



Sportking

25th

**ANNUAL REPORT
2013-2014**

SPORTKING INDIA LIMITED

BOARD OF DIRECTORS

Mr. Raj Kumar Avasthi
Mr. Munish Avasthi
Mr. Naresh Jain
Mr. Sunil Puri
Mr. Ajay Chaudhry
Dr (Mrs) H. K. Bal

Chairman & Managing Director
Managing Director
Executive Director
Director
Director
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 Coporate 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 Meharban, Rahon Road,
Ludhiana - 141007

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

Village Jeeda, Kotkapura Road,
Distt. Bathinda - 151201

REGISTRAR & TRANSFER AGENT

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

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NOTICE

NOTICE is hereby given that the **Twenty Fifth Annual General Meeting of the members of Sportking India Limited** will be held on Thursday, the **11th day of September, 2014 at 2.00 P.M.** at Registered office 5/69, Guru Mansion, 1st Floor, Padam Singh Road, Karol Bagh, New Delhi-110005 to transact the following business:

ORDINARY BUSINESS:-

- 1) To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2014, including the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- 2) To appoint Auditors of the Company and fix their remuneration and 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 M/s. Rawla & Co. Chartered Accountants, New Delhi (Registration No. 001661N), the retiring auditors of the Company, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till 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:-

- 3) **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 Sections 149,150,152 read with Schedule IV and all other applicable provisions 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 Ajay Chaudhry (DIN: 00055733), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his Candidature for the

office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto the conclusion of the 26th Annual General Meeting of the Company in the calendar year 2016.”

- 4) **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 Sections 149,150,152 read with Schedule IV and all other applicable provisions 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 a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his Candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto the conclusion of the 26th Annual General Meeting of the Company in the calendar year 2016.”

- 5) **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 Sections 149,150,152 read with Schedule IV and all other applicable provisions 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) Director of the company, whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her Candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto the conclusion of the 26th Annual General Meeting of the Company in the calendar year 2016.”

6) 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 all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) the draft regulations contained in the Articles of Association submitted to this meeting, be and are approved and adopted in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

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.”

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

“RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 21st Annual General Meeting of the Company held on 30th September, 2010 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force), and that of the Articles of Association of the company, the consent of the company be and is hereby accorded to the Board of Directors of the Company (‘The Board’) for borrowings from time to time, any sum or sums of money, on such security and on such terms and conditions as the board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by the company (apart from temporary loans obtained or to be obtained from the company’s bankers in the ordinary course of business) including rupee equivalent of foreign currency loans (such rupee equivalent being calculated at the exchange rate prevailing as on the date of the relevant foreign currency agreement) may exceed, at any time, the aggregate of the paid-up capital of the company and its free reserves provided however, the total amount so borrowed in excess of the aggregate

of the paid-up capital of the company and its free reserves shall not at any time exceed Rs.1000 crores (Rupees one thousand crores only).

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.

RESOLVED FURTHER THAT the board be and is hereby authorised to delegate all or any of the power herein conferred to any committee of directors or any one or more directors of the company.”

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

“RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 21st Annual General Meeting of the Company held on 30th September, 2010 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force), and that of the Articles of Association of the company, the consent of the company be and is hereby accorded to the Board of Directors of the Company (‘The Board’) to hypothecate / mortgage and /or charge and /or encumber in addition to the hypothecations/ mortgage and /or charge and /or encumbrances created by the company, in such form and manner and with such ranking and at such time (s) and on such terms as the board may determine, all or any part of the movable and/or immovable properties of the company wherever situated both present and future and/or create a floating charge on all or any part of the movable/immovable properties of the company and the whole or any part of the undertaking(s) of the company, together with power to take over the management of the business and the concern of the company in certain events of default in favour of the company’s bankers / Financial Institutions / other investing agencies to secure any Rupee/ Foreign currency loans, Guarantee assistance, Standby Letter of Credit/ Letter of Credit, within the overall ceiling prescribed by the members of the Company in

terms of Section 180(1) (c) of the Companies Act, 2013.

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.

RESOLVED FURTHER THAT the board be and is hereby authorised to delegate all or any of the power herein conferred to any committee of directors or any one or more directors of the company.”

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

“RESOLVED THAT subject to the provisions of Section 188, 177 and all other applicable provisions of the Companies Act 2013 and the rules made thereunder, the Equity Listing Agreement (as amended from time to time by the Securities and Exchange Board of India and the Stock Exchanges), and the Memorandum and Articles of the Association of the Company, the consent of the Members be and is hereby accorded for the company to enter into various transactions with its associate companies/ related parties (the meaning of Associate companies / related parties as defined in Companies Act, 2013) for an aggregate value of Rs.300 Crores over a period of 36 Months starting from 1st April 2014, on such terms and conditions as may be agreed by the Board, provided however that the transactions so carried out shall at all times be on arm’s length basis and in the ordinary course of business.

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.

RESOLVED FURTHER THAT the board be and is hereby authorised to delegate all or any of the power herein conferred to any committee of directors or any one or more directors of the company.”

10) **To consider, and if thought fit, to pass, with or without modification(s), the following**

resolution as a Special Resolution:

“RESOLVED THAT in modification of special resolution adopted at the 24th Annual General Meeting of the company held on 30th September, 2013 and pursuant to the provisions of Section 197, 198 read with Schedule V and all other applicable provisions if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to statutory approval(s), if any, the consent of the Company be and is hereby accorded that Sh. Raj Kumar Avasthi, Chairman & Managing director of the Company will be paid commission @ 5% of the net profits of the Company w.e.f. 1st April 2014, in one or more tranches in addition to the remuneration approved earlier. However, the average total amount of remuneration including commission will not exceed Rs. 1000000/- (Rs. Ten Lacs Only) per month w.e.f.1st April 2014 or the limits prescribed under Schedule V of the Companies Act, 2013 whichever is lower.

Minimum Remuneration - Notwithstanding anything to the contrary herein contained, wherein any Financial year, during the currency of the tenure of the Chairman-cum-Managing Director, the Company has no profits or its profits are inadequate, the company will pay remuneration in accordance with the provisions of Schedule V and other applicable provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to alter and vary the terms and conditions so as not to exceed the limits specified in Schedule V of the Companies Act, 2013 including any statutory modification or re-enactment thereof and is authorized to do all such acts, deeds matters and things as may be necessary or expedient for giving effect to said resolution.”

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

“RESOLVED THAT in modification of Special Resolution adopted at the 24th Annual General Meeting of the company held on 30th September, 2013 and pursuant to the provisions of Section

197, 198 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to statutory approval(s), if any, the consent of the Company be and is hereby accorded that Sh. Munish Avasthi, Managing Director of the Company will be paid commission @ 5% of the net profits of the Company w.e.f. 1st April 2014, in one or more tranches in addition to the remuneration approved earlier. However, the average total amount of remuneration including commission will not exceed Rs. 1000000/- (Rs. Ten Lacs Only) per month w.e.f. 1st April 2014 or the limits prescribed under Schedule V of the Companies Act, 2013 whichever is lower.

Minimum Remuneration - Notwithstanding anything to the contrary herein contained, wherein any financial year, during the currency of the tenure of the Managing Director, the company has no profits or its profits are inadequate the company will pay remuneration in accordance with the provisions of Schedule V and other applicable provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to alter and vary the terms and conditions so as not to exceed the limits specified in Schedule V of the Companies Act, 2013 including any statutory modification or re-enactment thereof and is authorized to do all such acts, deeds matters and things as may be necessary or expedient for giving effect to said resolution."

By Order of the Board

Raj Kumar Avasthi
Chairman
DIN: 01041890

Place : Ludhiana
Date : 14.08.2014

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 Nos. 3 to 11 set out above and the details under Clause 49 of the Listing Agreements 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, 1st 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 08th September 2014 to 11th September, 2014 (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) In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, Member have been provided with the facility to cast their vote electronically, through the e-voting services provided on all resolutions set forth in this Notice. Notice of the 25th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes through electronic mode unless any member has requested for a physical copy of the same. For members who have not registered with their email address, physical copies of the Notice of the 25th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.
- 6) If the balance allotment money is not paid so far, pay the same along with interest @15% per annum from the last date of payment of 31.03.96 to the actual date of payment.
- 7) According to the erstwhile provisions of the Companies Act, 1956 Sh. Ajay Chaudhry & Sh. Sunil Puri are liable to retire by rotation at this annual general meeting of the company but pursuant to the provisions of section 149 and schedule IV of the Companies Act, 2013 they are being appointed as an Independent Directors of the Company under Special Business. So ordinary business in respect of directors retiring by rotation has not been proposed.
- 8) 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.
- 9) 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.
- 10) Members are requested to notify change in address, if any, to the company at its Registered office quoting their folio number
- 11) 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.
- 12) 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.
- 13) The terms and conditions for the increased remuneration of Sh. Raj Kumar Avasthi & Sh. Munish Avasthi as detailed in the resolution and statement be treated as an abstract under Section 190 of the Companies Act, 2013
- 14) **The instructions for e-voting are as under:**
 - A. **In case of members receiving e-mail from RTA/CDSL (for Members whose e-mail ids are registered with the Company/ Depositories):**
 - i. If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
 - ii. Log on to the e-voting website www.evotingindia.com.
 - iii. Click on "Shareholders" tab.

iv. Now, fill up the following details in the appropriate boxes:

	For members holding shares in Demat Form	For members holding shares in Physical Form
User ID	For NSDL: 8 character DP ID followed by 8 digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	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) <ul style="list-style-type: none"> Members holding shares in physical form who have not updated their PAN with the Company are requested to use the first two letters of their name in 'Capital Letter' followed by 8 digit folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. For example: If your name is Suresh Kumar with folio number 1234 then enter SU00001234 in the PAN field. Members holding shares in Demat form who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in 'Capital Letter' followed by 8 digit CDSL/NSDL Client ID. For example: If your name is Suresh Kumar and your CDSL DematA/c. No. is 12058700 00001234 then enter SU00001234 or if your NSDL DPID-CLID is IN300100-10001234 then enter SU10001234 in the PAN field. 	
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If details are not recorded with the Depository or the Company please enter your Folio No. / Demat A/c. No. / DPID-CLID, as the case may be, in the Dividend Bank details field. 	

- v. After entering these details appropriately, click on "SUBMIT" tab.
- vi. Members holding shares in physical form will then reach directly to the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password, in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@#\$%&* _). 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.
- vii. Click on the **EVSN- 140808024** for Sportking India Limited to vote.
- viii. 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.
- ix. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- x. 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.
- xi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

B. In case the Members receiving the physical copy of Notice of AGM (for Members whose e-mail ids are not registered with the Company/ Depositories):

Please follow all steps from Sl. no. (ii) to Sl. no. (xi) above, to cast vote.

C. Institutional Shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

General Instructions:

- i. The e-voting period shall commence at 9.30 a.m. on Friday, 5th September, 2014 and shall end at 5.30 p.m. on Sunday, 7th September, 2014. During this period members of the Company, holding shares either in physical

or in dematerialised form, as on the record date i.e. Friday, 8th August, 2014, may cast their vote electronically. The-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

- ii. 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 under help Section or write an email to helpdesk.evoting@cdslindia.com.
- iii. The e-voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the record date i.e. Friday, 08th August, 2014.
- iv. The Company has appointed Mr. Sunny Kakkar, Practising 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.

ANNEXURE TO THE NOTICE**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 3 to 5**

Shri Ajay Chaudhry & Shri Sunil Puri retires by rotation at the ensuing Annual General Meeting under the erstwhile provisions of Companies Act, 1956. Smt. Harbhajan Kaur Bal is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile provision of the Companies Act 1956. All of the aforesaid Directors have held the positions as such for more than five years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

The Company has received notices in writing from member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of Shri Ajay Chaudhry, Shri Sunil Puri and Smt. Harbhajan Kaur Bal for the office of Directors of the Company. It is proposed to appoint Shri Ajay Chaudhry, Shri Sunil Puri and Smt. Harbhajan Kaur Bal as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for a term upto the conclusion of the 26th Annual General Meeting of the Company in the calendar year 2016.

The Company has also received declarations from Shri Ajay Chaudhry, Shri Sunil Puri and 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.

Shri Ajay Chaudhry, Shri Sunil Puri and Smt. Harbhajan Kaur Bal 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. In the opinion of the Board, Shri Ajay Chaudhry, Shri Sunil Puri and Smt. Harbhajan Kaur Bal fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Shri Ajay Chaudhry, Shri Sunil Puri and Smt. Harbhajan Kaur Bal are independent of the management.

Brief resume of Shri Ajay Chaudhry, Shri Sunil Puri and 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 Ajay Chaudhry, 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 Ajay Chaudhry, Shri Sunil Puri and Smt. Harbhajan Kaur Bal are interested in the respective resolution at Item Nos. 3 to 5 of the Notice with regard to their respective appointments.

The relatives of Shri Ajay Chaudhry, Shri Sunil Puri and Smt. Harbhajan Kaur Bal may be deemed to be interested in the resolutions set out respectively at Item Nos. 3 to 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

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 Ordinary Resolutions set out at Item Nos. 3 to 5 of the Notice for approval by the shareholders.

Item No. 6

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

The existing Articles of Association ("**AoA**") of the company are based on the Companies Act, 1956. Not only do several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956, but some regulations in the existing AoA are no longer in the conformity with the Companies Act, 2013.

With the coming into force of the Companies Act, 2013 several regulations of the existing AoA of the company require alterations or deletions. It is therefore considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- a) Provisions related to e-voting, quorum, demand for poll have been brought in line with the Companies Act, 2013;
- b) new provisions relating to appointment of chief financial officer, in addition to managing director and company secretary;
- c) existing articles have been streamlined and aligned with the Act;
- d) provisions related to the chairman of the company that the chairman can also hold the position of managing director of the company at the same time.
- e) the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- f) provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft AoA as they would only lead to duplication – their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft AoA is available at registered office of the company for inspection for perusal by the shareholders and the same can be provided to the shareholders/ stakeholders on his/ her written request to 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 set out at Item No. 6 of the Notice.

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

Item No. 7 & 8

The Ministry of Corporate Affairs vide its General Circular No. 04/2014 dated March 25, 2014 have issued clarification with regard to section 180 of the Companies Act, 2013 that the ordinary resolution passed under

section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to borrowings (subject to the limits prescribed) and / or creation of security on assets of the company will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year from 12.09.2013 being the date of notification of section 180 of the Act.

So, the ordinary resolutions passed by the company under erstwhile section 293 of the Companies Act, 1956 are valid till September 11, 2014. So, the company has decided to pass the special resolutions again under section 180 of the Companies Act, 2013 for sufficient compliance.

Taking into consideration the said requirements the consent of the company be and is hereby accorded to the board of directors of the company to borrow from time to time, a sum of money (apart from temporary loans obtained from bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the company and its free reserves, provided that, the sum or sums so borrowed and the remaining outstanding shall not exceed Rs. 1000 Crores (Rupees one thousand crores only) which is at the same level as approved earlier and to hypothecate /mortgage and/or charge and/or encumber in additions to the hypothecations mortgages and /or charges and /or encumbrances created by the company, in such form and manner and with such ranking and at such time(s) and on such terms as the board may determine, all or any part of the movable and/or immovable properties of the company wherever situated both present and future, and/or create a floating charge on all or any part of the immovable properties of the company wherever situated both present and future, and/or create a floating charge on all or any part of the immovable properties of the company and the whole or any part of the undertaking(s) of the company, together with power to take over the management of the business and the concern of the company in certain events of default, in favour of the Company's bankers/ Financial Institutions/ other investing agencies to secure any Rupee/ Foreign currency loans, Guarantee assistance, Standby Letter of Credit/ Letter of Credit, within the overall ceiling prescribed by the members of the Company, in terms of Section 180(1) (c) of the Companies Act, 2013.

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 set out at Item No. 7 & 8 of the Notice.

The Board recommends the Special Resolution set out at Item No. 7 & 8 of the Notice for approval by the shareholders.

Item No. 9

The company in the ordinary course of its business, and on arm's length basis entered into the related party transactions with its related party/associate company's.

The value of the transactions proposed which would be on arm's length basis, is based on the company's estimated transaction value for FY 2014-15. The proposal has been approved by the Audit Committee in its meeting held on August 14, 2014 in accordance with the Securities and Exchange Board of India Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and the revised clause 49 of the Listing Agreement, to be effective from October 1, 2014 as well as Section 177 of the Companies Act, 2013.

Even though approval of the shareholders would not be required under the provisions of the Companies Act, 2013 for transactions which are in the ordinary course of the Company's business and are at arm length, in terms of the Securities and Exchange Board of India Circular dated April 17, 2014 and the revised Clause 49 of the Listing Agreement, to be effective from October 1, 2014, all existing material related party contracts or arrangements as on the date of the said circular, which are likely to continue beyond March 31, 2015, shall be placed for approval of the shareholders in the first General Meeting subsequent to October 1, 2014. However, a company may choose to get such contracts approved by the shareholders even before October 1, 2014.

The transactions envisaged are likely to exceed during a financial year, 5% of the annual turnover or 20% of the net worth of the Company, whichever is higher as per the latest Audited financial statements of the company and are considered material in terms of the revised clause 49 of the Listing Agreement.

Approval of the shareholders is therefore being sought in terms of the aforesaid Securities and Exchange Board of India Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and the revised Clause 49 of the Listing Agreement, to be effective from October 1, 2014.

The Directors / their relatives may be deemed to be concerned or interested financially or otherwise in the said resolution to the extent of the transaction entered with the related parties/associate concerns while Key Managerial Personnel of the Company / their relatives are not in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 9 of the Notice.

The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

Item No. 10

Sh. Raj Kumar Avasthi - is a founder of the Sportking Group and possesses vast experience and expertise in managing textile businesses including apparel/garment business from the last 40 years. He is working as Managing Director of the company since 1995 and his appointment is valid upto 30.09.2017 on the remuneration as approved by the members in their annual general meeting held on 30th September, 2013. The company has made tremendous progress under his kind guidance and leadership. Keeping in view of his immense contribution to the Company as well as the prevalent packages of the top executives of the corporate houses, the Board recommends that Sh. Raj Kumar Avasthi, Chairman & Managing Director of the Company will be paid commission @ 5% of the net profits of the company in one or more tranches w.e.f. 01st April 2014, in addition to the remuneration approved earlier. However, the average total amount of remuneration including commission shall not exceed Rs. 1000000/- (Rs. Ten Lacs Only) w.e.f. 01st April 2014 per month or the limits prescribed under Schedule V of the Companies Act, 2013 whichever is lower including payment of minimum remuneration as per Schedule V of the Companies Act, 2013 in case of loss or inadequacy of profits. Hence the said resolution is placed before the members for their approval.

Sh. Raj Kumar Avasthi and Sh. Munish Avasthi and their relatives are deemed to be interested in the resolutions set out respectively at Item Nos. 10 of the Notice, to the extent of their remuneration in the Company.

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 Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

Item No. 11

Sh. Munish Avasthi - is a founder of the Sportking Group and possesses vast experience and expertise in managing textile businesses from the last 21 years. He is working as Joint Managing Director since 1999 and later as Managing Director and his appointment is valid upto 30.09.2017 on the remuneration as approved by the members in their annual general meeting held on 30th September, 2013. Keeping in view of his immense contribution to the Company as well as the prevalent packages of the top executives of the corporate houses, the Board recommends that Sh. Munish Avasthi, Managing Director of the Company will be paid commission @ 5% of the net profits of the company in one or more tranches w.e.f. 01st April 2014, in addition to the remuneration approved earlier. However, the average total amount of remuneration including commission shall not exceed Rs. 1000000/- (Rs. Ten Lacs Only) per month w.e.f. 01st April 2014 or the limits prescribed under Schedule V of the Companies Act, 2013 whichever is lower including payment of minimum remuneration as per Schedule V of the Companies Act, 2013 in case of loss or inadequacy of profits. Hence the said resolution is placed before the members for their approval.

Sh. Raj Kumar Avasthi and Sh. Munish Avasthi and their relatives are deemed to be interested in the resolutions set out respectively at Item Nos. 11 of the Notice, to the extent of their remuneration in the Company.

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 Resolution set out at Item No. 11 of the Notice for approval by the shareholders.

The statement as required under Schedule V of the Companies Act, 2013 with reference to the item no(s). 10 and 11 are as follows:

I. GENERAL INFORMATION:

Nature of Industry

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

Date or Expected Date of Commencement of Commercial Production:

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

In Case of New Companies, Expected Date of Commencement of Activities As Per Project Approved by Financial Institutions Appearing in the Prospectus:

Not Applicable

Financial performance for the year ended 31.03.2014

Particulars	(Rupees In Crores)
Income for the year	1067.29
Profit before Interest, Depreciation and Tax	170.91
Finance Charges	81.25
Profit before Depreciation and Taxes	89.66
Depreciation	46.63
Provisions for Taxation-Current Tax (Net of Mat Credit)	-
Deferred Tax	15.59
Prior Period Items / Extra Ordinary Items	-
Net Profit/(Loss) for the Current Year	27.44

Export performance and net foreign exchange collaborations

	Export (FOB Value) (Rupees In Crores)	Net Foreign Exchange Earnings (Rupees In Crores)
2013-14	566.12	499.41
2012-13	366.07	316.01

Foreign Investments or collaborators, if any.

Nil

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

Sh. Raj Kumar Avasthi aged 68 years having rich experience in Designing & Manufacturing of Apparel/Textile Business from last 40 years. He is the Chairman cum Managing Director of the company since 1995. He has knowledge of latest textile technology and advancement in manufacturing operations as well as a great vision for future of textile industry.

Past Remuneration

The company has approved remuneration to Sh. Raj Kumar Avasthi, Chairman cum Managing Director on a salary in the scale of Rs. 500000-750000-650000 per month along with perquisites in addition to salary for a period of 3 years w.e.f. 01-04-2013. So, the salary is Rs. 5.75 Lacs per month plus perquisites w.e.f 01st April 2014.

Recognition or awards

Nil

Job Profile and his suitability

Sh. Raj Kumar Avasthi is the Chairman cum Managing Director of the Company. He looks after the overall operations of the Company. He has enriched experience of more than 40 years in Textile Industry. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of textile industry. The Company has made tremendous growth under his leadership. Sh. Raj Kumar Avasthi is instrumental in the development of the Company.

Remuneration Proposed

Remuneration including commission shall not at any time exceed Rs. 1000000/- (Rs. Ten Lacs Only) per month w.e.f. 01st April 2014 or the limits prescribed under Schedule V of the Companies Act, 2013 whichever is lower.

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

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

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

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

B. Sh. Munish Avasthi, Managing Director**Background Details**

Sh. Munish Avasthi aged 41 years having rich experience in Spinning/Textile Industry from last 22 years. He is the Managing Director of the company since 1999. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of textile industry.

Past Remuneration

The company has approved remuneration to Sh. Raj Kumar Avasthi, Chairman cum Managing Director on a salary in the scale of Rs. 500000-75000-650000 per month along with perquisites in addition to salary for a period of 3 years w.e.f. 01-04-2013. So, the salary is Rs. 5.75 Lacs per month plus perquisites w.e.f 01st April 2014.

Recognition or awards

Nil

Job Profile and his suitability

Subject to the supervision and control of the Board of Directors Sh. Munish Avasthi is in overall in-charge of operational affairs of the Company. He has rich experience in the textile industry more than 22 years. The Company has made tremendous growth under his leadership. He is also looking after the finance, sales and purchase. He is a dynamic new generation industrialist. As a Managing Director he has played a key role in making the Company one of the most efficient yarn manufacturers in the country. With a single unit of 6520 spindles at Village Meharban, Ludhiana in the year 1994-95, today the Company has 4 textile units of 211344 spindles situated at various locations in Ludhiana / Bathinda (Punjab).

Remuneration Proposed

Remuneration including commission shall not at any time exceed Rs. 1000000/- (Rs. Ten Lacs Only) per month w.e.f. 01st April 2014 or the limits prescribed under Schedule V of the Companies Act, 2013 whichever is lower.

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

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

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

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

III. OTHER INFORMATION:**Reasons of loss or inadequate profits**

The company has adequate profits during the financial year ended 31-03-2013 & 31-03-2014. The financial charges, depreciation and other expenses increased substantially due to increased scale of operations and the recession in the domestic and international market and other economic & external factors may effect the profitability of the company in future. So an enabling provisions is made for payment of minimum remuneration in case of loss or inadequate profits.

Steps taken or proposed to be taken for improvement

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

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

the Company to achieve optimum utilization of its installed capacity as well as optimum product mix.

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

Expected increase in productivity and profits in measurable terms

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

IV. DISCLOSURES

Remuneration Package

As described in the resolution stated above and the resolution adopted at the 24th Annual General Meeting held on 30th September 2013

By Order of the Board

**Place: Ludhiana
Date: 14.08.2014**

**Raj Kumar Avasthi
Chairman
DIN: 01041890**

**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. Ajay Chaudhry	Sh. Sunil Puri	Smt. Harbhajan Kaur Bal
Age	60 Years	63 Years	75 Years
Date of Appointment	25.04.2006	26.12.2005	25.04.2006
Expertise in Specific Functional Area	Finance, Legal & Taxation consultant	Textiles	A renowned management
Qualification	B. Sc., LL.B	B. Tech	M.A. (Maths), Ph.D.
Directorship of other Public Limited Companies	Vardhman Polytex Limited LSE Securities Limited Oswal FM Hammerle Textile Limited Kangro Industries Limited	-	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	Audit Committee Vardhman Polytex Limited Shareholder/Investor Grievance Committee Vardhman Polytex Limited	-	Audit Committee Nahar Industrial Enterprises Limited Shareholder/Investor Grievance Committee Nahar Poly Films Limited Nahar Capital and Financial Services Limited Nahar Spinning Mills
Equity No. of Shares held in the Company	NIL	Nil	Nil

DIRECTORS' REPORT

Dear Members,

The Directors of your company are pleased to present their Twenty Fifth Annual Report on the affairs of the company together with Audited Accounts of the Company for the year ended 31st March, 2014.

1. FINANCIAL RESULTS

The summarized financial results for the year are as under:

Particulars	2013-14	2012-13
	(₹ in Crores)	
Gross Turnover/Operating Income	1067.29	861.65
Profit before Interest, Depreciation & Taxation	170.91	136.86
Less :Interest (Net)	81.25	71.31
Profit before Depreciation & Taxation	89.66	65.55
Less: Depreciation	46.63	40.87
Net Profit before Taxation	43.03	24.68
Less Current Tax {Net of MAT Credit of Rs. 9.02 crs.(Previous Year Rs. 5.05 Crs.)}	-	-
Deferred Tax	15.59	(7.50)
Net Profit afterTax	27.44	32.17
Add: Surplus of Last Year	57.94	26.20
Less: Transfer to Capital Redemption Reserve	0.43	0.43
Surplus carried to Balance Sheet	84.95	57.94

2. MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW :

Economic Outlook

Global economic activity is expected to strengthen in 2014-15 on the back of some recovery in advanced economies. The Euro area is also expected to register a growth rate of above 1 per cent as against contraction witnessed in 2012 and 2013. The European Central Bank's monetary policy measures, most significantly introduction of the negative deposit facility interest rate are expected to boost economic activity in Europe. In addition, the performance of the real sector in the US (that is likely affect the pace of taper) is a major factor that would impact the global economic situation in 2014-15. The growth outlook for emerging Asian economies is generally benign with some grappling with inflation, structural bottlenecks, and external imbalances. The slowdown in emerging economies comes at an inopportune juncture.

Downward movement along with heightened volatility,

witnessed, for example, in fixed investment post 2008-09 in India, often tends to magnify the impact and transmission channels of shocks (e.g. below-normal monsoons and/or upshot in oil prices) and hampers build-up of positive expectations. Under such circumstances, the Indian economy can recover only gradually with the GDP at factor cost at constant prices expected to grow in the range of 5.4 – 5.9 per cent in 2014-15. This assumes the revival of growth in the industrial sector witnessed in April 2014 to continue for the rest of the year, the generally benign outlook on oil prices (notwithstanding the uncertainty on account of recent developments in the Middle East), and the absence of pronounced destabilizing shocks (including below-normal monsoons). Growth in the above range implies a pick-up, aided by an improved external economic situation characterized by a stable current account and steady capital inflows, improved fiscal situation and, on the supply side, robust electricity generation and some recovery in manufacturing and non-government services.

Growth in 2014-15 is expected to remain more on the lower side of the range given above, for the following reasons: (i) steps undertaken to restart the investment cycle (including project clearances and incentives given to industry) are perceived to be playing out only gradually; (ii) the benign growth outlook in some Asian economies, particularly China; (iii) still elevated levels of inflation that limit the scope of the RBI to reduce policy rates; and (iv) expectation of below-normal monsoons. Downside risk also emerges from prolonging of the geo-political tensions. On the upside, such factors as institutional reform to quicken implementation of large projects and a stronger-than-expected recovery in major advanced economies would help the Indian economy clock a higher rate of growth.

Industry and Infrastructure

As per the latest GDP data, the industry sector registered a growth of 1.0 per cent in 2012-13 that slowed further to 0.4 per cent in 2013-14. The key reason for poor performance was contraction in mining and deceleration in manufacturing. Manufacturing- and mining-sector GDP declined by 0.7 per cent and 1.4 per cent respectively in 2013-14. The underlying cause for this has been the deceleration in investment particularly by the private corporate sector during 2011-12 and 2012-13.

For eight 'core' industries—coal, fertilizer, electricity,

crude oil, natural gas, refinery products, steel, and cement—the average growth rate declined from 6.5 per cent during 2012-13 to 2.7 per cent during 2013-14. The moderation in growth occurred mainly on account of contraction in natural gas and crude oil, and subdued growth in coal, fertilizers, and refinery products.

Textiles

India's textiles and clothing industry continues to be one of the mainstays of the national economy. It is also one of the largest contributing sectors to India's exports, contributing nearly 11 per cent of the total exports basket. The textiles industry is labour intensive and employs about 45 million people. It has a major presence in the unorganized sector. The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during the Twelfth Five Year Plan (2012-17) puts India's exports of textiles and clothing at US\$ 64.41 billion by the end of March 2017. In global textile exports, India ranked third, trailing China and the EU. The import content of India's textile exports is very low, limited to certain specialty fibres and accessories.

The Indian textile industry is vertically integrated from raw material to finished products, i.e. fibre to retail. The government has been providing liberal assistance to the sector under the Technology Upgradation Fund Scheme (TUFS). Under TUFS, since inception till 31 March 2014 investment of more than Rs 2,50,000 crore has been made in the sector and Rs18,579.40 crore has been released towards subsidy. The Scheme for Integrated Textile Parks (SITP) is a strategic initiative to help set up integrated parks equipped with world-class infrastructure facilities in industrial clusters/locations with high growth potential.

COTTON

The Indian Government expects domestic cotton production to be at a decade high at 37.5-40.0 million bales in FY15 with yields at a six-year high, attributed to favorable monsoons and higher acreage of high-yielding Bt (*Bacillus Thuringiensis*) cotton.

The attractiveness of Indian raw cotton (ginned) may continue in FY15 on account of 8%-10% discount from global prices measured by Cotlook A index. Furthermore, a spurt in demand from garment manufacturing nations namely Pakistan, Bangladesh, Turkey and Vietnam is likely to offset the lower cotton

demand from China in FY13-14.

Favourable government actions such as raising minimum support prices (MSP) by 32% and 21% for medium and long staple length cotton, respectively, since FY 11-12 have supported cotton prices.

FY13-14 to be another year of cotton surplus with global stock to use ratio remaining at a multi-decade high of 89.3%. China has nearly 59.7% of the global ending stocks. The Chinese government has indicated a desire to discontinue the current reserve policy and initiate trials for a target price subsidy scheme for FY14-15 to reduce the amounts of cotton imports into China. However, the cumulative impact will be a gradual moderation of cotton prices, which may play out over three to four years. Indian cotton and yarn manufactures will have to maintain just-in-time inventory, given the uncertainty over the release of the Chinese reserve cotton and the possible pressure on cotton prices in FY15 onwards.

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 99.92 million kg in April this financial year compared to 115.96 million kg during the same period last year, the fall has continued even after April.

China's demand for cotton yarn has dropped considerably in the last two months and this is expected to continue due to a change in China's policies. China is likely to decontrol its cotton from August, which will impact India's exports. Currently, there has been some level of stock pileup with Indian cotton yarn spinners. "India's exports have come down by 10- 15 million kg and that is mainly due to slowdown in China. China has also reduced their fabric production currently due to which yarn imports have been impacted.

FINANCIAL ANALYSIS

PRODUCTION / SALES REVIEW

During the year under review, your company achieved a production of 42983 MT of cotton/synthetic yarn as compared to 38364 MT in the previous year showing an increase of about 12.04%. The company achieved a gross turnover/operating income of Rs. 1067.29 Crores as compared to Rs. 861.65 Crores in the previous year showing a growth of about 23.87%. The CIF value of exports increased to Rs. 575.31 Crores

against Rs. 373.81 Crores in the previous year showing a growth of about 53.90%. The Company is recognized as 'Trading House' by Govt. of India.

PROFITABILITY

The company earned a gross profit of Rs. 170.91 Crores having profitability/sales ratio of 16.01% as compared to Rs. 136.86 Crores having profitability/sales ratio of 15.88% in the previous year which has improved marginally.

The interest cost increased to Rs. 81.25 Crores as compared to Rs. 71.31 Crores in the previous year due to increase in interest rates and increased borrowings with the increased level of operations. The company earned gross cash profit of Rs. 89.66 Crores against Rs. 65.55 Crores in the previous year. After making provision of depreciation of Rs. 46.63 Crores (Previous Year Rs 40.88 Crores) and after providing for current tax Nil (Previous year Nil) (Net of MAT Credit) deferred tax liabilities of Rs. 15.59 Crores (Previous Year Rs. (-)7.50 Crores) there was a net profit of Rs. 27.44 Crores against previous year net profit of Rs. 32.17 Crores. After transfer of Rs. 0.43 Crores to Capital Redemption Reserve, the surplus in the Profit & Loss Appropriation Account stands at Rs. 84.95 Crores.

RESOURCE UTILISATION :

Fixed Assets

The company made an addition of Rs. 115.31 Crores in the gross fixed assets during the year. The company has commissioned 32640 spindles for the manufacture of compact cotton yarn at its unit at Village Jeeda, Bathinda and the installed capacity of the company has now reached to 211344 spindles. The Net Fixed Assets (including work-in-progress) as at 31st March, 2014 were Rs. 497.71 Crores as compared to Rs. 431.00 Crores in the previous year.

Current Assets and Current Liabilities

The inventory level increased by Rs. 43.50 Crores from Rs. 193.88 Crores at the end of the previous year to Rs. 237.38 Crores at the end of the year under review. The Sundry Debtors level increased by Rs. 19.82 Crores from Rs. 78.10 Crores at the end of the previous year to Rs. 97.92 Crores at the end of the year while the level of other current assets increased to Rs. 86.58 Crores at the end of current year from Rs. 66.74 Crores at the end of previous year due to increased level of operations. The level of trade payables/short term borrowings/other current liabilities and provisions has

increased to Rs. 403.34 Crs at the end of current year from Rs. 320.74 Crs at the end of previous year.

LIQUIDITY & CAPITAL RESOURCES:

The position of liquidity and capital resources is given below:

Particulars	2013-14	2012-13
	(₹ in Crores)	
Cash & Cash Equivalents :		
Beginning of the year	9.26	9.64
End of the year	4.31	9.26
Net Cash provided/ (used)		
Operating Activities	98.08	63.91
Investing Activities	(107.41)	(67.50)
Financial Activities	4.38	3.21

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

INTERNAL CONTROL SYSTEM

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company recognizes its human resources as its most valuable asset. The Company has specialized professionals in the respective fields to take care of its operations and allied activities. The company recognizes the whole hearted contribution by its committed work force in bringing the Company to its present position. The Company is employing over 4000 persons. The Industrial Relations continues to be cordial.

3. DIRECTORS

According to the erstwhile provisions of the Companies Act, 1956 Sh. Ajay Chaudhry & Sh. Sunil Puri are liable to retire by rotation at this annual general meeting of the company but pursuant to the provisions of section 149 and schedule IV of the Companies Act,

2013 they as well as Dr. (Mrs.) Harbhajan Kaur Bal are being appointed as an Independent Directors of the Company.

4. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014 and the profit of the Company for the year ended 31st March 2014.
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

5. AUDIT COMMITTEE

The Company has an Audit Committee of the Board of Directors, the members of which are Mr. Ajay Chaudhry, Dr. (Mrs.) H K Bal and Mr. Sunil Puri. Mr. Ajay Chaudhry is the Chairman of the committee. The committee is empowered to look into all the matters related to finance and accounting and its terms of reference are as per Clause 49 of the listing agreement read with section 177 of The Companies Act, 2013.

6. RISK MANAGEMENT - MANAGEMENT PERCEPTION

The textile business, like other businesses, is susceptible to various risks. The primary risk factor is raw material prices, mainly raw cotton and synthetic fibre, which is the largest component of cost. Since cotton is an agriculture produce, it suffers from climatic volatility in the major cotton producing countries the prices of synthetic fibre are based on the prices of petroleum products in the international market. This in turn creates uncertainties for textile manufacturers.

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

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

7. AUDITORS

M/s. Rawla & Company, Chartered Accountants, New Delhi, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters 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.

8. AUDITORS' REPORT

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

9. PUBLIC DEPOSITS

The Company has not raised any deposits from the public except the interest free unsecured loan from Directors of the Company. Hence the provisions of Section 58A of the Companies Act, 1956 / Section 73 of the Companies Act, 2013 and the rules made under Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted from the public are not attracted.

10. LISTING OF SECURITIES

The securities of the company are listed on The Delhi Stock Exchange Ltd., New Delhi, The Ludhiana Stock Exchange Ltd., Ludhiana, The Ahmedabad Stock Exchange Ltd., Ahmedabad and The Madhya Pradesh Stock Exchange Ltd., Indore and the company has already paid listing fees of the stock exchanges for the financial year 2014-15. Since these regional stock exchanges are not fulfilling the eligibility criteria as per SEBI Guidelines, the company is planning to go for Direct Listing on the other recognised stock exchange.

11. PARTICULARS OF EMPLOYEES

The information as required by the provision of the Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed hereto and forms part of this report.

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

The information as required by the provisions of the Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

13. CORPORATE GOVERNANCE

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

14. 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 : August 14, 2014

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

ANNEXURE TO THE DIRECTORS' REPORT

1. INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT,1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES,1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014.

Persons Employed throughout the financial year, who are in receipt of remuneration which in the aggregate was not less than Rs. 60,00,000/-per annum.

EMPLOYEE NAME	ROLE/DESIGNATION	QUALIFICATION	AGE	EXP.	JOINING DATE	GROSS REMU.	PREV. EMPLOYMENT
RAJ KUMAR AVASTHI	CHAIRMAN CUM MANAGING DIRECTOR	HSC	68	40	15.02.1989	6754787	NA
MUNISH AVASTHI	MANAGING DIRECTOR	GRADUATE	41	21	01.08.1991	6754788	NA

2. INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT,1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES,1988 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014.

1. Conservation of Energy

The Energy management has always been given high priority by the Company. This continues to remain focus area as this is a major component of expenditure incurred by the Company. The Company has chalked 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 inverter drive system in ID & FD fans at boiler drives in ETP Blower, Installation of Heat Exchangers at Dye House effluent to recover energy thus improving the efficiency of effluent treatment plant. This has helped in saving of fuel consumption and improving boiler efficiency.

(FORM A)

A Power & Fuel Consumption

	2013-14	2012-13
i) Electricity		
a) Purchased		
Units (Kwh.)	14,26,84,532	11,91,15,369
Amount (Rs.)	95,06,15,188	72,59,78,670
Rate Per Unit (Rs.)	6.66	6.09
b) (Through Generator)		
Units (Kwh)	4,86,758	10,22,743
Amount (Rs.)	69,81,989	1,26,97,246
Cost per unit (Rs.)	14.34	12.41
ii) Coal / Pet coke		
Qty. (Kgs.)	24,49,543	24,71,775
Amount (Rs.)	2,45,70,729	2,45,52,733
Rate per unit (Rs.)	10.03	9.93
iii) Furnace Oil	NIL	NIL
iv) Rice Husk	NIL	NIL
Qty. (Kgs.)	NIL	NIL
Amount (Rs.)	NIL	NIL
Rate per unit (Rs.)	NIL	NIL
v) Other/internal generation	NIL	NIL

B) Consumption per Unit of production

i) Electricity (Kwh/Kg. of Product)	3.33	3.13
ii) Coal and Rice Husk	0.06	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 improvement in production capacity by optimum utilization of available resources, development of new products apart from efficient management of deployed resources with lower cost. Modification in ring frame drafting system has been carried out which has resulted in improvement of yarn quality and fabric appearance.

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

- a) Reduction in maintenance cost, easy availability of spare parts.
- b) Enlargement of market base with new products.
- c) Quality improvement, customer satisfaction.
- d) Cost reduction, productivity & efficiency enhancement.
- e) Enhanced capacity to cater for higher volume to foreign customers.

iii) Future Course of Action:

- a) Productivity enhancement of Spinning Machines
- b) Development of new products
- c) Investment in R & D

iv) Expenditure on Research & Development:

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

B. Technology Absorption, Adaptation and Innovation:**i) Efforts Made:**

- a. Modification in Comber for improving yarn realization and product quality.
- b. Installation of rieter type fly collector to avoid multiple yarn breakages at higher speed and increasing the traveller life by 20% resulting Quality and product improvement.
- c. The Company is continuously making efforts for adaptation of latest technology. The Company has installed new 9 nos. TFO machines with Eco Spindles kit resulting into power saving of 12 -15%.

d. Addition of poly propylene sensors with existing yarn clearer thus improving quality of yarn.

e. Additional capacity of Elitwist is incorporated to meet double yarn requirement of market

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

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

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

The Company has not imported any technology.

3. Foreign Exchange Earnings and Outgo:

The company continued its efforts to develop export markets throughout the year and has got adequate response from various customers worldwide. The company has earned foreign exchange of Rs 566.12 Crores by export of its products. The outgoes of foreign exchange is Rs. 66.71 Crores, being the CIF value of imports of raw material/ capital goods/stores & spares, interest on foreign currency loans & overseas commission/traveling expenses.

By Order of the Board

Raj Kumar Avasthi
Chairman
DIN:- 01041890

Place : Ludhiana
Date : August 14,2014

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

CORPORATE GOVERNANCE REPORT

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

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

1. COMPANY'S PHILOSOPHY

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

2. BOARD OF DIRECTORS**Composition:**

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

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

Name of the Directors	Category	No. of share held in the Company
Mr. Raj Kumar Avasthi	Executive Chairman & Managing Director and Promoter	197500
Mr. Munish Avasthi	Managing Director & Promoter	123200
Mr. Naresh Jain	Executive Non-Promoter Director	1300
Mr. Ajay Chaudhry	Non- Executive Independent Director	NIL
Mr. Sunil Puri	Non- Executive Independent Director	NIL
Dr. (Mrs.) H.K. Bal	Non- Executive Independent Director	NIL

Board Meetings etc:

The Board normally meets once in a quarter. Additional meeting are held as and when required. During the year under review, board met five times on 30.05.2013, 14.08.2013, 01.09.2013, 14.11.2013 and 12.02.2014. The gap between any two meetings did not exceed three months.

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

Name of the Directors	No. of Board Meeting Attended	Attendance at the last AGM	Total No. of Directorships in other Companies	Total No. of Committee Memberships in other Companies	Total No. of Committee Chairmanships in other Companies
Mr. Raj Kumar Avasthi	5	Yes	-	-	-
Mr. Munish Avasthi	4	Yes	-	-	-
Mr. Naresh Jain	5	Yes	-	-	-
Mr. Ajay Chaudhry	5	Yes	4	2	2
Mr. Sunil Puri	5	-	-	-	-
Dr. (Mrs.) H.K. Bal	5	-	5	5	3

Note:

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

3. AUDIT COMMITTEE

Composition:

The Audit Committee of the Company in terms of Section 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) Discussing with internal auditors any significant finding and follow up there on.
- v) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- vi) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- vii) To look into the reasons, if any, for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.

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

The committee met five times in the financial year 2014-13 on 30.05.2013, 14.08.2013, 01.09.2013, 14.11.2013 & 12.02.2014. The attendance of committee members is as under :

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

4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE/STAKEHOLDERS' RELATIONSHIP COMMITTEE

During FY 2013-14 the company had Shareholders'/ Investors' Grievance Committee comprising of three Directors i.e. Sh. Sunil Puri, Sh. Naresh Kumar Jain & Sh. Munish Avasthi. Sh. Sunil Puri was the chairman of the committee.

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

The committee meeting was held within a fortnight of receipt of any complaint or request for transfer of shares. No requests for transfer/dematerialisation were pending for approval as on 31st March, 2014.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement the above said committee was dissolved in FY 2014-15 and the board has constituted new committee 'Stakeholder Relationship Committee' comprising of three Directors i.e. Mrs. Harbhajan Kaur Bal, Munish Avasthi & Naresh Kumar Jain with the same terms of reference. Mrs. Harbhajan Kaur Bal is the Chairman of the Committee, Mr. Munish Avasthi is a member & Compliance officer of the committee & Mr. Naresh Kumar Jain is the member of the committee.

5. REMUNERATION COMMITTEE/ NOMINATION AND REMUNERATION COMMITTEE

During FY 2013-14 the company had Remuneration Committee comprising of three Directors i.e. Dr. (Mrs) H.K.Bal, Mr. Sunil Puri and Mr. Ajay Chaudhry. Mr. Sunil Puri was the chairman of the committee.

Terms of reference:

The committee meets as and when any item falling under its terms of reference comes up for deliberation. A remuneration committee has been constituted by the board to determine and formulate company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

The committee met once in the financial year 2013-14 on 14.08.2013. The attendance of committee members is as under:

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

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement the above said committee was dissolved in FY 2014-15 and the board has constituted new committee 'NOMINATION AND REMUNERATION COMMITTEE' with the same directors and terms of reference.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Composition:

Pursuant to the provisions of section 135 and Schedule VII of the Companies Act, 2013 certain class of companies are required to constitute a CSR committee for its CSR activities so the board of the company has constituted CSR committee in FY 2014-15 consisting of following members:

1. Mr. Munish Avasthi,
2. Mr. Raj Kumar Avasthi
3. Mrs. Harbhajan Kaur Bal

Mr. Munish Avasthi is the chairman of the committee, Mr. Raj Kumar Avasthi and Mrs. Harbhajan Kaur Bal are the members of the committee.

The main area of CSR Committee is

- To formulate the CSR policy and indicate the activities undertaken by the company under this policy.
- Recommend the amount of expenditure to be incurred on the above activities.
- Timely monitor the CSR policy of the company.

7. DIRECTORS' REMUNERATION

Executive Directors:

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

Name	Designation	Salary (Rs.)	Allowances / Perquisites (Rs.)	Commission (Rs.)	Contribution to PF (Rs.)	Total (Rs.)
Mr. Raj Kumar Avasthi	Chairman & Managing Director	60,00,000	7,54,78	-	-	67,54,787
Mr. Munish Avasthi	Managing Director	60,00,000	7,54,788	-	-	67,54,788
Mr. Naresh Jain	Executive Director	8,40,000	4,20,000	-	-	12,60,000

Non Executive Independent Directors:

The independent directors have no pecuniary interest in the Company except sitting fee paid to them for attending Board / Committee Meeting within the permissible limit under the Companies Act, 1956. The details of sitting fee paid to them in the financial year 2013-14 are as under:

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

8. ANNUAL GENERAL MEETING:

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

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

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

9. 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.

10. 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.

11. GENERAL SHAREHOLDERS INFORMATION:**i) 25th Annual General Meeting**

Date	:	11 th September, 2014
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 : 2014-15 (Tentative)

First Quarter Results (Unaudited)	:	On or before 14 th August, 2014
Second Quarter Results (Unaudited)	:	On or before 14 th November, 2014
Third Quarter Results (Unaudited)	:	On or before 14 th February, 2015
Fourth Quarter (Audited)	:	On or before 31 st May, 2015

iii) Dates of Book Closure : 08th to 11th Sept., 2014
(both days inclusive)**iv) Dividend Payment date** : No dividend declared.**v) LISTING:**

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

- 1) The Delhi Stock Exchange Ltd. (DSE), DSE HOUSE, 3/1, Asaf Ali Road, New Delhi - 110002.
- 2) The Ludhiana Stock Exchange Ltd. (LSE), Feroze, Gandhi Market, Ferozpur Road, Ludhiana-141001.
- 3) The Ahmedabad Stock Exchange Limited, Kamdhenu Complex, Opp. Shahjahan Nand Collage, Panjara Pole, Ahmedabad - 380015.
- 4) The Madhya Pradesh Stock Exchange, 201, Palika Plaza, Phase - II, MTH Compound, Indore (M.P.) - 452001

The Company has paid listing fees to all the Stock Exchanges for the financial year 2014-15

vi) STOCK MARKET DATA

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

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

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

viii) DISTRIBUTION OF SHAREHOLDERS AS ON 31ST MARCH 2014.

RANGE No. of Shares	Shareholders		Shares	
	Nos.	% to Total	Nos.	% to Total Shares
Up to 500	1583	74.21	431500	12.12
501 1000	463	21.71	384450	10.80
1001 2000	33	1.55	47800	1.34
2001 3000	15	0.70	34800	0.98
3001 4000	0	0	0	0
4001 5000	09	0.42	38900	1.09
5001 10000	05	0.23	39700	1.11
Above 10001	24	1.12	2582650	72.53
TOTAL	2135	100.00	3561000	100.00

ix) DEMATERIALIZATION OF SHARES:

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

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

Village Kanech, Near Sahnewal, G.T. Road, Ludhiana – 141120
Village Barmalipur, Near Doraha, G.T. Road, Ludhiana – 141416
Village Meharban, Rahon Road , Ludhiana – 141007
Village Jeeda, Kotkapura Road, Distt. Bathinda - 151201

xii) Address for correspondence :

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

Registrar & Transfer Agent:

Beetal Financial & Computer Services (P) Ltd.
3rd Floor, 99 Madangir
Behind Local Shopping Centre
Near Dada Harsukhdaas Mandir
New Delhi 110062
Phone: 011-29961281, Fax: 011-29961284

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

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

Place : Ludhiana
Date : 14.08.2014

Raj Kumar Avasthi
Chairman & Managing Director and C.E.O
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, 2014 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that 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 : 14.08.2014

Raj Kumar Avasthi
Chairman & Managing Director and C.E.O
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 2014, 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 Investor Grievance Committee/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

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

Place: Ludhiana
Dated: May 30, 2014

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, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the

financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

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

2. As required by section 227(3) of the Act, we report that :

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

For Rawla & Company
Chartered Accountants
FRN : 001661N

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

Place : Ludhiana
Date : May 30, 2014

**ANNEXURE TO THE AUDITORS' REPORT
FOR THE YEAR ENDED ON 31st MARCH,
2014**

**[Referred in Paragraph (1) under the heading
"Report on other Legal and Regulatory
Requirements" of our Report of even date]**

1. In respect of its fixed assets :

- a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.

2. In respect of its inventories :

- a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

- c) The company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.

3. In respect of loans, Secured or unsecured, granted or taken by the Company to/from

companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

- a) According to information & explanations given to us, the company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - b) According to information & explanations given to us, the company has not taken any loans, secured or unsecured during the year, from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the companies Act, 1956 :
- a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- (Rupees five lacs only) in respect of each party have been made at the prices which appear reasonable as per information available with the Company.
6. According to the information and explanations given to us, the company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph of the Order are not applicable to the Company.
7. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the Cost Records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other statutory dues have been generally deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period more than six months from the date of becoming payable.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period more than six months from the date of becoming payable.
 - c) The disputed statutory dues aggregating Rs. 593.08 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	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	2007-08	Nil*	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	2008-09	Nil	Commissioner of Income Tax (Appeals)
Punjab Vat Act, 2005	Vat/C.S.T.	2005-06	11.19	Deputy Excise & Taxation Commissioner (Appeals)
Provident Fund Act, 1952	Provident Fund	1993-94, 1994-95 & 1997-98	1.88	Employees Provident Fund Appellate Tribunal New Delhi
Provident Fund Act, 1952	Provident Fund	1995-96, 1997-98 & 1998-99	6.70**	Employees Provident Fund Appellate Tribunal New Delhi
Finance Act, 1994	Service Tax	2007-08 to 31.01.2012	13.86	Commissioner Central Excise (Appeal), Chandigarh
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 Rs.2.23 Lacs already paid under protest pending for final verdict.

10. The company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, and banks.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a Chit fund or a Nidhi/Mutual Benefit Fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
14. The company had maintained proper records of transactions and contracts in respect dealing or trading in shares, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the company in its own name. However, no purchase/sale transaction was undertaken during the year under review.
15. The Company has not given guarantees for loans taken by others from banks and financial institutions.
16. The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that there are no funds raised on short term basis that have been utilized for long term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanation given to us, the company had not issued any debentures during the period covered by our report. Accordingly the provisions of clause (xiv) of the Companies (Auditor Report) Order 2003 are not applicable to the company.
20. The company had not raised any monies by way of Public issues during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

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

**Place : Ludhiana
Date : May 30, 2014**

BALANCE SHEET AS AT MARCH 31ST, 2014

PARTICULARS	NOTE	As at	
		31.03.2014 (₹)	31.03.2013 (₹)
1. EQUITY AND LIABILITIES			
1) Shareholders Funds			
(a) Share Capital	3	118804000.00	118804000.00
(b) Reserves & Surplus	4	1355527104.45	1081116124.92
		<u>1474331104.45</u>	<u>1199920124.92</u>
2) Non-current liabilities			
(a) Long-term borrowings	5	3398951325.28	3223351556.99
(b) Deferred tax liabilities	6	310100000.00	154200000.00
(c) Other Long term liabilities	7	10992471.00	527153.00
(d) Long-term provisions	8	39743433.01	27585704.01
		<u>3759787229.29</u>	<u>3405664414.00</u>
3) Current liabilities			
(a) Short-term borrowings	9	2814303105.54	2408349065.97
(b) Trade payables	10	304070978.32	159784857.93
(c) Other current liabilities	11	839438436.33	580936899.55
(d) Short-term provisions	12	75605236.00	58333842.99
		<u>4033417756.19</u>	<u>3207404666.44</u>
	Total	<u>9267536089.93</u>	<u>7812989205.36</u>
2. ASSETS			
1) Non-current assets			
(a) Fixed assets	13		
i) Tangible assets		4967130887.42	4278846302.88
ii) Intangible assets		4879421.86	6772041.95
iii) Capital work-in-progress		5147331.00	24413045.00
(b) Long-term loans and advances	14	71491311.11	115727272.41
		<u>5048648951.39</u>	<u>4425758662.24</u>
2) Current assets			
(a) Inventories	15	2373848534.25	1938839650.16
(b) Trade receivables	16	979196644.51	781016373.59
(c) Cash and cash equivalents	17	43163540.88	92671895.05
(d) Short-term loans and advances	18	349172586.01	279536322.09
(f) Other current assets	19	473505832.89	295166302.23
		<u>4218887138.54</u>	<u>3387230543.12</u>
	Total	<u>9267536089.93</u>	<u>7812989205.36</u>
Significant accounting policies	2		
Other notes on accounts	29-38		

As per our report of even date attached

For & on behalf of Board of Directors

For Rawla & Company

Chartered Accountants
(FRN-00166IN)

CA Y.P. Rawla

(Partner)

M. No. 10475

Place : Ludhiana

May 30, 2014

(Raj Kumar Avasthi)

Chairman & Managing Director

(Munish Avasthi)

Managing Director

(Naresh Jain)

Executive Director

(P.K. Gupta)

Chief Financial Officer

(Sukhdev Gupta)

Dy. General Manager (F&A)

(Nikhil Kalra)

Company Secretary

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

PARTICULARS	NOTE	YEAR ENDED 31.03.2014 (₹)	YEAR ENDED 31.03.2013 (₹)
Income			
Revenue from operations	20	10648800948.91	8597903355.56
Other Income	21	24126367.75	18617617.50
Total Revenue		10672927316.66	8616520973.06
Expenses			
Cost of Material Consumed	22	6575822597.72	5257606602.97
Purchase of Traded Goods	23	5000526.00	433860423.00
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	56170196.00	-210300910.25
Employee benefits expense	25	517023685.00	412878367.78
Finance costs	26	812455036.43	713073353.25
Depreciation and amortisation expenses	13	466329709.87	408754699.97
Other expenses	27	1809814586.11	1353904757.26
Total expenses		10242616337.13	8369777293.98
Profit before tax		430310979.53	246743679.08
MAT credit entitlement		(9,01,95,333.00)	(5,04,54,049.00)
Tax expense:			
Current tax	28	90195333.00	50454049.00
Deferred tax		155900000.00	-75000000.00
Profit (Loss) for the period		274410979.53	321743679.08
Earning per equity share :			
(1) Basic		77.06	90.35
(2) Diluted		77.06	90.35
Significant accounting policies			
Other notes on accounts	2 29-38		

As per our report of even date attached

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

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

Place : Ludhiana
May 30, 2014

For & 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)
Dy. General Manager (F&A)

(Nikhil Kalra)
Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD 1ST APRIL 2013 TO 31ST MARCH, 2014

Particulars	Current Year 31.03.2014 (₹)	Previous Year 31.03.2013 (₹)
A. CASH FROM OPERATING ACTIVITIES :		
Net Profit before tax & extraordinary items		
Net Profit before tax	430310979.53	252172530.73
Adjustments for :		
Depreciation	466329709.87	408754699.97
Interest on Borrowings	753209952.75	698694141.60
Profit/loss on HDFC Derivatives	87856381.00	0.00
Interest/Rent/Dividend Income	-14024586.00	-11447343.00
Profit/Loss on Assets Sold/Destroyed (Net)	-1089937.55	1476494.68
OPERATING PROFIT (LOSS) BEFORE WORKING CAPITAL CHANGES	1722592499.60	1349650523.98
Adjustments for :		
Trade and Other Receivables	-355960732.50	-69722758.42
Inventories	-435008884.09	-199914291.99
Trade Payable and Other liabilities	121204444.11	-384905814.12
Cash Generated from operating activities	1052827327.12	695107659.45
Taxes Paid	-72015939.99	-55932435.65
Net Cash from operating activities	980811387.13	639175223.80
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-1133824777.77	-721729646.61
Sale of Fixed Assets	1458755.00	2037000.00
Securities	-1014000.00	1184104.00
Advances for Investing Activities	45249961.30	32043994.72
Interest/Rent/Dividend Received	14024586.00	11447343.00
Net Cash used in Investing Activities	-1074105475.47	-675017204.89
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from the issue of Share Capital	0.00	4000.00
Proceeds from the Long Term Borrowings	644581260.41	1009397922.43
Proceeds from the Short Term Borrowings	405954039.57	-36835219.71
Repayment of Long Term Borrowings	-253539613.06	-241779734.68
Interest Paid	-753209952.75	-698694141.60
Net Cash used in Financing Activities	43785734.17	32092826.44
D. NET INCREASE IN CASH AND CASH EQUIVALENTS	-49508354.17	-3749154.65
Opening Cash and Cash Equivalents	92671895.05	96421049.70
Closing Cash and Cash Equivalents	43163540.88	92671895.05

- 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-00166IN)

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

Place : Ludhiana
May 30, 2014

For & 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)
Dy. General Manager (F&A)

(Nikhil Kalra)
Company Secretary

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**NOTE - 1 : CORPORATE INFORMATION**

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

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

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

b) Use of Estimates :

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

c) Provisions, Contingent Liabilities and Contingents Assets :

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

d) Fixed Assets :

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

e) Depreciation / Amortisation :

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

f) Impairment of Assets :

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

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

g) Inventories :

These are valued as under:

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

h) Sales/Revenue Recognition :

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

i) Excise Duty :

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

j) Employee Benefits :

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

k) Modvat (Cenvat) :

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

l) Subsidy :

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

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

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

ii) Deferred Tax

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

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

iii) Wealth Tax

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

n) Foreign Currency Transactions :

i) Foreign currency transactions are accounted for at equivalent rupee value converted at the exchange rates prevailing at the time of such transaction

ii) Monetary Assets & Liabilities in foreign currency are translated at the year-end rate through exchange fluctuation account to the respective accounts as per the guidance issued by The Institute of Chartered Accountants of India

iii) Any income or expense on account of exchange differences either on settlement or translation is recognized in the revenue account except in cases where they relate to acquisition of fixed assets and before put to use in which case they are adjusted to the carrying cost of such assets.

iv) Financial derivatives and hedging contracts are accounted on the date of settlement. The accrued/ realised gain/loss in respect of the settled contracts/ renewed/ cancelled is only recognized in the books of accounts.

o) Prior Period Items :

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

p) Borrowing Costs :

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

q) Lease :

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

PARTICULARS	As at 31-03-2014 ₹	As at 31-03-2013 ₹
NOTE - 3 : SHARE CAPITAL		
Authorised		
50,00,000 (Previous year 50,00,000) Equity Shares of ₹ 10/- each	50000000.00	50000000.00
2,00,00,000 (Previous year 2,00,00,000) 5% Redeemable Non Cumulative Preference Shares of ₹ 10/- each	200000000.00	200000000.00
Issued		
35,61,000 (Previous Year 35,61,000) Equity Shares of ₹ 10/- each fully paid up	35610000.00	35610000.00
85,16,200 (Previous Year 85,16,200) 5% Redeemable Non Cumulative Preference Shares of ₹ 10/- each fully paid up	85162000.00	85162000.00
	120772000.00	120772000.00
Subscribed and fully paid up		
29,77,000 (Previous Year 29,77,000) Equity Shares of ₹ 10/- each fully paid up	29770000.00	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
	114932000.00	114932000.00
Subscribed but not fully paid up		
5,84,000 (Previous Year 5,84,000) Equity Shares of ₹ 10/- each partly paid up	5840000.00	5840000.00
Less : Calls in Arrears		
a) From directors & officers	0.00	0.00
b) From others	1968000.00	1968000.00
	3872000.00	3872000.00
	118804000.00	118804000.00

- a) Each holder of Equity share is entitled to one vote per share. In the event of liquidation of the company, the holders are entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- b) Preference shares are having preference over equity shares in respect of payment of 5% dividend and repayment of capital over equity shareholders and is entitled to voting rights in the resolutions directly affecting their interest and 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 (₹19,68,000/- - PY. ₹19,68,000/-) and Share Premium Account (₹45,92,000/- PY. ₹45,92,000/-) in the ratio of three to seven.

- d) Reconciliation of the Number of shares

	As at 31.03.2014	As at 31.03.2013
i) Equity shares		
Opening Balance	3561000	3561000
Add : Addition during the year	0	0
Less : Reduction in shares	0	0
Closing Balance	3561000	3561000
ii) Preference shares		
Opening Balance	8516200	5624200
Add : Addition during the year	0	2892000
Less : Reduction in shares	0	0
Closing Balance	8516200	8516200

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

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

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

f) No. of shares for the period of five years immediately 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 - 4 : RESERVES AND SURPLUS
As at 31.03.2014 (₹)
As at 31.03.2013 (₹)

a) Capital Redemption Reserve		
As per Last Balance Sheet	24074200.00	19816100.00
Add : Transfer from Statement of Profit & Loss Account	4258100.00	4258100.00
	28332300.00	24074200.00
b) Securities Premium Reserve		
As per Last Balance Sheet *	472985000.00	472985000.00
Add : On issue of preference shares	0.00	0.00
Less : Call in arrers	4592000.00	4592000.00
	468393000.00	468393000.00
* Refer Note No. 3 (c)		
c) Capital Investment Subsidy Reserve		
As per Last Balance Sheet	9000000.00	9000000.00
	9000000.00	9000000.00
d) General Reserve		
As per Last Balance Sheet	300000.00	300000.00
	300000.00	300000.00
e) Statement of Profit and Loss		
As per the last financial statement	579348924.92	261864342.84
Add : As per Statement of profit and loss	274410979.53	321742682.08
Less : Transfer to Capital Redemption Reserve	4258100.00	4258100.00
Closing Balance	849501804.45	579348924.92
	1355527104.45	1081116124.92

PARTICULARS	As at 31-03-2014	As at 31-03-2013
NOTE - 5 : LONG TERM BORROWINGS		
a) Secured Term loans :		
- From Banks	3112086777.28	2483740057.99
- From Others	0.00	0.00
	<u>3112086777.28</u>	<u>2483740057.99</u>
- Acceptance payable/ Buyer's Credit (Machinery) under Bank's LC/LOU*	276864548.00	729611499.00
b) Unsecured Loans and advances:		
- From Directors	10000000.00	10000000.00
	<u>3398951325.28</u>	<u>3223351556.99</u>

* 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 all the works of the Company situated at Village Meharban, Ludhiana, Village Kanech, Ludhiana, Village Barmalipur, Ludhiana, Village Jida, Bathinda. b) second pari-pasu charge on hypothecation of current assets of the company and c) equitable mortgage of commercial land & building situated at Village Barmalipur, Ludhiana owned by Sh. Raj Kumar Avasthi (Chairman & Managing Director) & Sh. Munish Avasthi (Managing Director). These term loans are further guaranteed by Sh. Raj Kumar Avasthi (Chairman & Managing Director) & Sh. Munish Avasthi (Managing Director).
- ii) The term loans from HDFC Bank Limited/ ICICI Bank Limited is secured against hypothecation of respective vehicles.
- iii) The Loan of ₹ 1,00,00,000/- from Sh. Munish Avasthi (Managing Director) carry NIL interest and is not repayable before 31.03.2015
- 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 31.03.2014 ₹	Rate of Interest	Installments o/s as at 31.03.2014	Payable within 12 months ₹
TERM LOANS PROJECT				
			(Quarterly)	
State Bank of Patiala	12500000.00	13.75	4	12500000.00
State Bank of India	18341000.00	13.50	4	18341000.00
State Bank of Patiala	94000000.00	13.75	12	31200000.00
Punjab National Bank	93750000.00	14.50	12	31250000.00
Punjab National Bank	18750000.00	14.50	12	6250000.00
Punjab National Bank	18750000.00	14.50	12	6250000.00
Punjab National Bank	58000000.00	14.50	15	14000000.00
State Bank of Patiala	418500000.00	13.50	23	54000000.00
Punjab National Bank	451973613.00	14.25	23	54000000.00
Punjab National Bank	200824811.00	13.50	32	0.00
Allahbad Bank	138044182.00	13.70	23	26000000.00
Central Bank of India	584552764.00	13.00	32	61545819.00
Allahbad Bank	641162410.00	12.70	32	72400000.00
State Bank of India	517136084.00	13.50	32	46475317.00
Punjab & Sind Bank	299103090.00	13.75	32	28884000.00

Name of Bank	As at 31.03.2014 ₹	Rate of Interest	Installments o/s As at 31.03.2014	Payable within 12 months ₹
Term Loans Vehicles			(Monthly)	
HDFC Bank Limited	947781.14	13.25	12	1005262.64
HDFC Bank Limited	152353.78	13.03	13	139957.08
HDFC Bank Limited	336937.54	13.03	22	173834.91
HDFC Bank Limited	628647.27	12.74	4	628647.27
HDFC Bank Limited	1023202.00	12.51	23	505420.66
ICICI Bank Limited	5849731.00	8.86	24	2807099.00
ICICI Bank Limited	261459.00	9.39	17	184361.00
ICICI Bank Limited	944364.00	10.43	25	427854.00
HDFC Bank Limited	369702.28	12.51	34	115891.01
ICICI Bank Limited	488659.00	10.12	53	92836.00
ICICI Bank Limited	488659.00	10.12	53	92836.00
ICICI Bank Limited	579171.00	10.14	53	109999.00
ICICI Bank Limited	592720.00	10.12	53	112614.00
ICICI Bank Limited	592720.00	10.12	53	112614.00
ICICI Bank Limited	592720.00	10.12	53	112614.00
ICICI Bank Limited	592720.00	10.12	53	112614.00
ICICI Bank Limited	658791.00	10.13	53	125146.00
ICICI Bank Limited	488659.00	10.12	53	92836.00
ICICI Bank Limited	488659.00	10.12	53	92836.00
ICICI Bank Limited	1036363.00	10.75	40	273787.00
	3582501973.01			470415195.57
Net of Instalments	3112086777.44			
Name of Bank	As at 31.03.2013 ₹	Rate of Interest	Installments o/s As at 31.03.2013	Payable within 12 months
Term Loans Project			(Quarterly)	
State Bank of Patiala	25000000.00	13.75	8	12500000.00
State Bank of India	37500000.00	14.45	8	18750000.00
State Bank of Patiala	125200000.00	13.75	16	31200000.00
Punjab National Bank	125000000.00	14.25	16	31250000.00
Punjab National Bank	25000000.00	14.25	16	6250000.00
Punjab National Bank	25000000.00	14.25	16	6250000.00
Punjab National Bank	66000000.00	14.25	19	8000000.00
State Bank of Patiala	255199432.00	13.75	27	54000000.00
Punjab National Bank	415901113.82	14.25	27	54000000.00
Allahbad Bank	168998853.00	13.70	27	26000000.00
Central Bank of India	432442201.00	13.00	32*	0.00
Allahbad Bank	284734059.00	12.70	32*	0.00
State Bank of India	520860767.00	13.45	32*	0.00
Punjab & Sind Bank	220439192.00	13.00	32*	0.00
Term Loans Vehicles			(Monthly)	
Reliance Capital Limited	625850.81	11.51	11	625850.81
Reliance Capital Limited	341496.64	11.48	11	341496.64
HDFC Bank Limited	1880872.63	13.25	24	933097.18
HDFC Bank Limited	1619292.32	11.42	9	1619292.32
HDFC Bank Limited	277274.57	13.03	25	124921.04
HDFC Bank Limited	489642.13	13.03	34	152704.59
HDFC Bank Limited	2396038.74	12.74	16	1767391.47
HDFC Bank Limited	105658.20	13.25	6	105658.20
HDFC Bank Limited	472033.36	12.51	46	102331.00
HDFC Bank Limited	1470235.28	12.51	35	447034.26
ICICI Bank Limited	429354.00	9.39	29	167895.00
ICICI Bank Limited	1330008.00	10.43	48	385644.00
	2738713374.50			254973316.51
Net of Instalments	2483740057.99			

*Repayment will commence from April 2014

PARTICULARS	As at 31-03-2014	As at 31-03-2013
NOTE - 6 : DEFFERED TAX LIABILITY		
Deferred tax liabilities		
Related to Fixed Assets	385100000.00	309200000.00
Deferred tax assets		
Disallowances under the Income Tax Act	75000000.00	155000000.00
Net Deferred tax liability	310100000.00	154200000.00
NOTE - 7: OTHER LONG TERM LIABILITIES		
Security Deposits from persons other than directors	370000.00	527153.00
HDFC Bank Limited dues	10622471.00	0.00
	10992471.00	527153.00
NOTE - 8: LONG TERM PROVISIONS		
Provision of employee benefits : (Refer to Note No. 25 (i))		
a) Leave encashment	12391340.00	9318952.00
b) Gratuity	27352093.01	18266752.01
	39743433.01	27585704.01
NOTE - 9 : SHORT TERM BORROWINGS		
a) Secured		
- Working Capital borrowings from banks	2118558384.21	1841883629.97
- Acceptances payable Buyer's Credit (Raw Material) under Bank's LC/LOU	695744721.33	566465436.00
b) Unsecured	2814303105.54	2408349065.97

i) Secured	Current Year		Previous Year	
	Total outstanding	Rate of Interest EPC / CC	Total outstanding	Rate of Interest EPC / CC
State Bank of India	703917319.09	10.45 / 13.00	682733165.30	9.70 / 13.95
State Bank of Patiala	336448854.10	10.95 / 13.25	379631029.13	12.10 / 14.25
Punjab National Bank	379346875.38	11.00 / 13.00	474246501.38	11.20 / 13.95
Central Bank of India	90955564.04	11.00 / 13.00	103241744.50	11.20 / 13.50
Punjab & Sind Bank	3622737.60	10.75 / 13.25	102031189.66	11.20 / 14.00
Punjab National Bank (WHR)	604267034.00	11.00	0.00	
Punjab & Sind Bank (WHR)	0.00		100000000.00	12.50
	2118558384.21		1841883629.97	

- 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, Ludhiana, Village Kanech, Ludhiana, Village Barmalipur, Ludhiana, Village Jida, Bathinda and equitable mortgage of commercial land & building situated at Village Barmalipur, Ludhiana owned by Sh. Raj Kumar Avasthi (Chairman & Managing Director) & Sh. Munish Avasthi (Managing Director).
- iii) The working capital borrowings (Pledge of Warehouse Receipts) from Punjab National Bank and Punjab & Sind 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 31-03-2014	As at 31-03-2013
NOTE - 10 : TRADE PAYABLES		
Due to Micro, Small & Medium Enterprises*	5815802.18	8733804.81
Others	298255176.14	151051053.12
	<u>304070978.32</u>	<u>159784857.93</u>
*The details of the amount outstanding to "The Micro, Small and Medium Enterprises" are based on available information with the Company and the outstanding balance beyond 45 days is ₹ NIL (Previous year ₹ NIL)		
NOTE - 11 : OTHER CURRENT LIABILITIES		
a) Current Maturities of long term debt (Refer to Note No. 5)	470415195.57	254973316.51
b) Interest accrued but not due on borrowings	18606415.43	18 924128.75
c) Interest accrued and due on borrowings	41725408.00	30913539.00
d) Advances from Customers	18076622.50	52908069.84
e) Creditors for Capital Expenditure	4550746.22	13004645.92
f) Security deposit/retention money	7560405.99	10182207.99
g) Other liabilities		
Statutory dues	11111780.80	21113567.78
Employee dues	59598432.95	52553095.90
HDFC Bank Limited dues	30035558.00	0.00
Others	177757870.87	126364327.86
	<u>839438436.33</u>	<u>580936899.55</u>

PARTICULARS	As at 31-03-2014	As at 31-03-2013
NOTE - 12: SHORT TERM PROVISIONS		
a) Provision for Taxation		
Provision	94487530.00	56000000.00
Less : Paid	21189294.00	881157.01
	<u>73298236.00</u>	<u>55118842.99</u>
b) Provision of employee benefits : (Refer Note No 25(i))		
- Leave encashment	1278000.00	1165000.00
- Gratuity	1029000.00	2050000.00
	<u>75605236.00</u>	<u>58333842.99</u>
(*Note 13 - Fixed Assets on next page)		
NOTE - 14: LONG TERM LOANS & ADVANCES		
Unsecured but considered good		
a) Capital Advances	19122034.11	65261338.41
b) Security Deposits	50987277.00	49973277.00
c) Others-Prepaid Expenses	1382000.00	492657.00
	<u>71491311.11</u>	<u>115727272.41</u>
NOTE - 15 : INVENTORIES		
(at cost or net realisable value, whichever is lower)		
a) Raw Material	1485215395.00	1016513222.73
b) Raw Material in transit	31853693.00	22688829.00
c) Work in Progress	166632979.96	123412623.25
d) Finished Goods / Stock in Trade	622016038.29	721406591.00
e) Store and Spares	68130 428.00	54818384.18
	<u>2373848534.25</u>	<u>1938839650.16</u>
NOTE - 16 : TRADE RECEIVABLES		
(Unsecured, unconfirmed & considered Good) (Refer to note no. 31)		
a) Due over six months	52308024.00	119858717.97
b) Others	926888620.51	661157655.62
	<u>979196644.51</u>	<u>781016373.59</u>
NOTE - 17 : CASH AND CASH EQUIVALENTS		
a) Cash & cash equivalents		
Balances with banks in current accounts	2685815.36	11609898.14
Cash on Hand	20405725.52	25527167.91
b) Other bank balances		
Fixed deposit with Banks		
Margin money for bank guarantee/Letter of Credit / undertakings	20072000.00	55534829.00
	<u>43163540.88</u>	<u>92671895.05</u>

***NOTE - 13 : FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01-04-2013	Addition during the year	Sale/Adjus- ment during the year	As at 31-03-2014	As at 01-04-2013	Provided for the year	Sale/Adjus- ment during the year	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013	
i) Tangible Assets											
Land	169873263.00	2411318.00	0.00	172284581.00	0.00	0.00	0.00	0.00	172284581.00	169873263.00	
Building	1499003282.77	218285533.00	0.00	1717288815.77	147821723.04	48195738.61	0.00	196017461.65	1521271354.12	1351181559.73	
Building Lease Hold	27330120.00	0.00	0.00	27330120.00	4424299.51	3272260.07	0.00	7696559.58	19633560.42	22905820.49	
Plant & Machinery	4074116030.43	910792886.79	3654058.00	4981254859.22	1377971476.94	405416066.56	3285240.55	1780102302.94	3201152556.28	2696144553.49	
Vehicles	33774648.11	18409844.00	0.00	52184492.11	12889867.32	4429343.14	0.00	17319210.46	34865281.65	20884780.79	
Furniture & Fixture	23135445.29	1510394.00	0.00	24645839.29	5279119.91	1443165.40	0.00	6722285.31	17923553.98	17856325.38	
TOTAL	5827232789.60	1151409975.79	3654058.00	6974988707.39	1548386486.72	462756573.78	3285240.55	2007857819.94	4967130887.45	4278846302.88	
Previous Year	4839588121.01	1006728894.97	19084226.38	5827232789.60	1152015748.78	405418384.67	9047646.73	1548386486.72	4278846302.88	3687572372.23	
ii) Intangible Assets											
iii) Capital Work-in-progress											
Computer Software	729074.00	496412.00	0.00	1225486.00	402296.85	118182.90	0.00	520479.75	705006.25	326777.15	
Electric Line Expenses	29712975.90	1184104.00	0.00	30897079.90	23267711.10	3454953.20	0.00	26722664.30	4174415.60	6445264.80	
TOTAL	30442049.90	1680516.00	0.00	32122565.90	23670007.95	3573136.10	0.00	27243144.05	4879421.85	6772041.95	
Previous Year	30419549.90	22500.00	0.00	30442049.90	20333692.65	3336315.30	0.00	23670007.95	6772041.95	10085857.25	
Capital Work-in-progress											
Capital Work-in-progress									5147331.00	24413045.00	

PARTICULARS	As at 31-03-2014	As at 31-03-2013
NOTE - 18 : SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
Other than related parties		
a) Prepaid Expenses	20413183.00	11232431.99
b) Advance to suppliers (Refer Note No. 31)	185488168.01	215227988.10
c) MAT Credit Entitlement	143271235.00	53075902.00
	<u>349172586.01</u>	<u>279536322.09</u>
NOTE - 19 : OTHER CURRENT ASSETS		
a) Recoverable from Government Departments	227249294.03	97468260.22
b) Claims receivables	246256538.86	197698042.01
	<u>473505832.89</u>	<u>295166302.23</u>
NOTE - 20 : REVENUE FROM OPERATIONS		
a) Sale of products	10313496798.67	8455228857.08
b) Sale of Services	16783242.00	14091803.00
c) Other operating revenue	318865813.35	140717298.48
	<u>10649145854.02</u>	<u>8610037958.56</u>
Less : Excise Duty	344905.11	12134603.00
	<u>10648800948.91</u>	<u>8597903355.56</u>
a) Details of Sale of products		
i) Yarn		
-Export	5536427000.11	3701826086.00
-Domestic	3741778285.56	3857713445.08
Fabric / Cloth	257250933.00	279838565.00
Waste		
-Export	216624844.00	36352546.00
-Domestic	543231563.00	532023745.00
Others	18184173.00	47474470.00
	<u>10313496798.67</u>	<u>8455228857.08</u>
b) Detail of Sale of Services		
Job Work Charges	16783242.00	14091803.00
c) Details of Other Operating Revenue		
Incremental Export Incentive	40532910.00	2870000.00
Duty Drawback / DEPB Incentive	176966524.34	114532647.48
SHIS Licence Income	13457526.00	0.00
Focus Market Incentive	18739762.01	16981689.00
Focus Product Incentive	4138972.00	0.00
Other Business Income	6000000.00	0.00
Sale of Scrap	5030119.00	6332962.00
	<u>318865813.35</u>	<u>140717298.48</u>

PARTICULARS	Year ended 31-03-2014	Year ended 31-03-2013
NOTE - 21 : OTHER INCOME		
a) Profit on Sales of Assets	1089937.55	0.00
b) Misc. Income	9011844.20	3903494.50
c) Prior Period Income	0.00	916780.00
d) Interest Income	14024586.00	11447343.00
e) Excise Duty (Written Back)	0.00	2350000.00
	<u>24126367.75</u>	<u>18617617.50</u>
NOTE - 22 : COST OF MATERIAL CONSUMED		
Opening Stock	1039202051.73	1052535443.17
Add : Purchases	7053689633.99	5244273211.53
	<u>8092891685.72</u>	<u>6296808654.70</u>
Less : Closing Stock	1517069088.00	1039202051.73
Material Consumed during the year	<u>6575822597.72</u>	<u>5257606602.97</u>
Detail of Material consumed		
Raw Cotton	4832737193.44	3591061886.63
Manmade Fibre	1741948633.28	1653544442.07
Yarn	1136771.00	13000274.27
	<u>6575822597.72</u>	<u>5257606602.97</u>
NOTE - 23 : PURCHASE OF TRADED GOODS		
Purchase of Traded Goods	<u>5000526.00</u>	<u>433860423.00</u>
Detail of Traded Goods		
Manmade Fibre	0.00	0.00
Fabric	5000526.00	433860423.00
Yarn	0.00	0.00
	<u>5000526.00</u>	<u>433860423.00</u>
NOTE - 24: CHANGES IN INVENTORY		
Opening Stock		
Work-In-Progress	123412623.25	105879817.00
Finished Goods / Stock in Trade	721406591.00	528638487.00
	<u>844819214.25</u>	<u>634518304.00</u>
Closing 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>
Increase(-)/Decrease(+)In Stock	<u>56170196.00</u>	<u>-210300910.25</u>

PARTICULARS	Year ended 31-03-2014	Year ended 31-03-2013
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NOTE - 25 : EMPLOYEE BENEFIT EXPENSES

Salaries, Wages and Allowances	445430820.98	350816695.06
Contribution to Provident & Other Funds	40856059.02	32582693.02
Gratuity & Leave Encashment	16240000.00	15657936.00
Bonus	7840527.00	7905557.00
Workers & Staff Welfare	6656278.00	5915486.70
	<u>517023685.00</u>	<u>412878367.78</u>

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	-	11151536.00
Employer's Contribution to Family Pension Fund	-	17698935.00

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)	
		31.03.14	31.03.13	31.03.14	31.03.13
a)	Change in Present value of Defined Benefit Obligations.				
	Defined Benefit obligation as on 01.04.2013	25269931	14151494	10483952	8462472
	Current Service Cost	4943584	1645488	1884148	1528303
	Interest Cost	1563706	886071	0	0
	Actuarial (Gain/Loss)	-2380466	5951202	0	0
	Benefits Paid	-12306	0	(3112283)	(2435317)
	Defined Benefit Obligation as on 31.03.2014	35368983	25537692	9255817	7555458

b)	Change in fair value of Plan Assets				
	Fair value of plan assets as on 01.04.2013	4940873	3812592	-	-
	Expected Return on Plan Assets	438810	343855	-	-
	Actuarial (Gain/Loss)	0	0	-	-
	Employer Contribution	1620514	796732	-	-
	Benefits Paid	-12306	12306	-	-
	Fair Value of Plan Assets as on 31.03.2014	6987891	4940873	-	-
	Actual Return on Plan Assets	0	343855	-	-
c)	Reconciliation of Fair Value of Assets and Obligations				
	Fair Value of Plan Assets as at 31st March, 2014	6987891	4940873	-	-
	Present Value of Obligation as at 31st March, 2014	35368983	25537692	9255817	7555458
	Amount recognized in Balance Sheet	28381091	20596819	9255817	7555458
d)	Expenses recognized in Profit & Loss Account				
	Current Service Cost	4943584	1645488	1884148	1528303
	Interest Cost	1563706	886071	-	-
	Expected Return on Plan Assets	438810	343855	-	-
	Actuarial (Gain)/ Loss	-2380466	5951202	-	-
	Net Cost	8448946	(3763498)	1884148	1528303
e)	Investment Details				
	L.I. C. Group Gratuity Policy	28.55%	28.55%	-	-
f)	Actuarial Assumptions				
	Mortality Table	L.I.C (1994-96)	L.I.C (1994-96)	L.I.C (1994-96)	L.I.C (1994-96)
	Discount Rate (Per annum)	8 %	8 %	8 %	8 %
	Expected Rate of Return on Plan Assets (per annum)	9 %	9 %	--	--
	Rate of escalation in salary (per annum)	7 %	7 %	7 %	7 %

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

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

NOTE - 26 : FINANCE COST

a)	Interest on Bank borrowings	655475221.59	639798219.15
b)	Other Borrowing Cost	108228886.84	58895922.45
c)	Premium on Forward Exchange Contracts	44535704.00	8949360.00
d)	Interest on Income Tax Payments	4215224.00	5429851.65
		<u>812455036.43</u>	<u>713073353.25</u>

PARTICULARS	Year ended 31-03-2014	Year ended 31-03-2013
NOTE - 27 : OTHER EXPENSES		
Manufacturing expenses		
Power & Fuel and Generator Expenses	986224654.12	764654644.64
Freight & Cartage	11441617.00	3709663.17
Packing Material	138502414.98	116367859.38
Dyes & Chemicals	93630287.17	83577888.25
Consumption of Stores & Spares	139442806.14	142087635.67
Repairs to Machinery	8440896.27	7914083.99
	<u>1377682675.68</u>	<u>1118311775.10</u>
Administration expenses		
Rent	1288000.00	1373428.00
Fees & Taxes	4119277.02	4058179.01
Professional Charges	5443999.02	2167091.00
Printing & Stationery	4169342.53	3306361.64
Postage & Telegram	1502665.00	1204442.00
Telephone Expenses	1621077.64	1328956.48
Insurance	8286156.00	6032049.02
Vehicle Maintenance	10804571.40	8305779.00
General Expenses	12936156.22	10686964.64
Building Repair	5055312.83	6257229.98
Charity & Donation	126260.00	44100.00
Travelling & Conveyance	6549121.01	4824452.05
Entertainment Expenses	302479.00	188983.01
Directors' Meeting Fees	90000.00	90000.00
Payment to Auditors*	646801.00	587939.00
Festival Expenses	4601700.00	3274400.00
Service Tax	5157363.00	3469054.52
Worker Conveyance	32469683.02	19335245.00
Advertisement Expenses	669074.00	239055.00
Difference in foreign currency transactions	23762047.34	-62503271.66
Profit/Loss on Forward/Derivative Contracts	12764719.00	3229324.00
VAT Assessment Tax	0.00	1994787.00
Profit / Loss on Sale of Assets	0.00	1476494.68
Prior Period Expenses	<u>1063013.91</u>	<u>1349227.01</u>
	<u>143428818.94</u>	<u>22320270.38</u>

Selling and Distribution expenses

Ocean freight and Clearing & forwarding	163031426.08	116029123.02
Cartage, freight	15678304.00	15533500.01
Commission & Discount	109993361.41	81710088.75
	<u>288703091.49</u>	<u>213272711.78</u>
	<u>1809814586.11</u>	<u>1353904757.26</u>
*Payment to Auditors		
-Audit Fee	462000.00	420000.00
-Tax Audit Fees	88000.00	80000.00
-Others - taxation	10000.00	10000.00
Add : Sevice Tax	69216.00	63037.00
-Reimbursement of expenses	17585.00	14902.00
	<u>646801.00</u>	<u>587939.00</u>

NOTE - 28 : CURRENT TAX

a) Current Year	<u>90195333.00</u>	<u>50454049.00</u>
	<u>90195333.00</u>	<u>50454049.00</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**NOTE - 29****CONTINGENT LIABILITIES**

(₹ in Lacs)

Sr. No.	Particulars	As at	As at
		31.03.2014	31.03.2013
a)	Letter of Credit(s)/Bank Guarantee(s) issued by banks	63.00	63.00
b)	Bills discounted with banks	12031.18	7780.09
c)	Committments on account of capital account remaining to be executed (Net of Advances) out of which Letter of Credits/Bank Guarantee of ₹ 368.91 Lacs (Pr.Year ₹ 1362.50 Lacs) net of margin.	1312.03	7430.65
d)	Bonds against un-fulfilled export obligations under Export Promotion Capital Goods/Duty Exemption scheme.	974.24	670.65
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.	11.19	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	-
j)	Disputed Electricity Taxes liabilities of cases pending with appellate authorities.	415.00	-

NOTE - 30

The working capital borrowings and current account balances are net of cheques issued but not presented for payment of ₹116194348.54 (Previous year ₹ 63568645.57/-) and that of cheques deposited but not credited of ₹ 30636899/- (Previous year ₹ 38831/-) with net amount of ₹85557449.54/- (Previous Year ₹63529814.57/-). Accordingly, the trade payables and trade receivables are understated to the extent of ₹ 116194348.54/- and ₹ 30636899/- (Previous year ₹ 63568645.57/- and ₹38831/-) respectively and working capital borrowings have been overstated to the extent of ₹ 85557449.54/- (Previous Year ₹ 63529814.57) and current account balances of bank are overstated to the extent of ₹ Nil /- (Previous year Nil)

NOTE - 31

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

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

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

b) Key Management Personnel

Sh. Raj Kumar Avasthi

Chairman & Managing Director

Sh. Munish Avasthi

Managing Director

Sh. Naresh Jain

Executive Director

2) Related Party Transactions

Associates Concerns	Sale	Purchase	Job Work Sale	Job Work Purchase	Other Transactions	Total
Sobhagia Sales Private Limited	408011553.00	722139.00	480794.00	0.00	0.00	409214486.00
Classic Wears Private Limited	54199474.00	47367.00	0.00	0.00	127921.00	54374762.00
Aradhana Fabrics	8523315.00	0.00	1513207.00	0.00	0.00	10036522.00
Sobhagia Clothing Co.	37137188.00	561204356.00	0.00	0.00	0.00	598341544.00
Fashionable Attire	6376675.00	0.00	0.00	0.00	0.00	6376675.00
Nagesh Classic	5239059.00	0.00	104527.00	0.00	0.00	5343586.00
N.R.S. Knitwears Private Limited	4889933.00	0.00	0.00	0.00	0.00	4889933.00
Total	524377197.00	561973862.00	2098528.00	0.00	127921.00	1088577508.00

Key Managerial Personnel	Mangement Services Paid			Unsecured Loan	Lease Rent Paid	Total
	Basic	HRA	Perquisites			
Sh. R.K. Avasthi	6000000.00	0.00	754787.00	0.00	498000.00	7252787.00
Sh. Munish Avasthi	6000000.00	0.00	754788.00	10000000.00	8000.00	16762788.00
Sh. Naresh Jain	840000.00	420000.00	0.00	0.00	0.00	1260000.00
Total	12840000.00	420000.00	1509575.00	10000000.00	506000.00	25275575.00
Relatives of Key Managerial Personnel's						
Smt. Anjali Avasthi	0.00	0.00	0.00	0.00	200000.00	200000.00
Raj Kumar (HUF)	0.00	0.00	0.00	0.00	480000.00	480000.00
Total	0.00	0.00	0.00	0.00	680000.00	680000.00

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

Particulars	Outstanding as on 31.03.2014	Outstanding as on 31.03.2013
M/s Classic Wears Private Limited	44751883.80	115964847.80
M/s Sobhagia Sales Private Limited	318030339.38	120159171.38
M/s Aradhana Fabrics Private Limited	7765542.59	9518346.59
M/s Sobhagia Clothing Co.	117960210.95	159863150.96

Includes advance to Supplier Rs. 117960210.95

NOTE - 32

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

a) Finance Lease :

The Company does not have any finance lease arrangement.

b) Operating Lease;

i) Lease rentals charged in the Profit and Loss account for the year net of rent received is ₹ 12,88,000/- (Previous year ₹ 13,73,428/-).

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

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

Particulars	(Figures in ₹)	
	As on March 31, 2014	As on March 31, 2013
Not Later than one year	1288000.00	1479600.00
Later than one year but not later than five years	5152000.00	5032000.00
Later than five years	2504000.00	3642000.00

NOTE - 33

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

(₹ in lacs)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Amount (Foreign Currency)	Amount (In ₹)	Amount (Foreign Currency)	Amount (In ₹)
Hedged Foreign Currency Exposure				
Imports				
USD/INR	50.38	3047.49	120.10	6591.09
EURO/INR	6.81	568.08	-	-
CHF/INR	2.00	137.08	-	-
Interest USD/INR	0.45	27.22		

(₹ in lacs)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Amount (Foreign Currency)	Amount (In ₹)	Amount (Foreign Currency)	Amount (In ₹)
Loans				
FCNR USD/INR	30.00	1814.70		
PCFC	-	-	-	-
Exports				
USD/INR	131.02	7776.04	258.62	13981.00
Un-hedged Foreign Currency Exposure				
Import				
Interest USD/INR	0.01	0.85	4.51	247.51
EURO/INR	-	-	9.06	640.18
CHF/INR	-	-	1.13	65.62
Commission USD/INR	8.36	505.42	5.49	301.29

NOTE - 34

In February 2014, the Hon'ble Supreme Court of India upheld the order of the Hon'ble Bombay High Court and Arbitrator's award for payment of principal amount of Rs. 5.94 Crs thereon with interest @ 8% p.a. from June, 2008 till payment thereof and arbitration cost/expenses of Rs. 0.12 Crs by the company to HDFC Bank Limited in respect of the certain foreign currency option contracts purported to be entered by the bank with the company. The amount of interest due upto 31.03.2014 is Rs. 2.73 Crs and the total amount of Rs. 8.79 Crs due to them has now been provided in the books of accounts. The company had already paid a part amount of Rs. 4.72 Crs. to them during March 2014 and balance principal amount of Rs. 4.07 Crs alongwith further interest due will be paid in 16 monthly instalments beginning from April 2014.

NOTE - 35

A	CIF Value of Imports	As on 31.03.2014	As on 31.03.2013
	Raw Materials	186841324	191854633
	Stores & Spares	41509109	33699405
	Capital Goods	338978764	158885759
	Dyes & Chemicals	-	2170903
B	Earning in Foreign Currency		
	FOB Value of Exports	5661155424	3660663046
C	Expenditure in Foreign Currency		
	Interest	12623844	58003636
	Traveling Expenses	2190372	1437379
	Commission	84205538	54065425
	Subscription	710111	351554
	Handling & Processing Charges	-	-
	Others	71298	44528

D	Value of Imported & Indigenous Raw Material & Store Consumed and Percentage thereof				
	Particulars	Value (₹)	% age	Value (₹)	% age
	a) Raw Material				
	Imported	189987921	2.89%	260984005	4.96%
	Indigenous	6385834676	97.11%	4997304118	95.04%
	b) Stores & Spares/Packing Material				
	Imported Spares	40803519	10.62%	34865247	10.18%
	Imported Dyes & Chemicals	0.00		3407110	0.99%
	Indigenous	343338353	89.38%	304262097	88.83%

NOTE - 36

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

NOTE - 37

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

NOTE - 38

Previous year figures have been regrouped/restated wherever necessary.

As per our report of even date attached

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

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

Place : Ludhiana
May 30, 2014

(Raj Kumar Avasthi)
Chairman & Managing Director

(P.K. Gupta)
Chief Financial Officer

For & on behalf of Board of Directors

(Munish Avasthi)
Managing Director

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

(Naresh Jain)
Executive Director

(Nikhil Kalra)
Company Secretary

SPORTKING INDIA LIMITED

Annual Report 2013-2014

SPORTKING INDIA LIMITED

REGD. OFFICE: 5/69, GURU MANSION, FIRST FLOOR,
PADAM SINGH ROAD, KAROL BAGH, NEW DELHI - 110005
CIN: L17122DL1989PLC035050

PROXY FORM

I/We _____
of _____
being a Member / Members of SPORTKING INDIA LIMITED, hereby appoint _____
of _____

in the District of _____
or failing him/her _____ of _____
in the District of _____

as my proxy to vote for me/us on my / our behalf at the 25th Annual General Meeting of the Company to be held on Thursday, the 11th day of September, 2014 at 2:00 P.M. at 5/69, Guru Mansion, 1st Floor, Padam Singh Road, Karol Bagh, New Delhi - 110005 and at any adjournment thereof.

Signed this _____ day of _____ 2014

Signature _____

Address _____

Folio No. _____

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of him/her.
2. The proxy form duly signed across Revenue Stamp should reach the Company's Registered Office at least 48 hours before the time of meeting.

ATTENDANCE SLIP

SPORTKING INDIA LIMITED

REGD. OFFICE: 5/69, GURU MANSION, FIRST FLOOR,
PADAM SINGH ROAD, KAROL BAGH, NEW DELHI - 110005
CIN: L17122DL1989PLC035050

I hereby record my presence at the 25th Annual General Meeting of the above named Company being held at 5/69, Guru Mansion, 1st Floor, Padam Singh Road, Karol Bagh, New Delhi - 110005 at 2:00 P.M. on Thursday, the 11th day of September, 2014

Full Name of the Member _____ Signature _____
(IN BLOCK LETTERS)

Folio No. _____ Nos. of Shares held _____

Full Name of the Proxy _____ Signature _____
(IN BLOCK LETTERS)

NOTE : Members attending the meeting in person or by proxy are requested to complete the attendance slip and handover at the entrance of the meeting place.

Affix
Re. 1/-
Revenue

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