion of the 31st Annual General Meeting of the company in the calendar year 2020."

**6) To Ratify the remuneration of the Cost Auditors for Financial Year 2015-16**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Audit) Rules 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s R.R. & Co, Cost Accountants, Ludhiana (Registration No. 00323) appointed by the board of directors as cost auditors of the company, to conduct the audit of the cost records of the company for the financial year ending 31st March 2016, be paid remuneration of Rs. 75000/- plus applicable taxes.

RESOLVED FURTHER THAT Mr. Raj Kumar Avasthi, Chairman & Managing Director, Mr. Munish Avasthi, Managing Director and Mr. Nikhil Kalra, Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**7) To Alter Articles of Association of the Company**

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 14 and other applicable provisions, if any of the Companies Act, 2013 including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and subject to such approvals, permissions and sanctions as may be required from the appropriate authorities, the existing sub-article II of Article No. 78 of Articles of Association of the Company be and is hereby substituted by the following sub-article:

II. A Chairman/Managing/Whole Time Director shall be liable to retirement by rotation (save as otherwise provided in a contract in terms of provisions of the Act or Rules made thereunder or in a resolution passed by Board or Shareholders of the Company). He shall, however, be subject to the same provisions as to resignation and removal as are applicable to the other Directors. He shall ipso facto immediately, cease to be a Managing or Whole Time Director if he ceases to hold the office of Director for any reason whatsoever save that if he shall vacate office whether by, retirement by rotation or otherwise under the provisions of the Companies Act 2013 at any Annual General Meeting and shall be reappointed as a Director at the same meeting, he shall not, by reason only of such vacation, cease to be a Managing or Whole Time Director.

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

**By Order of the Board**

**(Raj Kumar Avasthi)**  
**Chairman**  
**DIN: 01041890**

**Place: Ludhiana**  
**Date : 14.08.2015**

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

**NOTES:**

- 1) The Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts in respect of the business under Item No(s.) 4 to 7 set out above and the details under Clause 49 of the Listing Agreement in respect of Directors proposed to be appointed/ re-appointed at the Annual General Meeting, is annexed hereto

**2) 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 instrument(s) appointing the proxy, if any, shall be deposited at the Registered Office of the Company at **5/69, Guru Mansion, 1<sup>st</sup> Floor, Padam Singh Road, Karol Bagh, New Delhi – 110005** not less than Forty Eight (48) hours before the commencement of the meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have right to speak at the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- 3) The Register of Members and the Share Transfer Books of the company shall remain closed from 26<sup>th</sup> September 2015 to 30<sup>th</sup> September, 2015 (both days inclusive).
- 4) Members holding share certificates under different folio numbers but in the same order of name are requested to apply for consolidation of such folios and send relevant share certificates to the Registrars and the Share Transfer Agent of the Company.
- 5) 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.
- 6) 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.
- 7) Members are requested to notify change in address, if any, to the company at its registered Office quoting their folio number
- 8) 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.
- 9) 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.

- 10) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) rules, 2014 as amended from time to time and Clause 35 B of the Listing Agreement, Members have been provided with the facility of “remote e-voting” (e-voting from a venue other than place of Annual General Meeting) on resolutions proposed to be considered at the ensuing Annual General Meeting. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by Central Depository Services (India) Limited (CDSL). The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

**The instructions for remote e-voting are as under:**

- (i) The voting period begins on 26<sup>th</sup> September 2015 (9.00 am) and ends on 29<sup>th</sup> September 2015 (5.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23<sup>rd</sup> September 2015 may cast their vote electronically. The remote e-voting facility shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For members holding shares in Demat Form Physical Form	
<b>PAN*</b>	<p>Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field</li> </ul>
<b>Dividend Bank Detail</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL

platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN-150814001 for Sportking India Limited to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date 23<sup>rd</sup> September 2015 may follow the same instructions as mentioned above for e-Voting.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- (xxii) The Company has appointed **Mr. Sunny Kakkar, Practicing Company Secretary (Membership No. ACS 34170 & C.P. No. 12712)** as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xxiii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" / "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

**ANNEXURE TO THE NOTICE****STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No(s) 4 & 5**

Sh. Sunil Puri & Smt. Harbhajan Kaur Bal were appointed as an independent directors of the company for their first term of one year in 25<sup>th</sup> Annual General Meeting held on 11.09.2014 i.e up to the conclusion of 26<sup>th</sup> Annual General Meeting to be held in the calendar year 2015. As per the provisions of Companies Act 2013 and clause 49 of the Listing Agreement, independent directors are permitted to be appointed for a second term of 5 years without being liable to retire by rotation.

The company has received notices in writing from members along with deposits of requisite amount under Section 160 of the Act proposing the candidature of Sh. Sunil Puri & Smt. Harbhajan Kaur Bal for the office of Directors of the Company. The company has also received declarations from Sh. Sunil Puri & Smt. Harbhajan Kaur Bal that they meet with the criteria of independence as prescribed both under sub section (6) of section 149 of the Act and under clause 49 of the Listing Agreement. They are not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent to act as directors.

It is proposed to re-appoint Sh. Sunil Puri & Smt. Harbhajan Kaur Bal as an Independent Directors of the Company to hold office for a second term of five years upto the conclusion of the 31<sup>st</sup> Annual General Meeting of the Company in the calendar year 2020.

In the opinion of the Board Sh. Sunil Puri & Smt. Harbhajan Kaur Bal fulfill the conditions for appointment as independent directors as specified in the Act and the Listing Agreement and they are independent of the management.

Brief resume of Sh. Sunil Puri & Smt. Harbhajan Kaur Bal nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors are provided in the statement giving details under clause 49 of the Listing Agreement with Stock Exchanges in respect of the Directors proposed to be appointed/ re-appointed, annexed to this notice.

Copy of the draft letters for respective appointments of Shri Sunil Puri and Smt. Harbhajan Kaur Bal as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company. This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Shri Sunil Puri and Smt. Harbhajan Kaur Bal and their relatives to the extent of their shareholding's interest, if any, in the company are interested/deemed to be interested in the respective resolution with regard to their respective appointments. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Special Resolutions set out at Item No(s) 4 & 5 of the Notice for approval by the shareholders.

**Item No. 6**

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of M/s. R.R. & Co, Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2016 at a fixed remuneration of Rs. 75000/- plus applicable taxes.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Shareholders of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

**Item No. 7**

Pursuant to Section 149(13) of Companies Act 2013, the independent directors are not liable to retire by rotation. Further Section 152 (6) stipulates that 2/3<sup>rd</sup> of the total number of non-independent directors of a public company are liable to retire by rotation and out of such directors, 1/3<sup>rd</sup> of directors should retire by rotation at every Annual General Meeting of the company. The company has six directors on its board out of which three directors are independent directors and rest are Chairman/Managing Director/Whole Time Director or executive directors. So to meet the requirement of the Companies Act, 2013, Article 78 (ii) is proposed to be amended to provide that Chairman/MD/ WTD will also be liable to retire by rotation (save as otherwise provided in a contract in terms of provisions of the Act or Rules made hereunder or in a resolution passed by Board or Shareholders of the Company).

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the Shareholders.

**By Order of the Board**

**(Raj Kumar Avasthi)**  
**Chairman**  
**DIN: 01041890**

**Place: Ludhiana**  
**Date : 14.08.2015**

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



## ANNEXURE TO THE NOTICE

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

Name of the Director	Sh. Naresh Kumar Jain	Sh. Sunil Puri	Smt. Harbhajan Kaur Bal
Age	61 Years	64 Years	76 Years
Date of Appointment	30.07.2009	26.12.2005	25.04.2006
Expertise in Specific Functional Area	Vast Experience in Managing Successful textile & garments Industrial Expertise	Textiles	A renowned management consultant
Qualification	Graduation	B. Tech	M.A. (Maths), Ph.D.
Directorship of other Public Limited Companies	-	-	Nahar Poly Films Limited Nahar Spinning Mills Limited Nahar Industrial Enterprises Limited Oswal Woollen Mills Limited Nahar Capital and Financial Services Limited
Membership of committees of Public Limited Companies	-	-	<b>Audit Committee</b> Nahar Industrial Enterprises Limited  <b>Stakeholder's Relationship Committee</b> Nahar Poly Films Limited Nahar Capital and Financial Services Limited Nahar Spinning Mills Limited
No(s) of Equity Shares held in the Company	1300	Nil	Nil

## DIRECTORS' REPORT

Dear Members,

The Directors of your company are pleased to present their Twenty Sixth Annual Report on the affairs of the company together with Audited Accounts of the Company for the year ended 31st March, 2015.

### 1. FINANCIAL RESULTS

The Company prepared its financial statements in accordance with the requirements of the Companies Act, 2013 and the Generally Accepted Accounting Principles (GAPP) in India. The financial statements have been prepared on historical cost basis. The estimates and judgments relating to the financial statements have been made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the company's state of affairs, profits and cash flows for the year ended on 31st March, 2015.

The summarized financial results for the Financial Years 2014-15 & 2013-14 are as under:

Particulars	₹ in Crores	
	2014-15	2013-14
Gross Turnover/Operating Income	1146.07	1067.29
Profit before Interest, Depreciation & Taxation	152.89	170.91
Less :Interest (Net)	80.24	81.25
Profit before Depreciation & Taxation	72.65	89.66
Less: Depreciation	70.01	46.63
Net Profit before Taxation	2.64	43.03
Less Current Tax{Net of MAT Credit}	0.24	-
Deferred Tax	(5.62)	15.59
Net Profit afterTax	8.02	27.44
Add: Surplus of Last Year	84.95	57.94
Less: Transfer to Capital Redemption Reserve	0.43	0.43
Prior Period Depreciation Adjustment (Net of Deferred Tax)	1.67	-
Surplus carried to Balance Sheet	90.87	84.95

## 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Economic Outlook

Global economy is not growing as expected. Global growth was 3.4% during calendar year (CY) 2014, similar to (CY) 2013. Emerging markets were characterized by a sharp fall in growth rates, especially in China. However, Europe's dysfunctional policy environment to accelerate growth through investment

and reforms could make the recovery look moderate compared to the United States. China will continue its "soft fall" growth trajectory, as already limited government stimuli will have less effect despite recent monetary easing, and expose the weakening of China's creditworthiness more clearly. Other major emerging markets will continue to grow, but their pace will vary depending on the net impact of declining oil prices and exchange rate depreciations, as well as progress of their own reform agendas. New geographies for growth, such as Africa and parts of Asia, offer opportunities to build sustainable growth models but they also bring challenges on economic, legal, and institutional fronts.

In the domestic market, better macroeconomic conditions, coupled with improved sentiment post the general elections helped India to be among the better performing emerging market economies. There was a slight increase in the GDP growth and the Rupee remained relatively stable during the year. Inflation, measured by the Consumer Price Index (CPI), moderated sharply during fiscal 2015 partly supported by the drop in international crude oil prices. CPI, which was recalibrated to a new base year fiscal 2012 from the earlier base year fiscal 2010, eased from 8.3% in March 2014 to 5.2% in March 2015. In fiscal 2015, the Central Statistical Organization (CSO) introduced a new methodology for calculation of Gross Domestic Product (GDP) and also revised the base year from fiscal 2005 to fiscal 2012. As per the revised methodology, India's GDP grew by 7.4% in FY 2015 compared to a growth of 7.0% in the corresponding period of fiscal FY 2014.

The Government envisages GDP growth to accelerate to 8% in FY 2016 driven by strengthening macroeconomic fundamental and implementation of policy reforms recently announced. Reforms like e-auctions of coal mines and telecom, FDI in insurance, speedier regulatory approval etc. will improve the investment outlook and ease of doing business in country. Reforms currently underway such as enhancing the foreign investment limit in defence, railways and insurance sectors, fuel subsidy reforms in terms of deregulation of diesel prices, review of gas pricing and direct transfer of LPG subsidies into the beneficiaries' accounts; improving access to long-term financing for infrastructure projects; and auction of coal mines and spectrum are expected to provide the requisite growth in long terms.

**Textile Outlook**

Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation and export earnings of the country. It contributes about 14% to India's industrial production and 13% to the country's export earnings & 27% of the foreign exchange inflows. For the Textiles industry, the global focus is shifting from China to India due to cost and stability factors. The government's positive steps are expected to help this shift and if foreign investments in textiles retail materialize, the consumption of the textile products in the domestic market should increase in the years to come. Recently, Government has withdrawn the requirement of export contract registration for cotton & cotton yarn and now these are in the free list, without any requirement of registration. Steps towards bringing the entire process of TUFs on IT platform and development of software for making the entire process efficient, transparent and easy have been initiated.

Being the second largest employer in India (after agriculture) coupled with strong industry linkage with the rural economy augurs Indian textile industry as one of the most significant sectors with an incremental growth potential. The country's overall textile and Apparel Industry contributes around 6% to India's GDP. The country's overall textile Industry export has contributed \$ 41.4 billions in 2014-15.

While Indian textile industry has strong presence across the value chain, manufacturing value chain is unbalanced. India is 2nd largest producer of man-made staple fibre. With 50 million spindles, India is one of the world's leading and most cost efficient producer of the spun yarn. While it has 2<sup>nd</sup> largest no. of looms globally, the organized mill sector contributes only 5%. India needs to upgrade its loom as well as processing machinery. We are 7th largest apparel exporter in the world with a share of 3.7% of the total apparel trade.

In the mid-long term, the Indian textile industry is expected to grow very strongly with growth being balanced from both domestic consumption as well as exports demand. In the near-term, domestic demand is expected to grow strongly with the revival of the overall economy and improvement in purchasing power of Indian consumers. On the exports front, there are both opportunities and threats. Opportunities include the weak currency and decreasing cost competitiveness of China that are likely to give positive

impetus to the Indian exports. At the same time, factors like structural impediments to industrial growth, volatile foreign exchange rates and increase in cotton and yarn prices are likely to negatively affect growth and profitability for the textile exports.

**Cotton**

For the 2014-15 seasons, the Cotton Advisory Board has projected cotton production at 390 lakh bales (of 170kgs each) which is a reduction from 400 lakh bales projected earlier. This reduction has been due to untimely rains and hail storms all over the country. Total demand is estimated to be at 390 lakh bales in 2014-15, compared to 416.80 lakh bales in the previous season.

In terms of the global trade picture, government policies in India will play a role in the outlook for the coming year. Under the current climate of weaker market prices, an increased Minimum Support Price (MSP) for 2014 crop has caused a significant amount of India's production to move into government stocks. In the short term, procurements by the Cotton Corporation of India have reduced India's presence in the world, which is significant since India normally occupies the spot as the second largest exporter. However, unlike the Chinese government, India generally does not hold stocks for an extended period of time and at some point, the cotton will be sold from reserves and enter the marketing channels.

Factors such as contraction in domestic yarn production for exports, unlikely recovery in cotton exports and a fall in domestic cotton prices below MSP have pushed domestic cotton stocks high, for the revised outlook. All these factors, it said, are likely to keep domestic cotton prices under pressure in 2015-16. Conversion of China's cotton reserve policy into a direct subsidy policy in April 2014, will increase reserve cotton sales and reduce its cotton imports to half in 2015-16.

**Cotton Yarn & Exports**

Cotton Yarn Export is on the decline this financial year, due to weak demand from China, the largest importer of India's cotton yarn. The export fell to \$11,353 million in 2014-15 as against \$13,306 million in 2013-14, a fall of 14.7 per cent. Yarn export to China has declined by 20 per cent due to a slowing in the textile industry there. Exporters have tried to compensate from elsewhere and there has been a slight rise in yarn export to Sri Lanka, Bangladesh and Vietnam in recent months.

Further, due to removing of anti dumping duty of 5% by Egypt against import of cotton yarn from India with effect from 31/12/2014 which will boost the exports of Indian Cotton Yarn to Egypt. The Government has recently announced the much awaited Foreign Trade Policy 2015- 2020 in which the export obligation for domestic procurement of capital goods under EPCG has been reduced from 90% to 75% and the said Policy has also introduced a single Merchandise Exports from India Scheme (MEIS) as against 5 different schemes for rewarding merchandise exports with different kinds of scripts with varying conditions. This has simplified the procedure/documentation to get the export benefits quickly, which will promote textile exports from India.

#### **Opportunities and Threats**

Globally, India has the 2nd largest textile manufacturing capacity the Indian textiles industry accounts for about 24 per cent of the world's spindle capacity and eight per cent of global rotor capacity. It is now the 2nd largest textile exporter in the world. The size of the Indian textiles and apparel industry is expected to reach USD 223 billion by 2021. Towards Ease of doing business the Ministry has decided to join the DIPP e-biz portal for the Textiles sector and present one front face to a potential investor in the manufacturing sector. Content creation has been initiated ranging from initial information for sector and product selection to the process to be followed for setting up manufacturing facilities to running of the industry to the post production feedback right up-to closure. Also Skill Development Scheme has been scaled up during 12th Plan with an allocation of Rs. 1900 crore to train 15 lakh persons. To meet the needs of the industry for a skilled workforce and thereby support its competitiveness, Ministry has trained 3.75 lakh youth in textile trades, particularly in the rapidly growing garmenting segment of the industry under the Integrated Skill Development Scheme. Ministry is also in the process of further expanding the implementation of the scheme in the Public-Private Partnership mode.

The textile industry is a highly capital intensive industry due to which there is a high level of borrowings and the assets turnover ratio is in the range of 1:1 due to which high interest cost is being incurred. Increase in the power costs, high transaction costs, high cost of labour and general increase in input costs, are all hindering progress. Depreciation of the Euro against the Indian Rupee has adversely affected the Indian textile products from the European Union. Also un-seasonal monsoon in many parts of the country has

placed adverse pressure on consumer demand in general.

#### **FINANCIAL ANALYSIS**

##### **Production/Sales Review**

During the year under review, the company achieved production of 46150 M.T. of Cotton/Synthetic Yarn against previous year production of 42983 M.T. with an increase of 7.37% and gross turnover / operating income of Rs.1146.07Crores (including exports / export incentives of Rs.595.55 Crores) against previous year gross turnover/operating income of Rs.1067.29 Crores with an increase of 7.38%. The value of the exports remained at the same level.

##### **Profitability**

The company achieved Gross Profit (Profit before depreciation, interest and income tax) of Rs. 152.89 Crores with ratio of 13.34% during FY 2014-15 as compared to Rs. 170.91 Crores in the previous FY 2013- 14 with ratio of 16.01%. The interest cost remained flat at Rs. 80.24 Crores as compared to Rs. 81.25 Crores in the previous year due to full year impact of interest of term loan borrowings made in FY 2013-14 off-set by lower interest cost on reduced working capital borrowings. The company earned gross cash profit of Rs. 72.65 Crores against Rs. 89.66 Crores in the previous year which was partly affected due to decline in prices of cotton yarn in Q2 of FY 2014-15 with the expected decline in the prices of raw cotton of the Cotton Season 2014-15 beginning from October 2014. The level of profit before tax had declined to Rs. 2.64 crores due to increased depreciation of Rs. 70.01 crores for FY 2013-14 as per the new provisions of the Companies Act 2013 applicable from 1st April 2014 vis-à-vis depreciation of Rs. 46.63 crores for FY 2013-14. Had the Company continued with the depreciation rates as per the provisions of Companies Act 1956, the depreciation for FY 2014-15 would have been lower by Rs. 16.67 Crores and consequently the net profit (before Tax) would have been higher by this amount. After providing for current tax of Rs. 0.24 Crores (Net of MAT Credit) (Previous year Nil), deferred tax liabilities of (-) Rs. 5.62 Crores (Previous Year Rs. 15.59 Crores) there was a net profit after tax of Rs. 8.02 Crores against previous year net profit (after tax) of Rs. 27.44 Crores. After transfer of Rs. 0.43 Crores to Capital Redemption Reserve and depreciation adjustment of prior period of Rs. 1.67 Crores the surplus in the Profit & Loss Appropriation Account stands at Rs. 90.87 Crores.

With the production of value added compact/contamination free cotton yarn having better realizations, stable cotton prices and cost/interest reduction measures, the management is hopeful that the Company's performance will improve in the coming period.

## RESOURCE UTILISATION

### Fixed Assets

The company made additions of Rs. 27.46 Crores in the Gross Fixed Asset during the year under review. The company had four manufacturing units as on 1<sup>st</sup> April 2014, the operations of its oldest spinning unit (set up in the year 1993) at Village Meharban, Ludhiana with a meagre installed capacity of 6720 spindles (out of Company's total capacity of 211344 spindles) had been discontinued from end of September 2014. The company had sold a part of the machinery of this unit having written down value of Rs. 0.26 crores for Rs. 1.14 crores i.e. on a profit of Rs. 0.88 crores and the remaining operative machinery of this unit had been transferred to other manufacturing units. The Gross Block of Fixed Assets (including work-in-progress) had increased to Rs. 723.14 Crores as on 31<sup>st</sup> March, 2015 as compared to Rs. 701.22 Crores in the previous year, while the Net Fixed Assets (including work-in-progress) as at 31<sup>st</sup> March 2015 were Rs. 452.41 crores as compared to Rs. 497.71 Crores in the previous year. The installed capacity of the company now stands at 204624 spindles.

### Current Assets and Current Liabilities

The inventory level decreased by Rs. 77.37 Crores from Rs. 237.38 Crores at the end of the previous year to Rs. 160.01 Crores at the end of the year under review. The Sundry Debtors level also decreased by Rs. 33.02 Crores from Rs. 97.92 Crores at the end of the previous year to Rs. 64.90 Crores at the end of the year under review while the level of other current assets increased by Rs. 6.99 Crores to Rs. 93.97 Crores at the end of current year from Rs. 86.58 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 decreased by Rs. 114.59 Crores i.e. from Rs. 403.34 Crores at the end of previous year to Rs. 288.83 Crores at the end of current year.

### LIQUIDITY & CAPITAL RESOURCES

The position of liquidity and capital resources is given below:

(₹ in Crores)

Particulars	2014-15	2013-14
Cash & Cash Equivalents :		
Beginning of the year	4.31	9.26
End of the year	2.78	4.31
<b>Net Cash provided/ (used)</b>		
Operating Activities	242.83	98.08
Investing Activities	(25.27)	(107.41)
Financial Activities	(219.09)	4.38

The company is utilizing cash accruals for meeting term loans repayment commitments, acquisition of balancing equipments/ fixed assets and improvement of net working capital funds.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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. 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 improve and strengthen the internal control systems.

### HUMAN RESOURCES / INDUSTRIAL RELATIONS

The company recognizes its human resources as its most valuable asset and takes pride in the commitment, competence and dedication shown by its employees in all areas of business. The Company has specialized professionals in the respective fields to take care of its operations and allied activities. The Company is committed to nurturing, enhancing and retaining the top talent through superior learning. This is critical pillar to support the organization's growth and its sustainability in the long run. During the year under review, the company enjoyed cordial relationship with workers and employees at all levels.

### 3. CREDIT RATING

ICRA Limited had upgraded the bank loan rating at BBB (pronounced ICRA triple B) for long term credit facilities and at A3+ (pronounced ICRA three plus) for short term credit facilities. The outlook is stable. With the improvement in the credit rating, the cost of credit facilities may come down.

**4. DIVIDEND**

No dividend was declared by the company for FY 2014-15.

The provisions of Section 125(2) of the Companies Act, 2013 relating to Transfer of Unclaimed Dividend to Investor Education and Protection Fund do not apply as there was no dividend declared and paid by the company in the past 10 years.

**5. SHARE CAPITAL**

The paid up Equity Share Capital as at 31st March, 2015 stood at Rs. 3.40 crores (Rs. 3.56 crores minus Calls in Arrears of Rs. 0.16 Crores) divided into 3561000 Equity Shares of the face value of Rs. 10/- each while the paid up Redeemable Preference Shares Capital as at 31st March 2015 stood at Rs. 8.51 Crores divided into 8516200 Preference Shares of Rs. 10/- each. During the year under review, the Company has not issued any equity shares with differential voting rights nor has granted any stock options or sweat equity. As on 31st March, 2015 none of the Directors of the Company hold instruments convertible into equity shares of the Company.

**6. SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES**

The Company does not have any subsidiary /associate/ joint venture companies.

**7. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

There are no significant and material orders passed by the Regulators/Court/Tribunals that would impact the going concern status of the Company and its future operations.

**8. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to Section 135 of the Companies Act 2013 and Schedule VII of the Companies Act, 2013 the Company has constituted a Corporate Social Responsibility Committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Directors report. The CSR Policy has also been posted on the website of the company.

The Board has not made any CSR spend during financial year 2014-15 as the company suffered net loss during Q2 of the said year which have been recovered by Q4 of the said year. The Company will undertake the CSR spend during FY 2015-16 in

accordance with the CSR regulations once the projects / programmes and monitoring and reporting framework is finalized.

**9. BUSINESS RISK MANAGEMENT**

The Board of Directors in their meeting held on 14<sup>th</sup> November 2014 had constituted Risk Management Committee of the Company. The Committee has formulated Risk Management Policy of the Company which has been subsequently approved by the Board of Directors of the Company. The aim of Risk Management policy is to maximise opportunities in all activities and to minimise adversity. The policy includes identifying type of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company.

The Risk Management policy may be accessed on the Company's website.

**10. RELATED PARTY TRANSACTIONS**

All contracts / arrangements / transactions entered by the Company with related parties during the financial year were in the ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the provisions of Clause 49 of the Listing Agreement.

However the related party transactions are placed before the Audit Committee and the Board as a good corporate governance practices.

The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website.

**11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The company has not given any loans , guarantees or made investments under the provisions of Section 186 of the Companies Act, 2013.

**12. DIRECTORS**

In accordance with the provision of Section 152 of the Companies Act, 2013 and the Company's proposed amendment in Articles of Association, Sh. Naresh Kumar Jain, Executive Director of the company, is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Further, in view of the notices received from members proposing the candidature of Sh. Sunil puri and Smt. Harbhajan kaur Bal for the Independent Directors of the Company, the board recommends the re-appointment of Sh. Sunil Puri and Smt. Harbhajan Kaur Bal as an Independent Directors for a further period of five years in the ensuing Annual General Meeting under section 149 of the Companies Act, 2013 and clause 49 of the listing agreement.

#### **KEY MANAGERIAL PERSONNEL**

Since 1<sup>st</sup> April 2014, the company has the following persons as Key Managerial Personnel:

Sr. No.	Name of the Person	Designation
1.	Sh. Munish Avasthi	Managing Director
2.	Sh. Parveen K Gupta	Chief Financial Officer
3.	Sh. Nikhil Kalra	Company Secretary

#### **AUDIT COMMITTEE**

The Company has an Audit Committee of the Board of Directors, the members of which are Mr. Ajay Chaudhry, Dr. (Mrs.) Harbhajan Kaur 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 of the listing agreement read with section 177 of The Companies Act, 2013.

#### **NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE**

During the year under review, four Board Meetings and four Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

#### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees. The performance evaluation of the independent directors was completed. The performance evaluation of the Managing Director and Non – Independent Directors were carried out by the independent directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

#### **NOMINATION AND REMUNERATION POLICY**

The Board of the directors has constituted Nomination and Remuneration Committee who has framed a policy in relation to the remuneration of Directors, Key Managerial Personnel and Senior Management of the Company and the criteria for their selection and appointment which is stated in the Corporate Governance Report.

#### **WHISTLE BLOWER POLICY**

Pursuant to Section 177(9-10) of the Companies Act, 2013 and Clause 49 of the listing agreement the Company has formulated a whistle blower policy for vigil mechanism for directors and employees reporting for unethical behaviour, fraud and mismanagement or violation of Company's code of conduct. The details of the Policy are also posted on the website of the Company.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards had been followed.
- ii) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on 31<sup>st</sup> March, 2015.
- iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors had prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls were adequate and were operating effectively.
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**13. AUDITORS AND THEIR REPORT****STATUTORY AUDITORS**

M/s. Rawla & Company, Chartered Accountants (Firm Registration No. 01661N), New Delhi, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received confirmation from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

There is no audit qualification reservations/ or adverse remark or disclaimer in the statutory audit report for the year under review. The comments in the Auditors' Report read with Notes to Accounts are self explanatory and do not call for any further explanation.

**SECRETARIAL AUDITORS**

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company appointed M/s B.K. Gupta & Associates, Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure A"

There is no audit qualification, reservations or adverse remarks or disclaimer in the secretarial audit report or the year under review.

**COST AUDITORS**

The auditing of the cost records of the company (being in the textile industry) for FY 2014-15 was not required. However, the same is applicable for FY 2015-16 as per the notification issued on 31<sup>st</sup> December 2014 under section 148 of the Companies Act 2013 read with the Companies (Cost Records and Audit) rules, 2014.

The Board of Directors has appointed M/s R.R. & Company, Cost Accountants, as the Cost Auditors of the Company to conduct Audit of the cost records of the company for the FY 2015-16. However, as per provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditors is subject to ratification by members. Accordingly, the remuneration to be paid to M/s R.R & Company, Cost Accountants, for financial year 2015-16 is placed for ratification before the members at the Annual General Meeting.

**EXTRACT OF ANNUAL RETURN**

The details of the Extract of the Annual Return (Form MGT-9) is given in "Annexure B" of this report.

**14. LISTING OF SECURITIES**

The Equity Shares of company were listed on the regional stock exchanges of Delhi Stock Exchange Limited, Ahmedabad Stock Exchange Limited, Madhya Pradesh Stock Exchange Limited & Ludhiana Stock Exchange Limited which were not fulfilling the eligible criteria including electronic trading as per SEBI guidelines have already been demutualised/de-recognised/under exit route. The company has now got in-principle approval for listing of all the equity shares of the company on Bombay Stock Exchange Limited (BSE) under the Direct Listing Category and the trading approval for fully paid up equity shares on BSE had already been granted by them. The Company has also paid the listing fees to BSE Ltd for financial year 2015- 16.

**15. ENVIRONMENT AND SAFETY**

The Company is conscious of importance of environment clean and safety operations. The company conducts operation in such a manner as to ensure safety of all concerned, compliances of environmental regulations and prevention of various natural resources. As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. During the year under review, no complaints were reported to the board.

**16. PUBLIC DEPOSITS:**

The Company has not raised any deposits from the public except the interest free unsecured loan from the Promoter Director of the Company. Hence the provisions of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 with regard to acceptance of deposits from public are not attracted.

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

The information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014,



regarding conservation of energy, technology absorption and foreign exchange earnings & outgo is given in "Annexure-C" of this report.

#### **18. PARTICULARS OF EMPLOYEES**

The disclosures in respect of managerial remuneration as required under Section 197(12) read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in Rule 5 (2) and 5 (3) Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is given in "Annexure D" of this report.

#### **19. CODE OF CONDUCT:**

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all Senior Manager Personnel in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts. The Code has been posted on the Company's website.

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and all Senior Manager Personnel in their business dealings and in particular on matters relating

to integrity in the work place, in business practices and in dealing with stakeholders

#### **20. CORPORATE GOVERNANCE**

The Corporate Governance, which forms an integral part of this Report, are set out as separate Annexure, together with the Certificate from the auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

#### **21. 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**

**(Raj Kumar Avasthi)**  
**Chairman**  
**DIN: 01041890**

**Place: Ludhiana**  
**Date : 14.08.2015**

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

**ANNEXURE A TO DIRECTOR'S REPORT  
SECRETARIAL AUDIT REPORT  
For Financial Year Ended 31st March, 2015****(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)**

To  
The Members,  
Sportking India Limited  
5/69, Guru Mansion,  
Padam Singh Road,  
New Delhi-110005

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sportking India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2015 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA) and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings-Not Applicable during the period under review;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not Applicable during the period under review;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 :-Not Applicable during the audit period under review;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not Applicable during the period under review;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client ;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009-Not Applicable as the Company has not delisted its securities from any of the stock exchange during the financial year;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998-Not Applicable as the Company has not bought back any of the securities during the financial year ;
6. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts as Environmental Laws & Labour Laws as per list attached herewith.

We have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards issued by The Institute of Company Secretaries of India- Not notified during the audit hence not applicable on Company.

- b. The Listing Agreement entered into by the Company with Ahmadabad Stock Exchange Limited, Delhi Stock Exchange Limited, Ludhiana Stock Exchange Limited and Madhya Pradesh Stock Exchange Limited.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that**

There are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the company has made the following decisions which are having major bearing in the Company's affair in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.

- a. To synchronization with the provisions of Companies Act, 2013 Company has passed a Special Resolution under section 180 (1) (a) and 180 (1) (c) of the Companies Act, 2013 in their Annual General Meeting held on 11.09.2014.
- b. Company has adopted new set of Articles of Association in terms of Companies Act, 2013 by passing Special Resolution in their Annual General Meeting held on 11.09.2014.
- c. Company has passed a Special Resolution to get the approval from the shareholders of the company regarding related party transactions under section 188 of the Companies Act, 2013 in their Annual General Meeting held on 11.09.2014.

**For B K Gupta & Associates  
Company Secretaries**

**(Bhupesh Gupta)  
Partner**

**M No. : FCS 5708  
CP No. : 4590**

**Place: Ludhiana  
Dated: 14.08.2015**

Note: This report is to be read with our letter of even date which is annexed and forms an integral part of this report.

**LIST OF LABOUR LAWS AND ENVIRONMENTAL LAWS WHICH HAVE BEEN VERIFIED DURING AUDIT PERIOD****List of Labour Laws**

Factories Act, 1948  
Industrial Disputes Act, 1947  
The Payment of Wages Act, 1936  
The Minimum Wages Act, 1948  
Employee's State Insurance Act 1948  
The Payment of Bonus Act, 1972  
The Apprentices Act, 1961

**List of Environmental Laws**

Environment (Protection) Act, 1986  
Water (Prevention and Control of Pollution) Act, 1974  
Air (Prevention and Control of Pollution) Act, 1981  
Hazardous Waste (Management, Handling and Transboundary Movements) Rules, 2008

To  
The Members,  
Sportking India Limited  
5/69, Guru Mansion,  
Padam Singh Road,  
New Delhi-110005

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For B K Gupta & Associates  
Company Secretaries**

**(Bhupesh Gupta)  
Partner  
M No. : FCS 5708  
CP No. : 4590**

**Place: Ludhiana  
Dated: 14.08.2015**

**ANNEXURE B TO THE DIRECTORS' REPORT  
EXTRACT OF ANNUAL RETURN  
(FORM NO. MGT 9)**

**For Financial Year ended on 31<sup>st</sup> March, 2015  
(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company  
(Management & Administration) Rules, 2014)**

**1. REGISTRATION & OTHER DETAILS:**

1.	CIN	L17122DL1989PLC035050
2.	Registration Date	15/02/1989
3.	Name of the Company	Sportking India Limited
4.	Category/Sub-category of the Company	Public Company / Limited by shares
5.	Address of the Registered office	5/69, Guru mansion, First Floor ,Padam Singh Road, Karol Bagh, New Delhi – 110005, Contact details & Ph No. 011-25754885
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Beetal Financial & Computer Services Private Limited Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi – 110 062. Tel.: 91 11 2996 1281, Fax: 91 11 2996 1284

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Textiles	131- Spinning, weaving & Finishing of Textiles	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sr. No.	Name of the Company	Address of the Company	Holding/Subsidiary/Associate	% of Share held	Applicable Section
1	NA				

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

Category of Share holder	No. of Shares held at the beginning of Year (As on 01-04-2014)				No. of Shares held at the end of the Year (As on 31-03-2015)				% Change During the year
	Demat	Physical	Total	% of total Share	Demat	Physical	Total	% of Total Share	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	88000	404700	49200	13.83	102700	399400	502100	14.10	0.27
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (PSIDC)	-	200000	200000	5.62	-	200000	200000	5.62	-
d) Bodies Corp.	1345850	382800	17034050	48.70	1492450	241600	1734050	48.70	-
e) Banks/Fi	-	-	-	-	-	-	-	-	-
<b>Total Shareholder of Promoter (A)</b>	<b>1433850</b>	<b>992900</b>	<b>2426750</b>	<b>68.15</b>	<b>1595150</b>	<b>841000</b>	<b>2436150</b>	<b>68.42</b>	<b>0.27</b>
<b>B. Public Shareholding</b>									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fi	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub Total (B)(1)-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	69600	69600	1.95	-	69600	69600	1.95	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individuals shareholder holding nominal share capital upto Rs. 1 Lakh	-	87595	879850	24.71	4500	865950	870450	24.44	0.27
ii) Individual shareholder holding nominal share capital in excess of Rs.1Lakh	-	114700	114700	3.22	-	114700	114700	3.22	-
c) Others (Specify)									
Non Resident Indians	-	70100	70100	1.97	-	70100	70100	1.97	-
Overseas corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearings Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies-DR	-	-	-	-	-	-	-	-	-
<b>Sub Total (B)(2):-</b>	<b>3900</b>	<b>1130350</b>	<b>1134250</b>	<b>31.85</b>	<b>4500</b>	<b>1120350</b>	<b>1124850</b>	<b>31.58</b>	<b>(0.27)</b>
Total Public Shareholding (B)=(1)+(B)(2)	3900	1130350	1134250	31.85	4500	1120350	1124850	31.58	(0.27)
<b>C. Shares held by Custodian for GDRS&amp; ADRS</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>1437750</b>	<b>2123250</b>	<b>3561000</b>	<b>100.00</b>	<b>1599650</b>	<b>1961350</b>	<b>3561000</b>	<b>100.00</b>	<b>-</b>

**Shareholding of Promoter-**

SN	Shareholders Name	Shareholding at the beginning of the Year			Shareholding at the end of the year			% Change in Share Holding during the Year
		No. of Shares	% of total Share of the Company	% of Share Pledged/ encumbered to the shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total share	
1	Namokar Capital Services Private Limited	798985	22.44	-	798985	22.44	-	-
2	Angle Finvest Private Limited	429600	12.06	-	487900	13.70	-	1.64
3	Sobhagia Sales Private Limited	353315	9.92	62.27	295015	8.28	74.57	(1.64)
4	Punjab State Industrial Development Corporation (PSIDC)	200000	5.62	-	200000	5.62	-	-
5	Sh. Raj Kumar Avasthi	197500	5.55	61.27	203200	5.72	59.55	0.17
6	Smt. Parveen Avasthi	162500	4.56	97.23	162500	4.56	97.23	-
7	Classic Wears Private Limited	130550	3.67	-	130550	3.67	-	-
8	Sh. Munish Avasthi	123200	3.46	-	126900	3.56	79.59	0.10

9	Aradhna Knitwears	21600	0.61	-	21600	0.61	-	-
10	Ashok Kumar Sharma	3000	0.08	-	3000	0.08	-	-
11	Sh. Suraj Dada	2200	0.06	-	2200	0.06	-	-
12	Sh. Jagdish Chandar	1800	0.05	-	1800	0.05	-	-
13.	Smt. Anjali Dada	1500	0.04	-	1500	0.04	-	-
14	Smt. Anjali Avasthi	1000	0.03	-	1000	0.03	-	-
	<b>Total</b>	<b>2426750</b>	<b>68.15</b>	<b>24.72</b>	<b>2436150</b>	<b>68.42</b>	<b>24.62</b>	<b>0.27</b>

**Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Name	Shareholding at the Beginning of the year (01.04.2014)/ end of the year (31.03.2015)		Date	Increase Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of Share shares of the Company	% of Total				No. of Share share of the Company	% of total
1	Angal Finvest Private Limited	429600	12.06	01.04.2014				
				21.07.2014	+58300	Transfer	487900	13.70
		<b>487900</b>	<b>13.70</b>	<b>31.03.2015</b>			<b>487900</b>	<b>13.70</b>
2	Sobhagia Sales Private Limited	353315	9.92	01.04.2014				
				21.07.2014	-58300	Transfer	295015	8.28
		<b>295015</b>	<b>8.28</b>	<b>31.03.2015</b>			<b>295015</b>	<b>8.28</b>
3	Sh. Raj Kumar Avasthi	197500	5.55	01.04.2014				
				22.10.2014	+5700	Transfer	203200	5.72
		<b>203200</b>	<b>5.72</b>	<b>31.03.2015</b>			<b>203200</b>	<b>5.72</b>
4	Sh. Munish Avasthi	123200	3.46	01.04.2014				
				22.10.2014	+3500	Transfer	126700	3.55
				13.11.2014	+200	Transfer	126900	3.56
		<b>126900</b>	<b>3.56</b>	<b>31.03.2015</b>			<b>126900</b>	<b>3.56</b>

**Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	Name	Shareholding at the Beginning of the year (01.04.2014)/ end of the year (31.03.2015)		Date	Increase Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of Share shares of the Company	% of Total				No. of Share share of the Company	% of total
1	Santosh Dass	50000	1.40	01.04.2014	-	Nil Movement during the year		
		<b>50000</b>	<b>1.40</b>	<b>31.03.2015</b>			<b>50000</b>	<b>1.40</b>
2	Vinod Talwar	21600	0.61	01.04.2014	-	Nil Movement during the year		
		<b>21600</b>	<b>0.61</b>	<b>31.03.2015</b>			<b>21600</b>	<b>0.61</b>
3	Marvel Dyers	21600	0.61	01.04.2014	-	Nil		

	& Processors Private Limited (Formerly)- friends dyeing & finishing Mills Pvt. Ltd.)					Movement during the year		
	At the end of year	<b>21600</b>	<b>0.61</b>	<b>31.03.2015</b>			<b>21600</b>	<b>0.61</b>
4	Sam Aviation Private Limited	21600	0.61	01.04.2014	-	Nil		
	At the end of the Year	<b>21600</b>	<b>0.61</b>	<b>31.03.2015</b>		Movement during the year	<b>21600</b>	<b>0.61</b>
5	LWS Knitwear Private Limited	13000	0.36	01.04.2014	-	Nil		
	At the end of the year	<b>13000</b>	<b>0.36</b>	<b>31.03.2015</b>		Movement During the year	<b>13000</b>	<b>0.36</b>
6	Riba Textiles Limited	10800	0.30	01.04.2014	-	Nil		
	At the end of the Year	<b>10800</b>	<b>0.30</b>	<b>31.03.2015</b>		Movement during the year	<b>10800</b>	<b>0.30</b>
7	Amit Garg	10800	0.30	01.04.2014	-	Nil		
	At the end of the year	<b>10800</b>	<b>0.30</b>	<b>31.03.2015</b>		Movement during the year	<b>10800</b>	<b>0.30</b>
8	Nitin Garg	10800	0.30	01.04.2014	-	Nil		
	At the end of year	<b>10800</b>	<b>0.30</b>	<b>31.03.2015</b>		Movement during the year		
9	Rajeev Verma	10800	0.30	01.04.2014	-	Nil	<b>10800</b>	<b>0.30</b>
	At the end of year	<b>10800</b>	<b>0.30</b>	<b>31.03.2015</b>		Movement during the year		
10	Rosy Sharma	10000	0.28	01.04.2014	-	Nil	<b>10000</b>	<b>0.28</b>
	At the end of year	<b>10000</b>	<b>0.28</b>	<b>31.03.2015</b>		Movement during the year		

**Shareholding of Directors and Key Managerial Personnel:**

SN	Name	Shareholding at the Beginning of the year (01.04.2014)/end of the year (31.03.2015)		Date	Increase Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of Share	% of Total shares of the Company				No. of Share	% of total share of the Company
1	A. Director Sh. Raj Kumar Avasthi (Chairman and Managing Director)	197500	5.55	01.04.2014				
				22.10.2014	5700	Transfer	203200	5.72
	At the end of the Year	<b>203200</b>	<b>5.72</b>	<b>31.03.2015</b>			<b>203200</b>	<b>5.72</b>
2	Sh. Munish Avasthi (Managing Director)	123200	3.46	01.04.2014				
				22.10.2014	3500	Transfer	126700	3.55
				13.11.2014	200	Transfer	126900	3.56
	At the end of Year	<b>126900</b>	<b>3.56</b>	<b>31.03.2015</b>			<b>126900</b>	<b>3.56</b>
3	Sh. Naresh Kumar jain (Executive)	1300	0.04	01.04.2014	-	Nil		
						Movement during the		



	Director) At the end of year	1300	0.04	31.03.2015		year	1300	0.04
4	Sh. Ajay Chaudhry (Independent) Director	-	-	01.04.2014	-	Nil Movement During the year	-	-
		-	-	31.03.2015	-		-	-
5	Sh. Sunil Puri (Independent Director)	-	-	01.04.2014	-	Nil Movement during the year	-	-
		-	-	31.03.2015	-		-	-
6	Smt. Harbhajan Kaur Bal (independent Director)	-	-	01.04.2014	-	Nil Movement during the year	-	-
		-	-	31.03.2015	-		-	-
	<b>B. Key Managerial Personal (KMP's)</b>							
7	Sh. Parveen Kumar Gupta (CFO)	-	-	01.04.2014	-	Nil Movement during the year	-	-
		-	-	31.03.2015	-		-	-
8	Sh. Nikhil Kalra (Company Secretary & Compliance officer)	-	-	01.04.2014	-	Nil Movement during the year	-	-
		-	-	31.03.2015	-		-	-

V) **INDEBTEDNESS** - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Amount in Crores			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	667.36	1.00	-	668.36
ii) Interest due but not paid	4.17	-	-	4.17
iii) Interest accrued but not due	1.86	-	-	1.86
Total(i+ii+iii)	673.39	1.00	-	674.39
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	(141.07)	-	-	(141.07)
<b>Net Change</b>	<b>(141.07)</b>	<b>-</b>	<b>-</b>	<b>(141.07)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	527.91	1.00	-	528.91
ii) Interest due but not paid	3.01	-	-	3.01
iii) Interest accrued but not due	1.40	-	-	1.40
<b>Total (i+ii+iii)</b>	<b>532.32</b>	<b>1.00</b>	<b>-</b>	<b>533.32</b>

## VI. REMUNERATION ON OF DIRECTORS AND KEY MANAGERIAL PERSONNEL.

## Remuneration to Managing Director, Whose-time Directors and/or Manager:

SN	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		CMD Sh. Raj Kumar Avasthi	MD Sh. Munish Avasthi	WTD Sh. Naresh Kumar Jain	
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	6900000	6900000	960000	14760000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	1183250	1183250	480000	2846500
	(c) Profits is of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, Specify..	-	-	-	-
5	Others (Lease rent paid)	-	-	-	-
	<b>Total (A)</b>	<b>8083250</b>	<b>8083250</b>	<b>1440000</b>	<b>17606500</b>
	<b>Ceiling as per the Act</b>	<b>Complied with the provision of Schedule V of the Companies Act 2013.</b>			

## Remuneration to other Directors

SN	Particulars of Remuneration	Name of Director			Total Amount
		Mr. Ajay chaudary	Mr. Sunil Puri	Mrs. Harbhajan Kaur Bal	
1	Independent Director				
	Fee for attending board/committee meetings	30000	30000	30000	90000
	Commission	-	-	-	-
	Others, Please Specify	-	-	-	-
	<b>Total(1)</b>	<b>30000</b>	<b>30000</b>	<b>30000</b>	<b>90000</b>
2	Other Non-Executive Directors				
	Fee for attending board/committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, Please Specify	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Managerial Remuneration (1+2)</b>	<b>30000</b>	<b>30000</b>	<b>30000</b>	<b>90000</b>

## Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO (Sh. Parveen K Gupta)	CS (Sh. Nikhil Kalra)	Total
1	Gross Salary	Not Applicable			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		1546574	364933	1911507
	b) Value of Perquisites u/s 17(2) Income-tax Act, 1961		97847	9816	107663
	c) Profits in salary under section 17(3) Income-Tax Act, 1961				
2	Stock Option		-	-	-
3	Sweat equity		-	-	-
4	Commission		-	-	-
	- as % of Profit		-	-	-
	Others Specify		-	-	-
5	<b>Total</b>		<b>1644421</b>	<b>374749</b>	<b>2019170</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Company Act	Brief Description	Details of penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT]/ court]	Appeal made if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**ANNEXURE C TO THE DIRECTORS' REPORT**

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2015.

**1. Conservation of Energy**

The energy management has always been given high priority by the organization & will continue to remain focus area as this is a major portion of expenditure incurred by the organization. The Organization has drawn out an action plan which includes installation of LED tube fixtures with lower wattage, replacement of energy efficient ring frames spindles, installation of drives at various places, reduction in compressed air consumption with VFD (Various Frequency Drives), 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 invertors system in ID & FD fans at boiler, drives in ETP Blower, Installation of Heat Exchangers at Dye House effluent to recover energy and to improve the efficiency of effluent treatment plant. This has helped in saving of fuel consumption and improving boiler efficiency along with enhancing the functioning of ETP Plant and consistency in adhering of Norms.

**(FORM A)****A Power & Fuel Consumption**

	2014-15	2013-14
<b>i) Electricity</b>		
<b>a) Purchased</b>		
Units (Kwh.)	15,53,58,463	14,26,84,532
Amount (Rs.)	98,11,82,686	95,06,15,188
Rate Per Unit (Rs.)	6.32	6.66
<b>b) (Through Generator)</b>		
Units (Kwh)	2,55,427	4,86,758
Amount (Rs.)	43,65,553	69,81,989
Cost per unit (Rs.)	17.09	14.34
<b>ii) Coal / Pet coke</b>		
Qty. (Kgs.)	19,73,201	24,49,543
Amount (Rs.)	2,04,71,096	2,45,70,729

	Rate per unit (Rs.)	10.37	10.03
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>B) Consumption per Unit of production</b>			
i) Electricity (Kwh/Kg. of Product)	3.38		3.33
ii) Coal and Rice Husk	0.04		0.06
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 continual improvement in product quality thereby setting benchmarks for quality and better realization to customer by optimum utilization of available resources. Product Development is a continuous endeavor of the management and contamination free and other fibre dyed products are developed to have better flexibility of product mix to meet different market needs.

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

- Enlargement of market base with new products.
- Quality improvement, customer satisfaction.
- Cost reduction, productivity & efficiency enhancement.
- Enhanced capacity to cater for higher volume to foreign customers.

**iii) Future Course of Action:**

- Productivity enhancement of Spinning Machines
- Development of new products
- 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:**

- Modification of M type Fly Catcher in Ring Frame Area resulting into better productivity and reduced machine down time.
- For better Flats cleaning, installation of flat cleaning device at cards resulting into quality consistency
- Many small initiatives are taken to eliminate frequent failure of some electrical components in card and ring frame to reduce machine downtime thus improving productivity, conserving energy of machines and reduction in maintenance cost.
- Installation of elite compact system in two units more thereby improving product quality in terms of hairiness and strength thus having enlarged capacity to fulfill weaving segment requirement of domestic and international market.
- Upgradation of Uster Quantum clearer for removal of PP contamination.

**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:**

During the financial year 2014-15 the Company has imported the compacting system for improving the product quality.

**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 567.40 Crores by export of its products. The outgoes of foreign exchange is Rs. 65.90 Crores, being the CIF value of imports of raw material/

capital goods/stores & spares, interest on foreign currency loans & overseas commission/traveling expenses.

**Annexure D to the Director's Report****Particulars of employees and related disclosures:**

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No	Names of the Directors/KMP	Designation	Remuneration of the financial year 2014-15 (Rs. In Lacs)	Ratio of Directors/KMP remuneration to Median remuneration	% increase in the Remuneration in the Financial year 2014-15
<b>I Executive Directors</b>					
1	Mr. Raji Kumar Avasthi	Chairman-cum-Managing Director	80.83	101.19	12.66
2	Mr. Munish Avasthi	Managing Director	80.83	101.19	12.66
3	Mr. Naresh Kumar Jain	Executive Director	14.40	18.07	14.28
<b>II Non-Executive Directors</b>					
4	Mr. Ajay Chaudhry	Independent Director	0.30	0.38	-
5	Mr. Sunil Kumar Puri	Independent Director	0.30	0.38	-
6	Dr. Harbhajan Kaur Bal	Independent Director	0.30	0.38	-
<b>III Key Managerial Personnel</b>					
7	Mr. Parveen Kumar Gupta	Chief Financial Officer	16.44	20.59	11.66
8	Mr. Nikhil Kalra	Company Secretary	3.75	4.69	12.22

- There were 4152 permanent employees on the rolls of Company as on March 31, 2015.
- The median remuneration of employees of the Company during the financial year 2014-15 was Rs. 79884/- and there was an increase of 6.39% in the median remuneration of employees over the previous year.
- Relationship between average increase in remuneration/Comparison of Remuneration of the Directors/Key Managerial Personnel(s) and company performance**

The total remuneration of Directors/Key Managerial Personnel increased by 12.68% from Rs. 1.74 crores in 2013-14 to Rs. 1.96 crore in 2014-15.

The gross revenue of the company during the FY 2014-15 was Rs. 1146.06 crores as compared to Rs. 1067.29 during FY 2013-14 which was higher by 7.38% over the previous year. However, the depressed market conditions in Q2 of FY 2014-15 impacted the overall EBITDA margins from Rs. 170.90 crores (16.01%) in FY 2013-14 to Rs. 152.88 crores (13.34%) in FY 2014-15. The Profit after Tax for the financial year ended March 31, 2015 decreased by 70.77% whereas the increase in median remuneration was 6.39%. The total employee cost (white collar and blue collar employees) for the FY 2014-15 was Rs. 53.62 crores against Rs. 51.70 crores for the FY 2013-14, indicating an overall increase of 3.71%.

Average increase in the remuneration is guided by factors like economic growth, inflation, mandatory increases, external competitiveness and talent retention. Whilst the endeavours on cost effective initiatives including employees cost being one of the key areas of cost monitoring and control, the results of any structural initiatives needs to be measured over a long term horizon and cannot be strictly compared with annual performance indicators.

The Company remains committed to pursuing the long term interest of all stakeholders, which includes recruiting and retaining and industry proven management team and ensuring that the Company's leadership and talent base is appropriately remunerated, notwithstanding cyclical phases. This is especially imperative when the company has ongoing growth strategies.

5. **Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;**

As our company was listed on regional stock exchanges which does not have nationwide trading terminal, the said details are not available.

6. **Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2014-15 are as given below:**

Employee Group	%increase made in the salaries
<b>White Collar</b>	10.03
<b>Blue Collar</b>	
--Monthly Wagers	8.96
--Daily Wagers	6.97

Further, percentage increase made in the salaries of managerial remuneration for the same financial year was 12.68%.

7. **The key parameters for the variable component of remuneration availed by the Directors**

There is no variable component in the remuneration of directors.

8. **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year.**

Not Applicable.

9. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

STATEMENT CONTAINING PARTICULARS OF EMPLOYEES AS PER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Name of the Employee	Designation	Remuneration (in Lacs)	Qualification	Age (Years)	Experience (Years)	Joining Date	Prev. Employment
Sh. Raj Kumar Avasthi	Chairman cum Managing Director	80.83	HSC	69	41	15.02.1989	NA
Sh. Munish Avasthi	Managing Director	80.83	Graduate	42	22	01.08.1991	NA

By Order of the Board

(Raj Kumar Avasthi)

Chairman

DIN: 01041890

Place: Ludhiana

Date : 14.08.2015

Regd. Office :

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

## CORPORATE GOVERNANCE REPORT

Corporate Governance is the application of best management practices, continued compliances of law and adherence to highest ethical standards to achieve the Company's objective of enhancing shareholders value and its image. Adopting high standards with transparency gives comfort to all existing and potential stakeholders including government & regulatory authorities, customers, suppliers, bankers, employees and shareholders. The Company remains resolute in its commitment to conduct business in accordance with the highest ethical standards and sound Corporate Governance Practices. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations.

In India, Corporate Governance Standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI), through Clause 49 of the listing agreement of the Stock Exchanges. The Company has adopted best practices mandated in Clause 49. This chapter, 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	203200
Mr. Munish Avasthi	Managing Director & Promoter	126900
Mr. Naresh Kumar 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 meetings are held as and when required. During the year under review, board met four times on 30.05.2014, 14.08.2014, 14.11.2014 and 11.02.2015. 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	4	Yes	-	-	-
Mr. Munish Avasthi	4	Yes	1	-	-
Mr. Naresh Kumar Jain	4	Yes	-	-	-
Mr. Ajay Chaudhry	4	Yes	3	3	3
Mr. Sunil Puri	4	No	-	-	-
Dr. (Mrs.) H.K. Bal	4	No	5	4	2

**Note:**

- i) The above mentioned Directorships exclude private limited companies, foreign companies and Companies under section 8 of the Companies Act, 2013.
- ii) Committee includes Audit Committee and Stakeholders Relationship Committee.

**3. AUDIT COMMITTEE****Composition:**

The Audit Committee of the Company in terms of Section 177 of the Companies Act, 2013 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) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:



- a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same; on the exercise of judgment by the management
  - c. Significant adjustments made in financial statements arising out of audit findings
  - d. Compliance with listing and other legal requirements
  - e. relating to financial statements
  - f. Disclosure of any related party transactions and
  - g. Qualifications in draft audit report.
- v) Discussing with internal auditors any significant finding and follow up there on.
  - vi) 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.
  - vii) 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.
  - viii) 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.
  - ix) Reviewing the functioning of the whistle blower mechanism.
  - x) In addition to the above, all items listed in Clause 49(II) (D) of the Listing Agreement.

The committee met four times in the financial year 2014-15 on 27.05.2014, 14.08.2014, 14.11.2014 & 11.02.2015. 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	4
Dr. (Mrs) H. K. Bal	Member	Non Executive Independent Director	4
Mr. Sunil Puri	Member	Non Executive Independent Director	4

#### 4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The 'Stakeholders' Relationship Committee' (SR Committee) was constituted by the Board due to the dissolution of the 'Shareholders' / Investors' Grievance Committee' (SIG Committee). The SR Committee is primarily responsible to review all matters connected with the Company's transfer of securities and redressal of shareholders' / investors' / security holders' complaints. The Committee also monitors the implementation and compliance with the Company's Code of Conduct for prohibition of Insider Trading.

The SR Committee's composition and the terms of reference meet with the requirements of Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013.

##### Terms of reference

- i) Oversee and review all matters connected with transfer / transmission of shares,
- ii) Approve issue of the Company's duplicate share /certificates
- iii) Consider, resolve and monitor redressal of investors' shareholders' / security holders' grievances related to transfer of securities, non-receipt of Annual Report, non-receipt of declared dividend etc.
- iv) Recommend methods to upgrade the standard of services to investors

- v) Monitor implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading Carry out any other function as is referred by the Board from time to time and / or enforced by any statutory notification / amendment or modification as may be applicable
- vi) Perform such other functions as may be necessary or appropriate for the performance of its duties

The committee met five times in the financial year 2014-15 on 28.04.2014, 07.07.2014, 21.07.2014, 22.10.2014 & 13.11.2014. The attendance of committee members is as under:

Name of the Directors	Designation	Category	No. of Meeting Attended
Dr. (Mrs) H. K. Bal	Chairman	Non Executive Independent Director	5
Mr. Munish Avasthi	Member	Executive Promoter Director	5
Mr. Naresh Kumar Jain	Member	Executive Non Promoter Director	5

As on March 31, 2015, no complaints were outstanding.

## 5. NOMINATION AND REMUNERATION COMMITTEE AND POLICY

### Composition:

During FY 2014-15, the board of the company constituted the "Nomination & Remuneration Committee" on 30.05.2014 in compliance with provisions of section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Committee comprising of three Directors i.e. Dr. (Mrs.) H.K. BAL, Mr. Sunil Puri and Mr. Ajay Chaudhry. Mr. Sunil Puri is the chairman of the committee.

### Terms of reference:

- i) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees
- ii) To carry out evaluation of every Directors performance.
- iii) To devise a policy on Board diversity
- iv) To Identifying the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- v) To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
- vi) To perform such other functions as may be necessary or appropriate for the performance of its duties.

### POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and Managing Director and their remuneration

#### A. Criteria of selection of Non Executive Directors

1. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
2. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

3. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
- i. Qualification, expertise and experience of the Directors in their respective fields
  - ii. Personal, Professional or business standing;
  - iii. Diversity of the Board.

**B. Remuneration to Non-Executive Directors**

Non Executive Directors shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**C. Criteria of selection of Executive Directors**

For the purpose of selection of Executive Directors including Chairman & Managing Director and Whole Time Directors the Nomination & Remuneration (N&R) Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

**D. Remuneration to Executive Directors**

At the time of appointment or re-appointment, the Executive Director's including Chairman & Managing Director and Whole Time Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and Executive Director's including Chairman & Managing Director and Whole Time Directors within the overall limits prescribed under the Companies Act, 2013. The remuneration shall be subject to the approval of the Members of the Company in General Meeting. The remuneration comprises salary, allowances, perquisites, amenities and provident and other retirement benefits funds as approved by the shareholders at the General Meeting.

**E. Remuneration Policy for the Senior Management Employees**

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members, if any) the N&R Committee shall ensure the relationship of remuneration and performance benchmark is clear. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the A&R Committee for its review and approval.

The committee met twice in the financial year 2014-15 on 14.08.2014 and 15.02.2015. The attendance of committee members is as under:

Name of the Directors	Designation	Category	No. of Meeting Attended
Mr. Sunil Puri	Chairman	Non Executive Independent Director	2
Dr. (Mrs) H. K. Bal	Member	Non Executive Independent Director	2
Mr. Ajay Chaudhary	Member	Non Executive Independent Director	2

**Details of the Remuneration paid/payable to the Directors and Key Managerial Personnel for the Year Ended 31<sup>st</sup> March 2015.**

**Executive Directors:**

Name	Designation	Salary (Rs.)	Allowances / Perquisites (Rs.)	Commission (Rs.)	Contribution to PF (Rs.)	Total (Rs.)
Mr. Raj Kumar Avasthi	Chairman & Managing Director	69,00,000	11,83,250	-	-	80,83,250
Mr. Munish Avasthi	Managing Director	69,00,000	11,83,250	-	-	80,83,250
Mr. Naresh Kumar Jain	Executive Director	9,60,000	4,80,000	-	-	14,40,000

**Non Executive Independent Directors:**

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

**Key Managerial Personnel**

Name	Designation	Amount (Rs)
Mr. Parveen K Gupta	Chief Financial Officer	16,44,421
Mr. Nikhil Kalra	Company Secretary	3,74,749

**6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

**Composition:**

Pursuant to the provisions of section 135 and Schedule VII of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee was constituted on 30<sup>th</sup> May 2015, which comprises of three Directors i.e. Mr. Munish Avasthi, Mr. Raj Kumar Avasthi & Mrs. Harbhajan Kaur Bal. Mr. Munish Avasthi is the chairman of the committee. The Company formulated CSR Policy, which is uploaded on the Company's website.

**Terms of reference:**

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made thereunder.
- To recommend the amount of expenditure to be incurred on the CSR activities.
- To monitor the implementation of the CSR Policy of the Company from time to time.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable or as may be necessary or appropriate for performance of its duties.

The committee met once in the financial year 2014-15 on 31.03.2015. The attendance of committee members is as under:

Name of the Directors	Designation	Category	No. of Meeting Attended
Mr. Munish Avasthi	Chairman	Executive Promoter Director	1
Mr. Raj Kumar Avasthi	Member	Executive Promoter Director	1
Dr. (Mrs.) H.K.Bal	Member	Non Executive Independent Director	1

## 7. INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on 27<sup>th</sup> December, 2014, inter alia, to discuss:

- Evaluation of performance of Non Independent Directors and the Board of Directors as a whole.
- Evaluation of performance of Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the Independent Directors were present at the Meeting.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

On appointment of an individual as Independent Director, the Company issues a formal Letter of Appointment to the concerned director, setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a formal familiarisation program which provides information relating to the Company. The programme also provides awareness of the Independent Directors on their roles, rights, responsibilities towards the Company.

## 8. RISK MANAGEMENT COMMITTEE (NON MANDATORY COMMITTEE)

The Risk Management Committee (RM Committee) was constituted by the Board on 14<sup>th</sup> November 2014 adhering to the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Committee's prime responsibility is to implement and monitor the risk management plan and policy of the Company.

### Terms of reference:

- Framing of Risk Management Plan and Policy
- Overseeing implementation of Risk Management Plan and Policy
- Monitoring of Risk Management Plan and Policy
- Validating the process of Risk Management performing such other functions as may be necessary or appropriate for the performance of its oversight function

The committee met once in the financial year 2014-15 on 11.02.2015. The attendance of committee members is as under:

Name of the Directors	Designation	Category	No. of Meeting Attended
Mr. Raj Kumar Avasthi	Chairman	Executive Promoter Director	1
Mr. Munish Avasthi	Member	Executive Promoter Director	1
Mr. Naresh Kumar Jain	Member	Executive Non Promoter Director	1

**9. PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Managing Director and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

**10. ANNUAL GENERAL MEETING:**

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

Meeting	Day	Date	Time	Venue	No. of Special Resolutions Passed
25 <sup>th</sup> AGM	Thursday	11/09/14	2.00 P.M.	5/69, Guru Mansion, 1st Floor Padam Singh Road , Karol Bagh, New Delhi	6
24 <sup>th</sup> AGM	Monday	30/09/13	2.00 P.M.	5/69, Guru Mansion, 1st Floor Padam Singh Road , Karol Bagh, New Delhi.	2
23 <sup>rd</sup> AGM	Saturday	29/09/12	2.00 P.M.	5/69, Guru Mansion, 1st Floor Padam Singh Road, Karol Bagh, New Delhi.	1

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

**11. 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.

**12. 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. Pioneer & Veer Arjun, New Delhi.

**13. GENERAL SHAREHOLDERS INFORMATION:****i) 26<sup>th</sup> Annual General Meeting**

Date	:	30 <sup>th</sup> September, 2015
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**

	:	2015-16 (Tentative)
First Quarter Results (Unaudited)	:	On 14 <sup>th</sup> August, 2015
Second Quarter Results (Unaudited)	:	On or before 14 <sup>th</sup> November, 2015
Third Quarter Results (Unaudited)	:	On or before 14 <sup>th</sup> February, 2016
Fourth Quarter (Audited)	:	On or before 31 <sup>st</sup> May, 2016

**iii) Dates of Book Closure**

: 26<sup>th</sup> to 30<sup>th</sup> Sept., 2015  
(both days inclusive)

**iv) Dividend Payment date**

: No dividend declared.

**v) LISTING:**

The Equity Shares of the Company were listed earlier on regional stock exchanges at Delhi Stock Exchange Limited, Ahmedabad Stock Exchange Limited, Ludhiana Stock Exchange Limited & Madhya Pardesh Stock Exchange Limited which does not have any platform for electronic trading of shares. The in-principle approval for listing of equity shares of the Company have been received from the Bombay Stock Exchange Ltd. (BSE), Mumbai. The Equity Shares (fully paid) of the Company now have been allowed to be traded on Bombay Stock Exchange Limited (BSE) in current financial year. The Company has paid listing fees to BSE for the financial year 2014-15.

**vi) STOCK MARKET DATA (Script Code-539221)**

There is no actual trading of shares due to which no stock market data is available.

**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 31<sup>ST</sup> MARCH 2015.

RANGE No. of Shares	Shareholders		Shares	
	Nos.	% to Total	Nos.	% to Total Shares
Up to 500	1557	74.21	423500	11.90
501 1000	463	22.07	384450	10.80
1001 2000	32	1.53	46300	1.30
2001 3000	15	0.71	34800	0.98
3001 4000	-	-	-	-
4001 5000	09	0.43	39100	1.09
5001 10000	05	0.24	39700	1.11
Above 10001	17	0.81	2593150	72.82
<b>TOTAL</b>	<b>2098</b>	<b>100.00</b>	<b>3561000</b>	<b>100.00</b>

## 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 Jeeda, Kotkapura Road, Distt. Bathinda - 151201

## xii) Address for correspondence :

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

**Registrar & Transfer Agent:**

Beetal Financial & Computer Services (P) Ltd.  
3<sup>rd</sup> 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 : 14.08.2015**

**Raj Kumar Avasthi**  
**Chairman & Managing Director**  
**DIN:- 01041890**

**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, 2015 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**  
**Place: Ludhiana**  
**Dated : 14.08.2015**

**Raj Kumar Avasthi**  
**Chairman & Managing Director**  
**DIN:-01041890**

**Auditors' 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 conditions of Corporate Governance by Sportking India Limited, for the year ended on 31st March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of 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 Stakeholders Relationship Committee.

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

**For Rawla & Company**

Chartered Accountants

FRN : 001661N

**CA Hardeep Singhal**

(Partner)

**M.No.505618**

**Place : Ludhiana**

**Date : 30.05.2015**

**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, 2015, and the Statement of Profit and Loss and the 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**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ('the Act') with respect to 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rule made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

**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, of the state of affairs of the Company as at March 31, 2015 and its Profit and Loss Account and its 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that :
  - a) we have sought and 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule 2014.
  - e) On the basis of written representations received from the directors as on March 31,

2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.

- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigation in its financial statements - Refer Note 27 to the financial statements.
  - (ii) The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

**For Rawla & Company**  
Chartered Accountants  
FRN : 001661N

**CA Hardeep Singhal**  
(Partner)  
M.No.505618

Place : Ludhiana  
Date : May 30, 2015

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2015**

**[Referred in Paragraph (1) of Independent Auditor's report 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 per explained to us, all the fixed assets have been physically verified by the management in a phased periodic 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.
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 were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. According to information & explanations given to us, the company had not granted any loans,

secured & unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

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 and 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. According to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 73 and 74 of the Act and the rules framed there under to the extent notified.
6. We have broadly reviewed the Cost Records maintained by the Company pursuant to the Rules, prescribed by the Central Government of India, the maintenance of cost records has been specified under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and cost records have been made and maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. 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.
  - b) The disputed statutory dues aggregating ₹ 609.21 lacs that have not been deposited on

account of disputed matters pending before the appropriate authorities are as under:

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	1997-98	Nil*	Hon'ble Supreme Court of India
Income Tax Act, 1961	Income Tax	2005-06	99.58	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	2007-08/ 2008-09/ 2009-10	Nil*	Income Tax Appellate Tribunal
Punjab Vat Act, 2005	Vat/C.S.T.	2005-06/ 2006-07	41.18	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
Finance Act, 1994	Excise tax	2010-11	44.87	Joint Secretary, Ministry of Finance, New delhi
Electricity Act 2003	Electricity Charges	2011-12	415.00	High Court of Punjab, Haryana and Chandigarh

\* The income tax department is in appeal.

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

c) The Company had not transferred any amount to investor education and protection fund during the year

8. 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.
9. 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.
10. The Company has not given guarantees for loans

taken by others from banks and financial institutions.

11. 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.
12. 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

**CA Hardeep Singhal**  
(Partner)  
M.No.505618

**Place : Ludhiana**  
**Date : May 30, 2015**

## BALANCE SHEET AS AT 31ST MARCH, 2015

PARTICULARS	NOTE	As at	
		31.03.2015 (₹)	31.03.2014 (₹)
<b>1. EQUITY AND LIABILITIES</b>			
1) Shareholders Funds			
(a) Share Capital	1	119126800.00	118804000.00
(b) Reserves & Surplus	2	1419741611.90	1355527104.45
		<u>1538868411.90</u>	<u>1474331104.45</u>
2) Non-current liabilities			
(a) Long-term borrowings	3	3060566773.25	3398951325.28
(b) Deferred tax liabilities	4	245900000.00	310100000.00
(c) Other Long term liabilities	5	470000.00	10992471.00
(d) Long-term provisions	6	44965182.00	39743433.01
		<u>3351901955.25</u>	<u>3759787229.29</u>
3) Current liabilities			
(a) Short-term borrowings	7	1787254480.86	2814303105.54
(b) Trade payables	8	287569262.32	304070978.32
(c) Other current liabilities	9	805594080.96	839438436.33
(d) Short-term provisions	10	7904450.00	75605236.00
		<u>2888322274.14</u>	<u>4033417756.19</u>
	<b>Total</b>	<u><b>7779092641.29</b></u>	<u><b>9267536089.93</b></u>
<b>2. ASSETS</b>			
1) Non-current assets			
(a) Fixed assets	11		
i) Tangible assets		4415292732.27	4967130887.42
ii) Intangible assets		6209919.18	4879421.86
iii) Tangible Capital work-in-progress		94801844.00	5147331.00
iv) Intangible Assets under Development		7776660.00	0.00
(b) Long-term loans and advances	12	70148003.54	71491311.11
		<u>4594229158.99</u>	<u>5048648951.39</u>
2) Current assets			
(a) Inventories	13	1600141236.73	2373848534.25
(b) Trade receivables	14	649039245.96	979196644.51
(c) Cash and cash equivalents	15	27829992.15	43163540.88
(d) Short-term loans and advances	16	343151321.13	349172586.01
(e) Other current assets	17	564701686.33	473505832.89
		<u>3184863482.30</u>	<u>4218887138.54</u>
	<b>Total</b>	<u><b>7779092641.29</b></u>	<u><b>9267536089.93</b></u>

Significant accounting policies and  
Notes on accounts

1-37

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 Hardeep Singhal  
(Partner)  
M. No. 505618

(P.K. Gupta)  
Chief Financial Officer

(Sukhdev Gupta)  
General Manager (F&A)

(Nikhil Kalra)  
Company Secretary

Place : Ludhiana  
May 30, 2015

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

<b>PARTICULARS</b>	<b>NOTE</b>	<b>YEARENDED 31.03.2015 (₹)</b>	<b>YEAR ENDED 31.03.2014 (₹)</b>
<b>Income</b>			
Revenue From Operations	18	<b>11268843146.11</b>	10648800948.91
Other Income	19	<b>191811270.30</b>	24126367.75
Total Revenue		<b><u>11460654416.41</u></b>	<u>10672927316.66</u>
<b>Expenses</b>			
Cost of Materials Consumed	20	<b>7313442028.35</b>	6575822597.72
Purchase of Traded Goods	21	<b>1702799.00</b>	5000526.00
Changes in inventories of finished goods, Work-in-progress and Stock-in-Trade	22	<b>204965802.97</b>	56170196.00
Employee benefits expense	23	<b>536183508.69</b>	517023685.00
Finance costs	24	<b>802426641.83</b>	812455036.43
Depreciation and amortisation expenses	11	<b>700098766.62</b>	466329709.87
Other expenses	25	<b>1875437424.29</b>	1809814586.11
Total expenses		<b><u>11434256971.75</u></b>	<u>10242616337.13</u>
<b>Profit before tax</b>		<b><u>26397444.66</u></b>	<u>430310979.53</u>
MAT credit entitlement		<b>-6970492.86</b>	-90195333.00
Tax expense:			
Current tax	26	<b>9332068.86</b>	90195333.00
Deferred tax		<b>-56200000.00</b>	155900000.00
<b>Profit (Loss) for the period</b>		<b><u>80235868.66</u></b>	<u>274410979.53</u>
Earning per equity share :			
(1) Basic		<b>22.53</b>	77.06
(2) Diluted		<b>22.53</b>	77.06
Significant accounting policies and Notes on accounts			
	1-37		

**As per our report of even date attached**

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

**CA Hardeep Singhal**  
(Partner)  
M. No. 505618

**Place : Ludhiana**  
**May 30, 2015**

**(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)**  
General Manager (F&A)

**(Naresh Jain)**  
Executive Director

**(Nikhil Kalra)**  
Company Secretary



**CASH FLOW STATEMENT FOR THE PERIOD 1ST APRIL 2014 TO 31ST MARCH, 2015**

Particulars	Current Year 31.03.2015 (₹)	Previous Year 31.03.2014 (₹)
<b>A. CASH FROM OPERATING ACTIVITIES :</b>		
Net Profit before tax & extraordinary items		
Net Profit before tax	26397444.66	430310979.53
Adjustments for :		
Depreciation	700098766.62	466329709.87
Interest on Borrowings	797430612.82	753209952.75
Profit/loss on HDFC Derivatives	0.00	87856381.00
Interest/Rent/Dividend Income	-8880685.04	-14024586.00
Profit/Loss on Assets Sold/Destroyed (Net)	-8829750.15	-1089937.55
<b>OPERATING PROFIT (LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>1506216388.91</b>	<b>1722592499.60</b>
Adjustments for :		
Trade and Other Receivables	251953302.85	-355960732.50
Inventories	773707297.52	-43508884.09
Trade Payable and Other liabilities	-26056206.77	121204444.11
Cash Generated from operating activities	2505820782.51	1052827327.12
Taxes Paid	-77490854.86	-72015939.99
Net Cash from operating activities	2428329927.65	980811387.13
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	-274603280.85	-1133824777.77
Sale of Fixed Assets	11636188.00	1458755.00
Securities	-4240879.00	-1014000.00
Advances for Investing Activities	5584186.57	45249961.30
Interest/Rent/Dividend Received	8880685.04	14024586.00
Net Cash used in Investing Activities	-252743100.24	-1074105475.47
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from the issue of Share Capital	1076000.00	0.00
Proceeds from the Long Term Borrowings	143445071.36	644581260.41
Proceeds from the Short Term Borrowings	-1027048624.68	405954039.57
Repayment of Long Term Borrowings	-510962210.00	-253539613.06
Interest Paid	-797430612.82	-753209952.75
Net Cash used in Financing Activities	-2190920376.14	43785734.17
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-15333548.73</b>	<b>-49508354.17</b>
Opening Cash and Cash Equivalents	43163540.88	92671895.05
Closing Cash and Cash Equivalents	27829992.15	43163540.88

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

**CA Hardeep Singhal**  
(Partner)  
M. No. 505618

**Place : Ludhiana**  
**May 30, 2015**

**(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)**  
General Manager (F&A)

**(Naresh Jain)**  
Executive Director

**(Nikhil Kalra)**  
Company Secretary

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015  
CORPORATE INFORMATION**

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

**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, 2013, including the Accounting Standards notified there under. Value Added Tax (VAT), Income Tax, Wealth Tax, 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 Contingent 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 Fixed Assets when it is put to use on the basis of the useful life of the assets as prescribed in schedule II under the provisions of The Companies Act, 2013.
- 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 waste | 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 note 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.

PARTICULARS	As at 31-03-2015 ₹	As at 31-03-2014 ₹
<b>NOTE - 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
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
<b>Issued</b>		
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
	<b>120772000.00</b>	<b>120772000.00</b>
<b>Subscribed and fully paid up</b>		
30702000 (Previous Year 29,77,000) Equity Shares of ₹ 10/- each fully paid up	30702000.00	29770000.00
85,16,200 (Previous Year 85,16,200) 5% Redeemable Non Cumulative Preference Shares of ₹ 10/- each fully paid up	85162000.00	85162000.00
	<b>115864000.00</b>	<b>114932000.00</b>
<b>Subscribed but not fully paid up</b>		
4,90,800 (Previous Year 5,84,000) Equity Shares of ₹ 10/- each partly paid up	4908000.00	5840000.00
Less : Calls in Arrears		
a) From directors & officers	0.00	0.00
b) From others	1645200.00	1968000.00
	<b>3262800.00</b>	<b>3872000.00</b>
	<b>119126800.00</b>	<b>118804000.00</b>

- 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 on all resolution at every meeting of the company on the dividends to them are in arrears for the two financial years immediately preceding the last meeting or for any three years during the period of six years ending with the financial years preceding the last meeting. 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 (₹ 16,45,200/- PY. ₹ 19,68,000/-) and Share Premium Account (₹ 38,38,800/- PY. ₹ 45,92,000/-) in the ratio of three to seven.

- d) Reconciliation of the Number of shares

	As at 31.03.2015	As at 31.03.2014
i) Equity shares		
Opening Balance	3561000	3561000
Add : Addition during the year	0	0
Less : Reduction in shares	0	0
Closing Balance	<u>3561000</u>	<u>3561000</u>
ii) Preference shares		
Opening Balance	8516200	8516200
Add : Addition during the year	0	0
Less : Reduction in shares	0	0
Closing Balance	<u>8516200</u>	<u>8516200</u>

- 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	487900	(13.70%)	429600	(12.06%)
-Sobhagia Sales Private Limited	295015	(8.28%)	353315	(9.92%)
-Sh. Raj Kumar Avasthi	203200	(5.71%)	197500	(5.55%)
-Punjab State Industrial Development Corp. Ltd.	200000	(5.62%)	200000	(5.62%)
ii) Redeemable preference shares				
-Sh. Raj Kumar Avasthi	2489000	(29.23%)	2489000	(29.23%)

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

f) No. of shares for the period of five years immediately preceeding 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 - 2 : RESERVES AND SURPLUS

	As at 31.03.2015 (₹)	As at 31.03.2014 (₹)
a) Capital Redemption Reserve		
As per Last Balance Sheet	<b>28332300.00</b>	24074200.00
Add : Transfer from Statement of Profit & Loss Account	<b>4258100.00</b>	4258100.00
	<b>32590400.00</b>	28332300.00
b) Securities Premium Reserve		
As per Last Balance Sheet *	<b>472985000.00</b>	472985000.00
Add : On issue of preference shares	<b>0.00</b>	0.00
Less : Call in arrers	<b>3838800.00</b>	4592000.00
	<b>469146200.00</b>	468393000.00
* Refer Note No. 3 (c)		
c) Capital Investment Subsidy Reserve		
As per Last Balance Sheet	<b>9000000.00</b>	9000000.00
	<b>9000000.00</b>	9000000.00
d) General Reserve		
As per Last Balance Sheet	<b>300000.00</b>	300000.00
	<b>300000.00</b>	300000.00
e) Statement of Profit and Loss		
As per the last financial statement	<b>849501804.45</b>	579348924.92
Add : As per Statement of profit and loss	<b>80235868.66</b>	274410979.53
Less : Transfer to Capital Redemption Reserve	<b>4258100.00</b>	4258100.00
Less: Adjustment relating to Fixed Assets (Refer Note No. 11)*	<b>16774561.21</b>	0.00
Closing Balance	<b>908705011.90</b>	849501804.45
* Net of Deferred Tax of Rs. 80 Lacs	<b>1419741611.90</b>	1355527104.45

PARTICULARS	As at 31-03-2015	As at 31-03-2014
<b>NOTE - 3 : LONG TERM BORROWINGS</b>		
a) Secured Term loans :		
From Banks		
- Rupee Loans	2226361233.25	3112086777.28
- Foreign Currency Loans (FCL)	768162240.00	0.00
	<b>2994523473.25</b>	<b>3112086777.28</b>
Acceptance payable/ Buyer's Credit (Machinery) under Bank's LC/LOU*		
Foreign Currency Loan (FCL)	56043300.00	276864548.00
b) Unsecured Loans and advances:		
- From Directors	10000000.00	10000000.00
	<b>3060566773.25</b>	<b>3398951325.28</b>

\* To be paid out of term loans already sanctioned by member banks and/or margin money lying with banks.

- 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 the Company situated at Village Mehraban/ Village Kanech/ Village Barmalipur, Ludhiana and 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 HDFC Bank Limited/ ICICI Bank Limited are 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 31.03.2016
- iv) The Company has not defaulted in repayment of loans and interest.
- v) Terms of repayment of term loans including acceptance payable/ buyer credit forming part of term loans.

#### CURRENT YEAR

Name of Bank	As at 31.03.2015 ₹	Installments o/s as at 31.03.2015	Payable within 12 months ₹
<b>TERM LOANS PROJECT</b>			
State Bank of Patiala-(INR)	26760.00	(Quarterly) 7	23668440.00
(FCL)	55791420.00		
Punjab National Bank	62500000.00	8	31250000.00
Punjab National Bank	12500000.00	8	6250000.00
Punjab National Bank	12500000.00	8	6250000.00
Punjab National Bank	44000000.00	11	14000000.00
State Bank of Patiala-(INR)	417840.00	18	44454920.00
(FCL)	356158320.00		
Punjab National Bank	397973523.00	19	54000000.00
Punjab National Bank	304451245.00	32	32400000.00
Allahbad Bank	185332953.00	19	26000000.00
Central Bank of India	586740527.00	28	62400000.00
Allahbad Bank	676748014.00	28	72400000.00
State Bank of India-(INR)	2237500.00	27	38115820.00
(FCL)	462451680.00		
Punjab & Sind Bank	265402169.43	28	24068000.00



Name of Bank	As at 31.03.2015 ₹	Installments o/s As at 31.03.2015	Payable within 12 months ₹
<b>Term Loans Vehicles</b>		(Monthly)	
HDFC Bank Limited	12396.70	1	12396.70
HDFC Bank Limited	163102.63	10	163102.63
HDFC Bank Limited	517780.36	11	517780.36
HDFC Bank Limited	253812.09	22	131248.27
ICICI Bank Limited	3042632.00	12	3042632.00
ICICI Bank Limited	77098.00	5	77098.00
ICICI Bank Limited	516510.00	13	474682.00
ICICI Bank Limited	395823.00	41	102681.00
ICICI Bank Limited	395823.00	41	102681.00
ICICI Bank Limited	469172.00	41	121686.00
ICICI Bank Limited	480106.00	41	124551.00
ICICI Bank Limited	480106.00	41	124551.00
ICICI Bank Limited	480106.00	41	124551.00
ICICI Bank Limited	480106.00	41	124551.00
ICICI Bank Limited	533645.00	41	138425.00
ICICI Bank Limited	395823.00	41	102681.00
ICICI Bank Limited	395823.00	41	102681.00
ICICI Bank Limited	762576.00	28	304724.00
ICICI Bank Limited	721690.00	54	132726.00
	<u>3435806082.21</u>		<u>441282608.96</u>
Net of Instalments	2994523473.25		
<b>Name of Bank</b>	<b>As at 31.03.2014 ₹</b>	<b>Installments o/s As at 31.03.2014</b>	<b>Payable within 12 months</b>
<b>Term Loans Project</b>		(Quarterly)	
State Bank of Patiala	12500000.00	4	12500000.00
State Bank of India	18341000.00	4	18341000.00
State Bank of Patiala	94000000.00	12	31200000.00
Punjab National Bank	93750000.00	12	31250000.00
Punjab National Bank	18750000.00	12	6250000.00
Punjab National Bank	18750000.00	12	6250000.00
Punjab National Bank	58000000.00	15	14000000.00
State Bank of Patiala	41850000.00	23	54000000.00
Punjab National Bank	451973613.00	23	54000000.00
Punjab National Bank	200824811.00	32	0.00
Allahbad Bank	138044182.00	23	26000000.00
Central Bank of India	584552764.00	32	61545819.00
Allahbad Bank	641162410.00	32	72400000.00
State Bank of India	517136084.00	32	46475317.00
Punjab & Sind Bank	299103090.00	32	28884000.00
<b>Term Loans Vehicles</b>		(Monthly)	
HDFC Bank Limited	947781.14	12	1005262.64
HDFC Bank Limited	152353.78	13	139957.08
HDFC Bank Limited	336937.54	22	173834.91
HDFC Bank Limited	628647.27	4	628647.27
HDFC Bank Limited	1023202.00	23	505420.66
ICICI Bank Limited	5849731.00	24	2807099.00
ICICI Bank Limited	261459.00	17	184361.00
ICICI Bank Limited	944364.00	25	427854.00
HDFC Bank Limited	369702.28	34	115891.01
ICICI Bank Limited	488659.00	53	92836.00
ICICI Bank Limited	488659.00	53	92836.00
ICICI Bank Limited	579171.00	53	109999.00
ICICI Bank Limited	592720.00	53	112614.00
ICICI Bank Limited	592720.00	53	112614.00
ICICI Bank Limited	592720.00	53	112614.00
ICICI Bank Limited	592720.00	53	112614.00
ICICI Bank Limited	658791.00	53	125146.00
ICICI Bank Limited	488659.00	53	92836.00
ICICI Bank Limited	488659.00	53	92836.00
ICICI Bank Limited	1036363.00	40	273787.00
	<u>3582501973.01</u>		<u>470415195.57</u>
Net of Instalments	3112086777.44		

PARTICULARS	AS AT 31-03-2015	AS AT 31-03-2014
<b>NOTE - 4 : DEFFERED TAX LIABILITY</b>		
Deferred tax liabilities		
Related to Fixed Assets	<b>28400000.00</b>	38510000.00
Deferred tax assets		
Disallowances under the Income Tax Act	<b>38100000.00</b>	75000000.00
Net Deferred tax liability	<b><u>245900000.00</u></b>	<u>310100000.00</u>
<b>NOTE - 5: OTHER LONG TERM LIABILITIES</b>		
Security Deposits from persons other than directors	<b>470000.00</b>	370000.00
HDFC Bank Limited dues	<b>0.00</b>	10622471.00
	<b><u>470000.00</u></b>	<u>10992471.00</u>
<b>NOTE - 6: LONG TERM PROVISIONS</b>		
Provision of employee benefits : (Refer to Note No. 23 (i))		
a) Leave encashment	<b>15651398.00</b>	12391340.00
b) Gratuity	<b>29313784.00</b>	27352093.01
	<b><u>44965182.00</u></b>	<u>39743433.01</u>
<b>NOTE - 7 : SHORT TERM BORROWINGS</b>		
a) Secured		
- Working Capital borrowings from banks		
Rupee Term Loan	<b>1207091113.86</b>	1919072687.88
Forgien Currency Loans (FCL)	<b>199282856.00</b>	199485696.33
- Acceptances payable Buyer's Credit (Raw Material) under Bank's LC/LOU		
Acceptances payable in Rupee	<b>380880511.00</b>	633661583.33
Buyer Credit repayable in Foreign Currency	<b>0.00</b>	62083138.00
b) Unsecured	<b><u>1787254480.86</u></b>	<u>2814303105.54</u>
	<b>Current Year</b>	<b>Previous Year</b>
i) <b>Secured</b>	Total outstanding	Total outstanding
State Bank of India (INR)	360342685.16	504431622.76
(FCL)	194789113.00	199485696.33
State Bank of Patiala (INR)	351028598.29	336448854.10
(FCL)	4493743.00	
Punjab National Bank	142433550.69	379346875.38
Central Bank of India	136364689.72	90955564.04
Punjab & Sind Bank	0.00	3622737.60
Warehouse Receipt Limits		
Punjab National Bank	117013744.00	604267034.00
State Bank of India	99907846.00	0.00
	<b><u>1406373969.86</u></b>	<b><u>2118558384.21</u></b>
ii) The Working capital borrowings (Cash Credit / Export Packing Credit) and Acceptances Payable/ Buyer Credit/ Letter of Credit/ Letter of Comfort/ Bank Guarantee Limit from consortium member banks		

viz. State Bank of India, State Bank of Patiala, 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/ Village Kanech/ Village Barmalipur, Ludhiana and 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).

- iii) The working capital borrowings (Pledge of Warehouse Receipts) from State Bank of India and Punjab National Bank is secured against pledge of warehouse receipts of the raw cotton bales stored in approved warehouse.

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

- iv) Working capital loans are repayable on demand.

PARTICULARS	As at 31-03-2015	As at 31-03-2014
<b>NOTE - 8 : TRADE PAYABLES</b>		
Due to Micro, Small & Medium Enterprises*	<b>10708693.59</b>	5815802.18
Others	<b>276860568.73</b>	298255176.14
	<b><u>287569262.32</u></b>	<u>304070978.32</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 - 9 : OTHER CURRENT LIABILITIES**

a) Current Maturities of long term debt (Refer to Note No. 3)	<b>441282608.96</b>	470415195.57
b) Interest accrued but not due on borrowings	<b>13975423.95</b>	18606415.43
c) Interest accrued and due on borrowings	<b>30126387.49</b>	41725408.00
d) Advances from Customers	<b>34264463.51</b>	18076622.50
e) Creditors for Capital Expenditure	<b>2731823.29</b>	4550746.22
f) Security deposit/retention money	<b>951392.99</b>	7560405.99
g) Other liabilities		
Statutory dues	<b>23832814.53</b>	11111780.80
Employee dues	<b>58453286.03</b>	59598432.95
HDFC Bank Limited dues	<b>10684654.30</b>	30035558.00
Others	<b>189291225.91</b>	177757870.87
	<b><u>805594080.96</u></b>	<u>839438436.33</u>

PARTICULARS	As at 31-03-2015	As at 31-03-2014
<b>NOTE - 10: SHORT TERM PROVISIONS</b>		
a) Provision for Taxation		
Provision	<b>6441626.00</b>	94487530.00
Less : Paid	<b>1302176.00</b>	21189294.00
	<u><b>5139450.00</b></u>	<u>73298236.00</u>
b) Provision of employee benefits : (Refer Note No 23(i))		
- Leave encashment	<b>1650000.00</b>	1278000.00
- Gratuity	<b>1115000.00</b>	1029000.00
	<u><b>2765000.00</b></u>	<u>2307000.00</u>
	<u><b>7904450.00</b></u>	<u>75605236.00</u>
(*Note 11- Fixed Assets on next page)		
<b>NOTE - 12: LONG TERM LOANS &amp; ADVANCES</b>		
Unsecured but considered good		
a) Capital Advances	<b>13643847.54</b>	19122034.11
b) Security Deposits	<b>55228156.00</b>	50987277.00
c) Others-Prepaid Expenses	<b>1276000.00</b>	1382000.00
	<u><b>70148003.54</b></u>	<u>71491311.11</u>
<b>NOTE - 13 : INVENTORIES</b>		
(at cost or net realisable value, whichever is lower)		
a) Raw Material	<b>942095482.73</b>	1485215395.00
b) Raw Material in transit	<b>22435508.00</b>	31853693.00
c) Work in Progress	<b>111034782.28</b>	166632979.96
d) Finished Goods / Stock in Trade	<b>472648433.00</b>	622016038.29
e) Store and Spares	<b>51927030.72</b>	68130428.00
	<u><b>1600141236.73</b></u>	<u>2373848534.25</u>
<b>NOTE - 14 : TRADE RECEIVABLES</b>		
(Unsecured, unconfirmed & considered Good) (Refer to note no. 29)		
a) Due over six months	<b>32634613.98</b>	52308024.00
b) Others	<b>616404631.98</b>	926888620.51
	<u><b>649039245.96</b></u>	<u>979196644.51</u>
<b>NOTE - 15 : CASH AND CASH EQUIVALENTS</b>		
a) Cash & cash equivalents		
Balances with banks in current accounts	<b>3576248.04</b>	2685815.36
Cash on Hand	<b>24253744.11</b>	20405725.52
b) Other bank balances		
Fixed deposit with Banks		
(Margin money for bank guarantee/Letter of Credit / undertakings)	<b>0.00</b>	20072000.00
	<u><b>27829992.15</b></u>	<u>43163540.88</u>

**\*NOTE - 11 : FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As At 01-04-2014	Addition during the year	Sale/Adjust- ment during the year	As at 31-03-2015	As at 01-04-2014	Provided for Assets with Nil life as on 01-04-2014	Sale/Adjust- ment during the year	As at 31-03-2015	Dep Written Back	As at 31-03-2015	As at 31-03-2014
Land	172284581.00	0.00	0.00	172284581.00	0.00	0.00	0.00	0.00	0.00	172284581.00	172284581.00
Building	1717288815.77	10394854.00	0.00	1727683669.77	196017461.65	5486671.13	51311875.21	0.00	0.00	1474867661.78	1521271354.12
Building Lease Hold	27330120.00	0.00	0.00	27330120.00	7696559.58	0.00	327260.07	0.00	0.00	16361300.35	19633560.42
Plant & Machinery	488254859.22	158105524.17	42394339.57	509706604.32	1780102302.94	191083822.69	831772882.28	39578293.03	0.00	2705665319.94	3201152556.28
Vehicles	52184482.11	1389042.00	652624.00	52920101.11	17319210.46	163822.35	647061.53	562229.28	0.00	29550035.05	34865281.65
Furniture & Fixture	24645839.29	1722476.00	0.00	26368315.29	672226.31	40225.04	3041967.79	0.00	0.00	16563835.15	17923553.98
<b>TOTAL</b>	<b>697466707.39</b>	<b>17161866.17</b>	<b>42946963.57</b>	<b>710363639.99</b>	<b>2007857819.94</b>	<b>2477461.21</b>	<b>66586046.88</b>	<b>4014022.31</b>	<b>0.00</b>	<b>288380607.72</b>	<b>4415292732.27</b>
Previous Year	582232789.60	1151409975.79	3654058.00	697498707.39	1546386486.72	0.00	462756573.78	3265240.55	0.00	4967130887.45	4278846302.88
<b>II) Intangible Assets</b>											
	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>		
Particulars	As At 01-04-2014	Addition during the year	Sale/Adjust- ment during the year	As at 31-03-2015	As at 01-04-2014	Provided Assets with Nil life as on 01-04-2014	Provided for the year the year	Sale/Adjust- ment during the year	As at 31-03-2015	Dep Written Back	As at 03-2014
Computer Software	1225486.00	500215.00	0.00	1725701.00	520479.75	0.00	507202.07	0.00	1027881.82	0.00	705006.25
Electric Line Expenses	18287181.00	5060000.00	0.00	23347181.00	14112765.40	0.00	3722515.60	0.00	17835281.00	0.00	4174415.60
<b>TOTAL</b>	<b>19512867.00</b>	<b>5600215.00</b>	<b>0.00</b>	<b>25072882.00</b>	<b>14633245.15</b>	<b>0.00</b>	<b>429717.67</b>	<b>0.00</b>	<b>18862962.82</b>	<b>0.00</b>	<b>4879421.85</b>
Previous Year	30442049.90	1680515.00	0.00	32122565.90	23670007.95	0.00	3573136.10	0.00	27243144.05	0.00	6772041.95
<b>III) Capital Work in Progress</b>											
TANGIBLE ASSETS	5147331.00	93881985.00	4327476.00	94801844.00	0.00	0.00	0.00	0.00	0.00	0.00	5147331.00
INTANGIBLE ASSETS	0.00	7776660.00	0.00	7776660.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>5147331.00</b>	<b>10175846.00</b>	<b>4327476.00</b>	<b>102576504.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5147331.00</b>
PREVIOUS YEAR	24413045.00	5147331.00	24413045.00	5147331.00	0.00	0.00	0.00	0.00	0.00	0.00	24413045.00

PARTICULARS	As at 31-03-2015	As at 31-03-2014
<b>NOTE - 16 : SHORT TERM LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
Other than related parties		
a) Prepaid Expenses	14408776.00	20413183.00
b) Advance to suppliers (Refer Note No. 29)	178500817.27	185488168.01
c) MAT Credit Entitlement	150241727.86	143271235.00
	<u>343151321.13</u>	<u>349172586.01</u>
<b>NOTE - 17 : OTHER CURRENT ASSETS</b>		
a) Recoverable from Government Departments	225740457.32	227249294.03
b) Claims receivables	338961229.01	246256538.86
	<u>564701686.33</u>	<u>473505832.89</u>
<b>NOTE - 18 : REVENUE FROM OPERATIONS</b>		
a) Sale of products	11006524780.50	10313496798.67
b) Sale of Services	19547850.00	16783242.00
c) Other operating revenue	245638962.11	318865813.35
	11271711592.61	10649145854.02
Less : Excise Duty	2868446.50	344905.11
	<u>11268843146.11</u>	<u>10648800948.91</u>
a) Details of Sale of products		
i) Yarn		
-Export	5721171448.00	5536427000.11
-Domestic	4122139814.50	3741778285.56
Fabric / Cloth	0.00	257250933.00
Waste		
-Export	10274992.00	216624844.00
-Domestic	688937197.00	543231563.00
Others	464001329.00	18184173.00
	<u>11006524780.50</u>	<u>10313496798.67</u>
b) Detail of Sale of Services		
Job Work Charges	19547850.00	16783242.00
c) Details of Other Operating Revenue		
Incremental Export Incentive	1685283.00	40532910.00
Duty Drawback / DEPB Incentive	164657079.11	176966524.34
SHIS Licence Income	33012381.00	13457526.00
Focus Market Incentive	17826123.00	18739762.01
Focus Product Incentive	6782428.00	4138972.00
Other Business Income	13448472.00	60000000.00
Sale of Scrap	8227196.00	5030119.00
	<u>245638962.11</u>	<u>318865813.35</u>

PARTICULARS	Year ended 31-03-2015	Year ended 31-03-2014
<b>NOTE - 19 : OTHER INCOME</b>		
a) Profit on Sales of Assets	8829750.15	1089937.55
b) Misc. Income	6725825.15	9011844.20
c) Rent Received	125000.00	0.00
d) Interest Income	8755685.04	14024586.00
e) Profit/Loss on Forward Contracts	26891602.00	0.00
f) Excise Duty (Written Back)	205000.00	0.00
g) Difference in foreign currency transactions	113840532.96	0.00
h) Premium on Forward Exchange Contracts (Export)	26437875.00	0.00
	<u>191811270.30</u>	<u>24126367.75</u>
<b>NOTE - 20 : COST OF MATERIAL CONSUMED</b>		
Opening Stock	1517069088.00	1039202051.73
Add : Purchases	6760903931.08	7053689633.99
	<u>8277973019.08</u>	<u>8092891685.72</u>
Less : Closing Stock	964530990.73	1517069088.00
Material Consumed during the year	<u>7313442028.35</u>	<u>6575822597.72</u>
Detail of Material consumed		
Raw Cotton	5704237071.25	4832737193.44
Manmade Fibre	1593158397.10	1741948633.28
Yarn	16046560.00	1136771.00
	<u>7313442028.35</u>	<u>6575822597.72</u>
<b>NOTE - 21 : PURCHASE OF TRADED GOODS</b>		
Purchase of Traded Goods	<u>1702799.00</u>	<u>5000526.00</u>
Detail of Traded Goods		
Manmade Fibre	0.00	0.00
Fabric	1702799.00	5000526.00
Yarn	0.00	0.00
	<u>1702799.00</u>	<u>5000526.00</u>
<b>NOTE - 22: CHANGES IN INVENTORY</b>		
Opening Stock		
Work-In-Progress	166632979.96	123412623.25
Finished Goods / Stock in Trade	622016038.29	721406591.00
	<u>788649018.25</u>	<u>844819214.25</u>
Closing Stock		
Work-In-Progress	111034782.28	166632979.96
Finished Goods / Stock in Trade	472648433.00	622016038.29
	<u>583683215.28</u>	<u>788649018.25</u>
Increase(-)/Decrease(+)/In Stock	<u>204965802.97</u>	<u>56170196.00</u>

PARTICULARS	Year ended 31-03-2015	Year ended 31-03-2014
<b>NOTE - 23 : EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages and Allowances	<b>464900325.03</b>	445430820.98
Contribution to Provident & Other Funds	<b>46318997.16</b>	40856059.02
Gratuity & Leave Encashment	<b>11685735.00</b>	16240000.00
Bonus	<b>6332166.00</b>	7840527.00
Workers & Staff Welfare	<b>6946285.50</b>	6656278.00
	<b><u>536183508.69</u></b>	<u>517023685.00</u>

**23(i) 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	-	12439805.00
Employer's Contribution to Family Pension Fund	-	21605703.00

## 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)	
		31.03.15	31.03.14	31.03.15	31.03.14
<b>a)</b>	<b>Change in Present value of Defined Benefit Obligations.</b>				
	Defined Benefit obligation as on 01.04.2014	35368984	25269931	13669340	10483952
	Current Service Cost	9536889	4943584	5334783	1884148
	Interest Cost	1773591	1563706	0	0
	Actuarial (Gain/Loss)	-4442295	-2380466	0	0
	Benefits Paid	-3712328	-12306	1702725	(3112283)
	Defined Benefit Obligation as on 31.03.2015	38524841	35368983	17301398	9255817



<b>b) Change in fair value of Plan Assets</b>				
Fair value of plan assets as on 01.04.2014	6987891	4940873	-	-
Expected Return on Plan Assets	517233	438810	-	-
Actuarial (Gain/Loss)	0	0	-	-
Employer Contribution	1596979	1620514	-	-
Benefits Paid	-1006046	-12306	-	-
Fair Value of Plan Assets as on 31.03.2015	8096057	6987891	-	-
Actual Return on Plan Assets	0	0	-	-
<b>c) Reconciliation of Fair Value of Assets and Obligations</b>				
Fair Value of Plan Assets as at 31st March, 2015	8096057	6987891	-	-
Present Value of Obligation as at 31st March, 2015	38524841	35368983	17301398	9255817
Amount recognized in Balance Sheet	30428784	28381091	17301398	9255817
<b>d) Expenses recognized in Profit &amp; Loss Account</b>				
Current Service Cost	9536889	4943584	5334783	1884148
Interest Cost	1773591	1563706	-	-
Expected Return on Plan Assets	-517233	438810	-	-
Actuarial (Gain)/ Loss	-4442295	-2380466	-	-
Net Cost	6350952	8448946	5334783	1884148
<b>e) Investment Details</b>				
L.I. C. Group Gratuity Policy	28.55%	28.55%	-	-
<b>f) Actuarial Assumptions</b>				
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 - 24 : FINANCE COST

a) Interest on Bank borrowings	<b>657254482.19</b>	655475221.59
b) Other Borrowing Cost	<b>123946118.64</b>	108228886.84
c) Premium on Forward Exchange Contracts	<b>17198165.00</b>	44535704.00
d) Interest on Income Tax Payments	<b>4027876.00</b>	4215224.00
	<b><u>802426641.83</u></b>	<u>812455036.43</u>

PARTICULARS	Year ended 31-03-2015	Year ended 31-03-2014
<b>NOTE - 25 : OTHER EXPENSES</b>		
<b>Manufacturing expenses</b>		
Power & Fuel and Generator Expenses	<b>1008973710.38</b>	986224654.12
Freight & Cartage	<b>10977077.00</b>	11441617.00
Packing Material	<b>130351604.92</b>	138502414.98
Dyes & Chemicals	<b>90829219.93</b>	93630287.17
Consumption of Stores & Spares	<b>215715348.07</b>	139442806.14
Repairs to Machinery	<b>11831675.99</b>	8440896.27
	<b><u>1468678636.29</u></b>	<u>1377682675.68</u>
<b>Administration expenses</b>		
Rent	<b>1384000.00</b>	1288000.00
Fees & Taxes	<b>6522363.01</b>	4119277.02
Professional Charges	<b>3561655.01</b>	5443999.02
Printing & Stationery	<b>3214772.97</b>	4169342.53
Postage & Telegram	<b>2367748.00</b>	1502665.00
Telephone Expenses	<b>1344787.00</b>	1621077.64
Insurance	<b>8048983.00</b>	8286156.00
Vehicle Maintenance	<b>12096056.02</b>	10804571.40
General Expenses	<b>11549829.77</b>	12936156.22
Building Repair	<b>6255385.99</b>	5055312.83
Charity & Donation	<b>16100.00</b>	126260.00
Travelling & Conveyance	<b>6701636.07</b>	6549121.01
Entertainment Expenses	<b>436506.00</b>	302479.00
Directors' Meeting Fees	<b>90000.00</b>	90000.00
Payment to Auditors*	<b>656095.01</b>	646801.00
Festival Expenses	<b>4156383.01</b>	4601700.00
Service Tax	<b>3667013.93</b>	5157363.00
Worker Conveyance	<b>32884027.00</b>	32469683.02
Advertisement Expenses	<b>514230.00</b>	669074.00
Difference in foreign currency transactions	<b>0.00</b>	23762047.34
Profit/Loss on Forward/Derivative Contracts	<b>0.00</b>	12764719.00
Prior Period Expenses	<b>0.00</b>	1063013.91
	<b><u>105467571.79</u></b>	<u>143428818.94</u>
<b>Selling and Distribution expenses</b>		
Ocean freight and Clearing & forwarding	<b>173761278.99</b>	163031426.08

Cartage, freight	23510428.01	15678304.00
Commission & Discount	104019509.21	109993361.41
	<u>301291216.21</u>	<u>288703091.49</u>
	<u>1875437424.29</u>	<u>1809814586.11</u>

*Payment to Auditors		
-Audit Fee	462000.00	462000.00
-Tax Audit Fees	88000.00	88000.00
-Others - taxation	10000.00	10000.00
Add : Service Tax	69216.00	69216.00
-Reimbursement of expenses	26879.01	17585.00
	<u>656095.01</u>	<u>646801.00</u>

**NOTE - 26 : CURRENT TAX**

a) Current Year	620000.00	90195333.00
b) Previous Year	3132068.86	0.00
	<u>9332068.86</u>	<u>90195333.00</u>

**NOTE - 27****CONTINGENT LIABILITIES**

Sr. No.	Particulars	(₹ in Lacs)	
		As at 31.03.2015	As at 31.03.2014
a)	Letter of Credit(s)/Bank Guarantee(s) issued by banks	408.32	63.00
b)	Bills discounted with banks	15820.35	12031.18
c)	Committments on account of capital account remaining to be executed (Net of Advances) out of which Letter of Credits/Bank Guarantee of Nil (Pr.Year ₹ 368.91 Lacs) net of margin.	1025.02	1312.03
d)	Bonds against un-fulfilled export obligations under Export Promotion Capital Goods/Duty Exemption scheme.	359.69	974.24
e)	Disputed Income Tax Liabilities of cases pending with appellate authorities.	99.58	99.58
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.	41.18	11.19
h)	Disputed Service Taxes liabilities of cases pending with appellate authorities.	-	13.86
i)	Disputed Excise Taxes liabilities of cases pending with appellate authorities.	44.87	44.87
j)	Disputed Electricity Taxes liabilities of cases pending with appellate authorities.	415.00	415.00
K)	Disputed Electricity Tower Case Pending with appellate authorities.	No amount determined	-

**NOTE - 28**

The working capital borrowings and current account balances are net of cheques issued but not presented for payment of ₹ 77880959/- (Previous year ₹ 116194348.54/-) and that of cheques deposited but not credited of ₹ 8,08,00,121/- (Previous year ₹ 3,06,36,899/-) with net amount of ₹ -29,19,162/- (Previous ₹ 8,55,57,449.54). Accordingly, the trade payables and trade receivables are understated to the extent of ₹ 7,78,80,959/- and ₹ 8,08,00,121/- (Previous year ₹ 11,61,94,348.54 and ₹ 3,06,36,899/-) respectively and working capital borrowings have been understated to the extent of ₹ 29,19,162/- (Previous Year ₹ 8,55,57,449.54).

**NOTE - 29**

Details pertaining to related party transactions in compliance of Accounting Standard-18 "Related Parties Disclosure" are as under:-

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

¼ M/s N.R.S. Knitwear's	¼ M/s Sportking Knitwears
¼ M/s Sobhagia Clothing Co.	¼ M/s Darling Demons
¼ M/s Fashionable Attire	¼ M/s Nagesh Classic
¼ M/s. Sobhagia Sales (P) Ltd.	¼ M/s. Classic Wears (P) Ltd.
¼ M/s. Aradhana Fabrics (P) Ltd.	¼ M/s. Marvel Dyers & Processors (P) Ltd.
¼ M/s. N.T.M. Shawls (P) Ltd.	¼ M/s. Namokar Capital Services (P) Ltd.
¼ M/s. Aradhana Knitwears (P) Ltd.	

**b) Key Management Personnel**

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

**2) Related Party Transactions**

Associates Concerns	Sale/Job work sale	Purchase	Machinery Purchased	Total
Sobhagia Sales Private Limited	128674645.00	104790.00	0.00	128779435.00
Classic Wears Private Limited	56983722.00	113442.00	0.00	57097164.00
Aradhana Fabrics Private Limited	24799268.00	1808.00	0.00	24801076.00
Sobhagia Clothing Co. Fashionable Attire	43965200.00	619336832.00	7599000.00	670901032.00
Nagesh Classic	10468067.00	0.00	0.00	10468067.00
N.R.S. Knitwears Private Limited	7702651.00	0.00	0.00	7702651.00
	792567.00	0.00	0.00	792567.00
<b>Total</b>	<b>273386120.00</b>	<b>619556872.00</b>	<b>7599000.00</b>	<b>900541992.00</b>

Key Managerial Personnel	Mangement Services Paid			Lease Rent	Total Paid
	Basic	HRA	Perquisites		
Sh. R.K. Avasthi	6900000.00	0.00	1183250.00	498000.00	8581250.00
Sh. Munish Avasthi	6900000.00	0.00	1183250.00	8000.00	8091250.00
Sh. Naresh Jain	960000.00	480000.00	0.00	0.00	1440000.00
<b>Total</b>	<b>14760000.00</b>	<b>480000.00</b>	<b>2366500.00</b>	<b>506000.00</b>	<b>18112500.00</b>
<b>Relatives of Key Managerial Personnel's</b>					
Smt. Anjali Avasthi	0.00	0.00	0.00	200000.00	200000.00
Raj Kumar (HUF)	0.00	0.00	0.00	480000.00	480000.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>680000.00</b>	<b>680000.00</b>

Unsecured Loan From Director				
Name of Director	Opening Balance as on 01.04.2015	Raised During the year	Paid During the year	Balance as on 31.03.2015
Sh. Munish Avasthi	10000000.00	0.00	0.00	10000000.00

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 31.03.2015 ₹	Outstanding as on 31.03.2014 ₹
M/s Classic Wears Private Limited	1925735.80	44751883.80
M/s Sobhagia Sales Private Limited	126697931.38	318030339.38
M/s Aradhana Fabrics Private Limited	12583305.59	7765542.59
M/s Sobhagia Clothing Co.*	98506813.95	117960210.95

\*includes advances to supplier.

#### NOTE - 30

Accounting for leases has been done in accordance with Accounting Standard -19. 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 ₹ 12,59,000/- (Previous year ₹ 12,88,000/-).

ii) The company has entered into operating leases for its godowns, land, guest house/residential house 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:-

(₹ in Lacs)

Particulars	As on March 31, 2015	As on March 31, 2014
Not Later than one year	12.64	12.88
Later than one year but not later than five years	46.06	51.52
Later than five years	1.24	25.04

Lease deed agreements are pending for execution except of company's premises at 178 Col.Gurdial Singh Road,Civil Lines,Ludhiana.

#### NOTE - 31

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

( ₹ in lacs)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Amount (Foreign Currency)	Amount (In ₹)	Amount (Foreign Currency)	Amount (In ₹)
<b>Hedged Foreign Currency Exposure</b>				
<b>Imports</b>				
USD/INR	15.62	983.59	50.38	3047.49
EURO/INR	-	-	6.81	568.08
CHF/INR	-	-	2.00	137.08
<b>Loans</b>				
FCNR USD/INR	138.86	8744.01	30.00	1814.70
PCFC USD/INR	31.64	1969.27	-	-
<b>Interest</b>				
USD/INR	0.12	7.37	0.45	27.22
<b>Exports</b>				
USD/INR	182.23	11342.00	131.02	7776.04
<b>Un-hedged Foreign Currency Exposure</b>				
Interest USD/INR	-	-	0.01	0.85
Commission USD/INR	11.64	732.67	8.36	505.42

**NOTE - 32**

Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing from 1st April 2014, the Company has recalculated the remaining useful life of fixed assets in accordance with provisions of Schedule II to the Act. In case of Fixed Assets which have already completed their useful life in terms of Schedule II of the Act, the carrying value (net of residual value) of such assets as at 1st April 2014 amounting to ₹ 1.68 Crs (net of deferred tax) has been adjusted to Retained Earnings and in case of other fixed assets the carrying value (net of residual value) is being depreciated as per Straight line method over the re-calculated remaining useful life had the company continued with the previously prescribed depreciation rates as per Schedule-XIV of Companies Act, 1956 the depreciation and amortization expense charged for year ended 31st March 2015 would have been lower by ₹ 16.67 crore and consequently the net profit (before tax) and reserves resulting for the said year would have been higher by the equivalent amount.

**NOTE - 33**

The company had four manufacturing units out of which commercial operation of its oldest unit situated at Village Meharban, Rahon Road, Ludhiana with a meagre capacity of 6720 spindles (out of total capacity of 211344 spindles of the company) had been discontinued from end of September 2014. The company had sold part of its machines having written down value of ₹ 0.26 Crores after providing depreciation of ₹ 3.96 Crores for ₹ 1.14 Crores i.e. on a profit of ₹ 0.88 crores and the remaining operative machines had been transferred to other company's operative units.

## NOTE - 34

(₹ in lacs)

	As on 31.03.2015	As on 31.03.2014		
<b>A CIF Value of Imports</b>				
Raw Materials	3146.92	1868.41		
Stores & Spares	694.86	415.09		
Capital Goods in transit	1587.92	3389.78		
Dyes & Chemicals	20.06	-		
Oil & Lubricants	2.41	-		
<b>B Earning in Foreign Currency</b>				
FOB Value of Exports	56740.67	56611.55		
<b>C Expenditure in Foreign Currency</b>				
Interest	223.43	126.24		
Traveling Expenses	18.52	21.90		
Commission	724.82	842.05		
Subscription	6.84	7.10		
Others	3.51	0.71		
<b>D Value of Imported &amp; Indigenous Raw Material &amp; Store Consumed and Percentage thereof</b>				
<b>Particulars</b>	<b>Value (₹)</b>	<b>% age</b>	<b>Value (₹)</b>	<b>% age</b>
<b>a) Raw Material</b>				
Imported	3320.75	4.54%	1899.87	2.89%
Indigenous	69813.67	95.46%	63858.35	97.11%
<b>b) Stores &amp; Spares/Packing Material</b>				
Imported Spares	667.21	14.87%	408.04	10.62%
Imported Dyes & Chemicals	10.22	0.23%	0.00	0.00
Imported Oil & Lubricants	2.49	0.06%		
Indigenous Spares	2920.10	65.07%	3433.38	89.38%
Indigenous Dyes & Chemicals	887.25	19.77%		

## NOTE - 35

As the company is dealing only in textiles, the operations of the company are considered as a single business segment hence Segment Reporting under Accounting Standard-17 is not applicable.

## 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

Previous year figures have been regrouped/ restated wherever necessary.

## As per our report of even date attached

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

**CA Hardeep Singhal**  
(Partner)  
M. No. 505618

Place : Ludhiana  
May 30, 2015

## For &amp; on behalf of Board of Directors

**(Raj Kumar Avasthi)**  
Chairman & Managing Director

**(Munish Avasthi)**  
Managing Director

**(Naresh Jain)**  
Executive Director

**(P.K. Gupta)**  
Chief Financial Officer

**(Sukhdev Gupta)**  
General Manager (F&A)

**(Nikhil Kalra)**  
Company Secretary

SPORTKING INDIA LIMITED  
 CIN: L17122DL1989PLC035050  
 Regd. office: 5/69, Guru Mansion (First Floor) Padam Singh Road, Karol Bagh, New Delhi-110005  
 E-mail: [cs@sportking.co.in](mailto:cs@sportking.co.in) Website: [www.sportking.co.in](http://www.sportking.co.in)

ATTENDANCE SLIP  
 E-VOTING PARTICULARS

<b>26<sup>th</sup> ANNUAL GENERAL MEETING</b>

I/we hereby record my/our presence at the 26<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, the 30<sup>th</sup> day of September, 2015 at 2.00 p.m. at the registered office of the company at 5/69, Guru Mansion (First Floor) Padam Singh Road, Karol Bagh, New Delhi-110005

DP ID		Folio No.	
Client ID		No. of Shares Held	
Member's/Proxy's Name in Block Letters		Member's/Proxy's	

Note:

- Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting venue.
- Please read instructions given at Note No. 10 of the Notice of 26<sup>th</sup> Annual General Meeting, carefully before voting electronically.

<b>ELECTRONIC VOTING PARTICULARS</b>		
EVSN (E-voting Sequence Number)	User ID/Folio No./DP / Client ID	Sequence No.

.....Cut here.....

SPORTKING INDIA LIMITED  
 CIN: L17122DL1989PLC035050  
 Regd. Office: 5/69, Guru Mansion (First Floor) Padam Singh Road, Karol Bagh,  
 New Delhi-110005  
 E-mail: [cs@sportking.co.in](mailto:cs@sportking.co.in) Website: [www.sportking.co.in](http://www.sportking.co.in)

PROXY FORM (Form No. MGT-11)  
 (Pursuant to section 105(6) of the  
 Companies Act, 2013 and Rule 19(3)  
 of the Companies (Management and  
 Administration Rules, 2014)

Name of the Member(s)		
Registered Address		
Email ID		
Folio No./Client ID		DP ID

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint:

- Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him
- Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him
- Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, the 30<sup>th</sup> day of September, 2015 at 2.00 p.m. at the registered office of the company at 5/69, Guru Mansion (First Floor) Padam Singh Road, Karol Bagh, New Delhi-110005 and at any adjournment thereof in respect of such resolutions as are indicated below:-

Resolution No.	Resolution
1.	To Receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 and the Reports of the Directors and Auditors thereon.
2.	To Appoint a director in place of Sh. Naresh Kumar Jain (DIN 00254045), who retires by rotation and being eligible offers himself for re-appointment.
3.	To Appoint Auditors and fix their remuneration.
4.	To Re-appoint Sh. Sunil Puri as an Independent Director of the Company.
5.	To Re-appoint Smt. Harbhajan Kaur Bal as an Independent Director of the Company.
6.	To Ratify the remuneration of Cost Auditors for the Financial Year 2015-16.
7.	To Alter Articles of Association of the Company.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015

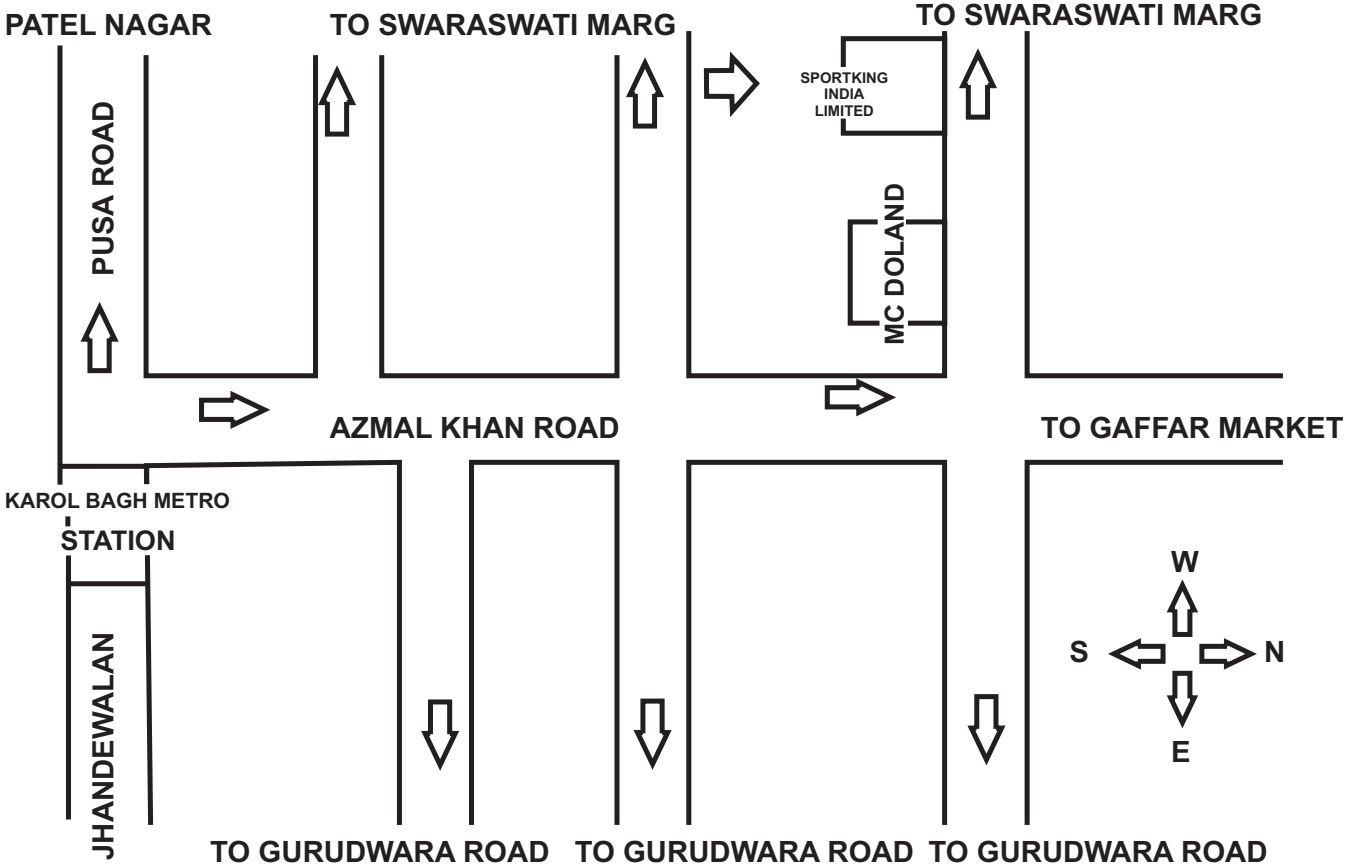
Signature of Shareholder: \_\_\_\_\_ Signature of Proxy holder(s): \_\_\_\_\_



**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



**VENUE OF AGM**  
**SPORTKING INDIA LIMITED**  
 Regd. office: 5/69, Guru Mansion (First Floor) Padam Singh Road,  
 Karol Bagh, New Delhi-110005



**BOOK POST**  
(PRINTED MATTER)

If undelivered please return to :

**SPORTKING INDIA LIMITED**

Regd. office : 5/69, Guru Mansion (1st Floor)  
Padam Singh Road, Karol Bagh,  
New Delhi - 110 005