

FORM B

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1 Name of the company S R Industries Limited

2 Annual financial statements for the 31st March, 2013.
period ended

3 Type of Audit qualification Qualified 1) Non provision of liability as required by AS - 15 "Accounting for Retirement benefits".
2) Statutory dues in arrears exceeding six months.
3) Disputed amounts outstanding for a period exceeding six months from the date they become payable.
4) The company has paid with certain delays, the amounts due to banks & financial dues.

4 Frequency of qualification Qualification 1 & 2 appeared first time and qualification 3 & 4 for the second time.

Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report: Qualifications appear at page 8 & 9 of annual report (refer point no. 5 (2)(d)) of Auditors' Report & point nos. 9(b) & (c) & 11 of CARO Report & BOD's replies appear at page 1 under Auditors' Report.

Additional comments from the board/audit committee chair: Though the board agrees with the auditors on the qualifications but it has already deposited the outstanding amounts as on date except where the company has gone for appeal with the higher authorities.

5 To be signed by-
• CEO/Managing Director

 (R. C. Mahajan)

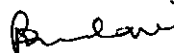
• CFO

NIL

• Auditor of the company

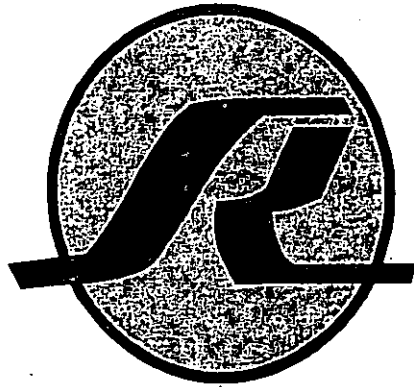
 (CA S. K. Kanungo)

• Audit Committee Chairman



CR K. Bhandari

**Twenty Fourth Annual Report
2012-13**



S. R. INDUSTRIES LIMITED

BOARD OF DIRECTORS

Chairman
Mr. R. K. Bhandari

Managing Director
Mr. R.C.Mahajan

Whole-time Directors

Mr. Amit Mahajan Director (Commercial)
Mr. Amit Mahajan Director (Operations)

Directors

Mr. M. M. Puri
Mr. T. N. Tikoo

Auditors

M/s. Kansal Singla & Associates

Bankers

State Bank of Patiala
UCO Bank

Regd. Office

F-110, Industrial Area Phase VII
Mohali - 160055

Works

Village Singha, Tehsil Haroli,
Distt. Una (H.P.)

**S. R. Industries
Limited**
Annual Report 2012-13

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TWENTY FOURTH ANNUAL GENERAL MEETING

Date : September 27, 2013
Day : Friday
Time : 09:15 a.m.
Venue : F-110, Industrial Area Phase- VII
Mohali (Pb.) - 160055

**NO GIFTS OR COMPANY'S PRODUCT WILL
BE GIVEN FOR ATTENDING THE MEETING**

NOTE

1. Members intending to require information about accounts to be explained at the Annual General Meeting are requested to inform the Company at least 7 days in advance of the date of meeting.
2. Members are requested to bring their copy of the Annual Report with them at the Annual General Meeting.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their TWENTY FOURTH ANNUAL REPORT and the Audited Statement of Accounts for the nine months period ended March 31, 2013.

FINANCIAL RESULT

	2012-13 9 Months	(Rs./lacs) 2011-12 15 Months
Turnover	3073.59	4341.71
Export Incentive	5.39	31.23
(Loss)/Profit before interest, depreciation and taxation	286.22	(385.17)
Financial expenses	(505.07)	(917.62)
Loss before depreciation & taxation	(218.85)	(1302.79)
Depreciation	(103.87)	(335.05)
Provision for Taxation		
- Deferred Tax		
Expenses relating to earlier years	(26.02)	21.74
Net loss after tax	(348.74)	(1616.10)
Earning per share (Rs.)		
- Basic/Diluted	(2.51)	(12.81)

FUTURE PROSPECTS

The Board of Directors are pleased to inform that the company had produced 1.12 million pairs of shoes, sandals and other footwear during the current period (nine months) as against 1.88 million pairs during the previous period (fifteen months). The company has long term arrangements with Puma Sports India Private Limited and also negotiating with other MNCs for producing sports & other footwear on their behalf.

DIVIDEND

In view of the losses your Directors do not recommend any dividend for the period under review.

DEPOSITS

The Company has not accepted any deposits from the public during the period under review.

STAFF

The Directors hereby place on record their appreciation for the efficient and dedicated services rendered by the employees at all levels.

The information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 (as amended) may be taken as nil as no employee received remuneration in excess of limits prescribed under the said section.

DIRECTORS

Mr. Y R Kapur resigned from the directorship of the company w.e.f. May 23, 2013. Your directors appreciated the contribution made by him during his tenure. In accordance with the provisions of the Companies Act, 1956 and Article 74 of the Articles of Association of the Company Mr. T N Tikoo and Mr. R K Bhandari retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves for reappointment.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance as required under the Listing Agreement with the Bombay Stock Exchange Ltd. (BSE), Mumbai is annexed to this report. The Certificate issued by Practicing Company Secretary, in pursuance of Clause 49 of the Listing Agreement in compliance of Corporate Governance, is also annexed with this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors report -

- that in the preparation of the annual accounts for the nine months financial period 2012-13, the applicable accounting standards had been followed along with proper explanations relating to material departures,
- that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the loss of the Company for the nine months period ended on that date;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of

the Company and for preventing and detecting fraud and other irregularities.

- that the Directors had prepared the annual accounts for the financial ended on March 31, 2013 on a Going Concern basis.

AUDITORS -

M/s Kansal Singla & Associates, Statutory Auditors, hold office until the conclusion of the ensuing annual general meeting and being eligible, offer themselves for reappointment. They have confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956 and willingness to accept the office of the Statutory Auditors, if reappointed.

AUDITORS' REPORT

The Statutory Auditors of the Company have submitted their report on the accounts for the nine months period ended March 31, 2013. The replies to the Auditors comments are as under:-

- The Company due to liquidity constraints has not been able to deposit the PF dues outstanding as on March 31, 2013. Necessary arrangements are being made to deposit outstanding dues in the coming months.
- Undisputed dues regard to service tax have since been deposited.
- Other observation (s) of auditors are self explanatory & needs no further clarification.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed.

ACKNOWLEDGMENTS

The Directors wish to place on record their appreciation to State Bank of Patiala, UCO Bank, Central/State Government Agencies, Customers and Business Associates for their continued cooperation and support.

The Board of Directors also takes this opportunity to acknowledge the dedicated efforts made by workers, staff and officers and their contribution to the success achieved by the Company.

Above all, the Directors express their gratitude towards the members of the Company for their continuing support and for the confidence reposed in the Management.

For and on behalf of the Board

Place: Mohali
Date : September 03, 2013

R.K. BHANDARI
Chairman

ANNEXURE TO THE DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes in abiding by the Code of Corporate Governance so as to be a responsible corporate citizen and to serve the best interest of all the stakeholders and the society at large. The Company seeks to achieve this goal by being transparent in its business dealings, by disclosure of all relevant information in an easily understood manner and by being fair to all stakeholders and by ensuring that the Company's activities are managed by a professionally competent Board of Directors. The Company has over the years followed the best practices of Corporate Governance by adhering to the practices laid down by the Management. The most important part of Corporate Governance is the best business principles and leadership. The Company has also followed the implementation schedule of Corporate Governance Code as mentioned in Clause 49 of the Listing Agreement. The Directors are pleased to report the same as under -

BOARD OF DIRECTORS

The present strength of the Board is six. The Board Comprises of Executive and Non-Executive Directors. Three Directors including the Managing Director, are Whole-time Directors (Executive Directors). There are three Non-Executive Directors, including the Chairman, all of them being Non Executive Independent Directors.

The composition of Board, number of Directorships & Committee positions held by each of the Directors are given hereunder -

Sl. No	Name of Director	Category	No. of Board Meeting(s) attended	Attendance at Previous AGM held on February 28, 2013	No. of Outside Directorship(s) held (**)		No. of Membership(s)/ Chairmanship(s) In other Committees (***)	
					As Director	As Chairman	As Member	As Chairman
1.	Mr.R.K.Bhandari	Non-Executive & Independent	6	YES	-	-	-	-
2.	Mr.M.M. Puri	Non-Executive & Independent	5	NO	-	-	-	-
3.	Mr.T.N.Tikoo	Non-Executive & Independent	-	NO	-	-	-	-
4.	Mr.Y.R. Kapur	Whole-time Director	12	YES	1	-	-	-
5.	Mr.Amit Mahajan	Whole-time Director	12	YES	-	-	-	-
6.	Mr.Amit Mahajan	Whole-time Director	12	YES	1	-	-	-
7.	Mr.R.C.Mahajan	Managing Director	12	YES	1	-	-	-

**Excludes directorship held in private limited companies, foreign companies, companies under section 25 of the Companies Act, 1956 and memberships of Managing Committees of other Chambers/Institutions/Boards.

*** Includes Membership/Chairmanship of Audit Committee and Shareholders Grievances Committee only.
During the year none of the Directors was either a member of more than ten committees or Chairman of more than five committees of any public limited company.

BOARD MEETINGS AND ATTENDANCE

During the nine months period ended March 31, 2013, 12 Board Meetings were held on the following dates -

Date of Meeting	Board Strength	No. of Directors Present
July 27, 2012	8	4
August 09, 2012	7	4
August 14, 2012	7	6
November 15, 2012	7	6
November 20, 2012	7	4
December 04, 2012	7	4
January 19, 2013	7	4
January 29, 2013	7	4
February 15, 2013	7	6
February 28, 2013	7	5
March 25, 2013	7	6
March 31, 2013	7	6

The gap between two Board Meetings did not exceed four months. Further, the information as required under Annexure I-A to the Clause 49(I)(C)(i) of the Listing Agreement is made available to the Board. The Agenda and other papers having adequate information for consideration of the Board are circulated well in advance. Further, the compliance report of statutory requirements is placed before the Board on quarterly basis.

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

Mr. T N Tikoo holds 200 shares in the company. No other Non-Executive Director holds any equity share of the Company

CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company has adopted a Code of Conduct for Board of Directors and Senior Management (the Code). The Code has been communicated to the Directors and the members of the Senior Management. The Code has also been posted on the Company's website www.srfootwears.com. All Board Members and Senior Management have confirmed compliance with the Code for the nine months period ended March 31, 2013. The Annual Report contains a declaration to this effect signed by the Managing Director who is also the Chief Executive Officer.

RESUME OF THE DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

Mr. T N Tikoo

Mr. T N Tikoo is a B.Sc (Tech.) Textile having 41 years experience in the Textile industry. Before his appointment as director w.e.f. September 01, 2011, Mr. T N Tikoo had been the whole-time Director of the Company from July 03, 2003 to September 01, 2011 and before that in the whole-time employment of the Company. Mr. T N Tikoo does not hold directorship in any other company. Presently Mr. T N Tikoo holds 200 Equity Shares of the company.

Mr. R K Bhandari

Mr. R K Bhandari is a BE (Mech) having 40 years of experience. He has

been the Director & Executive Director of Punjab Venture Capital Limited (PVCL), an Asset Management Company looking after the affairs of 'Punjab Infotec Venture Funds' promoted by the Government of Punjab in association with Small Industries Development Bank of India (SIDBI). He has in-depth experience in the field of project identification, project implementation, financing, management, monitoring etc. He had also been the Chairman-cum-Managing Director of Punjab National Fertilizers & Chemicals Ltd and Executive Director of Punjab State Leather Development Corporation Limited, another State Government organisation. Presently Mr. Bhandari does not hold any Share of the company.

BOARD COMMITTEES

Pursuant to Clause 49 of the Listing Agreement, the Board has constituted the following Committees with necessary delegation for smooth and efficient working -

AUDIT COMMITTEE

The Audit Committee of the Company has such powers as are detailed under Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement.

The scope of Audit Committee includes, inter-alia, reviewing the systems, compliance of statutory and legal requirements, recommending appointment & re-appointment of statutory auditors, fixation of their remuneration and reviewing internal/statutory audit reports. It also includes the reviewing annual budgets, budgeted vs actual performance and quarterly/annual financial results, before submitting the same to the Board. As and when required, senior management personnel, statutory auditors and other professionals are also invited to attend the Audit Committee meetings.

The powers & role of Audit Committee is in agreement with Clause 49(II)(C)/(D) of the Listing Agreement

Further, the Audit Committee periodically reviews the information required under Clause 49(II)(E) of the Listing Agreement.

The Board of Directors reconstituted the Audit Committee on January 29, 2009.

Presently, the Audit Committee consists of the following three Directors -

1. Mr.R.K.Bhandari-Chairman
2. Mr.M.M.Puri-Member
3. Mr.Y.R.Kapur-Member

Mr. R.K.Bhandari and Mr. M.M.Puri are non-executive and independent directors, whereas Mr. Y.R.Kapur is an executive director. The members of the Committee are qualified, experienced and professional having knowledge in industry, finance, project monitoring, company law and other related matters. The quorum of the Audit Committee Meeting is two members, but there should be a minimum of two independent directors present.

During the period under review, the Audit Committee met three times on August 14, 2012, November 15, 2012, and February 15, 2013 respectively. The attendance at the Audit Committees was -

Member	No. of Meetings held	Attended
Mr. R.K.Bhandari	3	3
Mr. M.M. Puri	3	3
Mr. Y.R.Kapur	3	3

REMUNERATION COMMITTEE

The Board of Directors reconstituted the Remuneration Committee of the Company w.e.f. November 22, 2010. Presently, the Remuneration Committee consists of the following two Directors -

1. Mr. M.M.Puri - Chairman
2. Mr. R.K.Bhandari - Member

Both the members are independent directors. The scope of Remuneration Committee includes the determination of remuneration packages for the Executive and Non-Executive Directors including remuneration policy, pension rights and any compensation payable as stock options, etc.

REMUNERATION POLICY

The Remuneration Policy of the Company is aimed at rewarding performance, based on review of achievements on a regular basis. The Board/Remuneration Committee within the ceiling fixed by the shareholders decides the remuneration of the Directors.

A) Managing Director & Whole-time Directors

The remuneration paid to the Managing Director and Whole-time Directors is subject to the limits laid down under Section 198, 309/310 and Schedule XIII to the Companies Act, 1956 and in accordance with the terms of their respective appointment approved by the shareholders of the Company. Their remuneration consists of salary, company's contribution to provident fund & gratuity, house rent allowance/rent free accommodation, medical reimbursement, leave travel concession, club fees, personal accident insurance, books, magazines & periodicals, telephone and car and other perquisite and allowances in accordance with Company's Rules, as applicable from time to time. In addition to this, the Managing Director is also eligible for commission @ 1% of the net profits of the Company.

The Managing Director and Whole-time Directors are not paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

The appointment of Managing Director is for a period of 5 years whereas the appointment of Whole-time Directors is for normal period of retirement. No notice period has been specifically provided for the appointment of Managing/Whole-time Director(s).

Presently, the Company does not have a scheme for grant of stock options either to the Whole-time Directors or employees.

B) Non-Executive Directors

The Non-Executive Directors are not paid any compensation except sitting fees for attending the Board and Audit Committee Meetings, which is within the limits prescribed under the Companies Act, 1956.

DETAILS OF REMUNERATION TO DIRECTORS

The details of the remuneration (excluding contribution to gratuity fund and provision for leave encashment but including perquisite/allowances and contribution to the Provident Fund) and sitting fees paid to the Directors during the nine months period ended March 31, 2013 are as under -

	Sitting Fees	Salary	Contribution to Provident Fund	Other perquisites & allowances	Total
Mr. R.K.Bhandari	55,000/-	-	-	-	55,000/-
Mr. M.M.Puri	55,000/-	-	-	-	55,000/-
Mr. Y.R.Kapur	-	8,21,000/-	22,080/-	-	8,43,080/-
Mr. Amit Mahajan	-	7,42,500/-	-	-	7,42,500/-
Mr. Amit Mahajan	-	8,10,000/-	-	75,796/-	8,85,796/-
Mr. R.C.Mahajan	-	13,50,000/-	-	71,436/-	14,21,436/-

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Board of Directors reconstituted the Shareholders/Investors Grievance Committee on January 29, 2009. Presently, the Shareholders/Investors Grievance Committee consists of the following three Directors -

1. Mr. M.M.Puri - Chairman
2. Mr. T.N.Tikoo - Member
3. Mr. Y.R.Kapur - Member

The scope of Shareholders/Investors Grievance Committee includes the redressal of investors' complaints pertaining to transfer/transmission/ dematerialisation/ rematerialisation of shares, dividends and other related issues.

During the nine months period under review 7 (previous year 8) complaints were received, which were promptly attended by the Company and resolved to the satisfaction of the shareholders. Normally all complaints/queries are disposed off within one week of the receipt. The Company had no complaint which was pending at the close of the year under review.

SHARE TRANSFER AND DEMAT COMMITTEE

The Share Transfer & Demat Committee was reconstituted on January 29, 2009 by the Board of Directors. Presently, the Share Transfer & Demat Committee consists of the following three Directors -

1. Mr. M.M.Puri - Chairman
2. Mr. T.N.Tikoo - Member
3. Mr. Y.R.Kapur - Member

Mr. M.M.Puri, Chairman of the Committee is a Non-Executive and Independent Director. The scope of Share Transfer and Demat Committee includes transfer/transmission/dematerialisation/rematerialisation of shares, replacement of lost/stolen/mutilated share certificates, splitting/consolidation of share certificates and other related issues.

To expedite the process of share transfers / transmission / dematerialisation / rematerialisation, the Registrar & Share Transfer Agents and the Compliance Officer have been delegated the powers for share transfer/ dematerialisation/ rematerialisation. They meet every fortnight to carry out the same.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary company.

GENERAL BODY MEETINGS

The details of the Annual General Meetings held during the last three years are as under -

YEAR	VENUE	DATE	TIME	WHETHER ANY SPECIAL RESOLUTION PASSED
2009-10	Village Kuranwala, Barwala Road, Derabassi - 140 507, Distt. Mohali (Punjab)	September 30, 2010	10.00 a.m	YES.
2010-11	- do -	September 30, 2011	10.00 a.m	YES
2011-12	F-110, Industrial Area Phase VII, Mohali (Punjab)	February 28, 2013	9.15 a.m.	YES

There was no other general meeting held in the last three years. During the financial year under review, no resolution were passed through postal ballot as required by the Companies (Passing of the resolution by postal ballot) Rules, 2011 and Clause 49 of the Listing Agreement.

DISCLOSURES

i) Related Party Transactions

The details of the materially significant related party transactions have been annexed to the Balance Sheet given elsewhere in this report. None of such transaction(s) has potential conflict with the interest of the Company at large. The details of the material individual transaction with related parties are periodically placed before the Audit Committee/Board together with the Management's justification for the same.

There is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

ii) Compliances by the Company

The Company continued to comply with the requirements of the Listing Agreement, SEBI and other Statutory Authorities. During the last three

years, there has not been any noncompliance, penalties and strictures imposed on the Company for any matter relating to the capital markets by any of the Stock Exchanges, SEBI or any other statutory authorities.

iii) Whistle Blower Policy

The Company's portal provides a very effective means for the employees to communicate freely with the Managing Director. The Company's employees can also meet directly with the Managing Director and express their grievances/concerns. There are safeguards to ensure that all employees grievances/concerns receive due consideration. The Code of Conduct for Board of Directors and Senior Management states that Directors and Senior Managers of the Company shall endeavor to promote ethical behavior and to provide an opportunity to employees to report violations of laws, rules, regulations or codes of conduct and policy directives adopted by the Company to the appropriate personnel without fear of retaliation of any kind for reports made by the employee in good faith.

No employee has been denied access to the Audit Committee.

iv) Details of compliance with mandatory requirements and adoption of non-mandatory requirements

All the mandatory requirements of Clause 49 of the Listing Agreement have been complied with as stated in this report on Corporate Governance. The non-mandatory requirements as stipulated in Annexure I-D of Clause 49 of the Listing Agreement on the Code of Corporate Governance have been adopted to the extent and in the manner as stated under the appropriate headings in the Report of Corporate Governance.

CEO/CFO Certification -

A certification from the CEO and the CFO in terms of Clause 49(V) of the Listing Agreement was placed before the Board at its meeting held on May 28, 2013, to approve the Audited Accounts for the period ended March 31, 2013.

MEANS OF COMMUNICATION

i) Quarterly Results

The quarterly, half yearly and annual results of the Company are published in accordance with the requirements of the Listing Agreement.

ii) Newspaper in which results are normally published

Financial Express - All India Editions and Spokesman

iii) Any website, where displayed

These results are also displayed on the Company's website www.srfootwears.com and SEBI's website www.sebidilftr.nic.in.

iv) Whether it also displays official news releases; and presentation made to institutional investors or to the analysts

The relevant information is displayed in the Company's website.

As the financial results of the Company are published in the newspaper and also displayed on the Company's website, a separate half yearly declaration of the financial performance of the Company is not sent to each household of shareholders.

GENERAL SHAREHOLDERS' INFORMATION

i) Annual General Meeting

DAY, DATE & TIME : Friday, September 27, 2013.
at 9.15 a.m.

VENUE

: F - 110, Industrial Area
Phase VII,
Mohali (Punjab) - 160055

ii) Financial Calendar

Results for the Quarter/ Year ending -

- June 30, 2013 : August 12, 2013
- September 30, 2013 : Mid November, 2013
- December 31, 2013 : Mid February, 2014
- March 31, 2014 : End May 2014.

iii) Date of Book Closure : Thursday, September 24, 2013
to Friday, September 27, 2013
(Both days inclusive)

iv) Dividend Payment Date

No dividend has been recommended.

v) Listing on Stock Exchange(s)

The equity shares of the Company are listed at the Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

The Company is regular and has paid upto date listing fee to BSE.

The approval for delisting of Company's shares from The Calcutta Stock Exchange Association Ltd. is awaited.

vi) Stock Code

Bombay Stock Exchange Ltd. (BSE) 513515

vii) Market Price Data and Stock Performance

Monthly high and low price of equity shares of the Company at BSE & the stock performance in comparison to broad based indices BSE Sensex during the period ended March 31, 2013 is as under -

MONTH	SRIL SHARE PRICE		TOTAL TURNOVER NO. OF SHARES
	HIGH (Rs.)	LOW (Rs.)	
July 2012	5.70	4.08	7,21,167
August 2012	4.78	3.56	2,68,752
September 2012	5.44	3.74	3,66,203
October 2012	6.29	4.14	7,23,581
November 2012	5.00	3.85	4,82,318
December 2012	4.85	3.99	6,93,201
January 2013	5.40	3.81	11,97,780
February 2013	4.91	3.66	8,76,764
March 2013	4.66	3.63	17,69,731

source : www.bseindia.com

viii) Registrar & Share Transfer Agents (RTA)

M/s Link Intime India Pvt. Ltd.

44, Community Centre 2nd Floor, Naraina Industrial Area Phase - I,
Near PVR, Naraina, New Delhi - 110 028. Tel: 011-41410592-94, Fax :
011-41410591

E-mail : delhi@linkintime.co.in

Compliance Officer

Mr. Amit Mahajan, Director (Commercial)

Tel : 0172-4602888 Fax: 0172-4602888 E-mail : amit@srfootwears.com

x) Share Transfer System

The transfer of shares in physical form is done by the RTA - M/s Link Intime India Pvt. Ltd. and returned within a period of 15 days from the date of receipt of document complete in all respect. The particulars of movement of shares in dematerialised form are also placed before the Share Transfer & Demat Committee.

xi) Distribution of Shareholding (as on March 31, 2013)

No. of Equity Shares Held	No. of Folios	% age	No. of Shares	% age
Upto 2500	6925	67.45	902306	8.48
2501 - 5000	2004	19.52	863564	8.21
5001 - 10000	725	7.06	641692	6.01
10001 - 20000	275	2.68	443869	4.19
20001 - 30000	95	0.93	247463	2.32
30001 - 40000	40	0.39	147267	1.39
40001 - 50000	56	0.54	273999	2.58
50001 - 100000	56	0.54	413088	3.89
100001 & Above	91	0.89	9982752	93.74
Total	10267	100.00	13916000	100.00

S. R. Industries Limited

Annual Report 2012-13

Shareholding Pattern (as on March 31, 2013) -

Category	No. of Share	% age
A Promoters' Holding		
1 Promoters		
- Indian Promoters	5154375	37.04
- Foreign Promoters	Nil	Nil
2 Persons acting in concert	Nil	Nil
Sub-Total	5154375	37.04
B Non-Promoters Holding		
3 Institutional Investors		
a. Mutual Funds and UTI	Nil	Nil
b. Banks, Financial Institutions		
Insurance Companies	Nil	Nil
c. FIs	Nil	Nil
Sub-Total	Nil	Nil
4 Others		
a. Private Corporate Bodies	1775117	12.76
b. Indian Public	6917817	49.70
c. NRIs/OCBs	68891	0.50
Any other (please specify)	Nil	Nil
Sub-Total	8761625	62.96
Grand Total	13916000	100.00

The sum of foreign promoters, FIs, NRIs/OCBs, foreign banks, foreign national and GDR and ADR holding in the Company is 68891 shares

xii.) Dematerialisation of share and liquidity

The ISIN No. of the Company is INE329C01011. Upto March 31, 2013, 10722580 (77.05%) equity shares were dematerialised in the two Depositories - NSDL and CDSL.

Secretarial Audit Report -

The Reconciliation of Share Capital Report of the Company prepared in terms of SEBI Circular No. D&CC/FITTC/CIR-16/2002 dated December 31, 2002 reconciling the shares dematerialised in both the Depositories - NSDL & CDSL and physical form with the total issued/paid-up capital of the Company for every quarter is placed before the Board of Directors and also submitted to BSE and two depositories - NSDL & CDSL.

xiii.) Outstanding GDRs/ADRs/Warrants or any Convertible instruments

The company has no outstanding GDR/ADRs/Warrants or any Convertible Instruments as on March 31, 2013

xiv) Plant Location Footwear Plant

at Village Singha, Tehsil - Haroli, Distt. Una (H.P.)

xv) Address for Correspondence

S.R. Industries Ltd.
F - 110, Industrial Area Phase VII, Mohali - 160055

Place: Mohali
Date : September 03, 2013

For and on behalf of the Board
R.K.BHANDARI
Chairman

ANNEXURE 'A'

ANNEXURE TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

I CONSERVATION OF ENERGY -

a) Energy Conservation Measures Taken

-Equipments required for prudent use of energy, keeping in view the ecological requirements, have been identified. Follow up steps have been put in place for speedy implementation.

b) Additional investment and proposals, if any, being implemented for saving of energy.

-Measures taken will have a dual effect of reduction in the consumption of energy and increase in production.

c) Impact of the measures for reduction of energy consumption and conservation impact on the cost of production of goods.
Ordering of the Boiler and related pipeline etc is in progress.

d) Total energy consumption and energy consumption per unit of production as per Form "A"

Form A: Form for disclosure of particulars with respect to conservation of energy

A) POWER AND FUEL CONSUMPTION 2012-13		2011-12
		9 MONTHS 15 MONTHS
1) ELECTRICITY		
i) Terry Towel Unit		
Purchased :Units (in Lacs)	-	11.42
Total Amount (Rs./Lacs)	-	70.87
Average Rate/Unit (Rs.)	-	6.21
ii) Footwear Unit		
Purchased :Units (in Lacs)	13.29	17.13
Total Amount (Rs./Lacs)	83.19	101.58
Average Rate/Unit (Rs.)	6.26	5.93
2) Own Generation		
i) Terry Towel Unit		
Through Diesel Generator:		
Unit (in Lacs)	-	0.27
Unit/Ltr. Of Diesel Oil	-	2.84
Average Cost/Unit (Rs.)	-	13.79
ii) Footwear Unit		
Through Diesel Generator:		
Unit (in Lacs)	0.61	0.81
Unit/Ltr. Of Diesel Oil	3.25	3.05
Average Cost/Unit (Rs.)	13.63	13.26
3. PET COKE/ WOOD		
i) Terry Towel Unit		
Pet Coke/ Wood (M.T.)	-	1504
Total Amount (Rs./Lacs)	-	69.29
Average Rate (Rs./M.T.)	-	4607
ii) Footwear Unit		
Pet Coke/ Wood (M.T.)	842	743
Total Amount (Rs./Lacs)	33.63	37.02
Average Rate (Rs./M.T.)	4.00	4.88
B) CONSUMPTION PER UNIT OF PRODUCTION		
i) Terry Towel Unit		
Terry Towels (M.T.)	-	368
Electricity (Kwh/Tonne)	-	3105
Diesel (Ltr./Tonne)	-	24.66
Pet Coke/Wood (M.T.)	-	4.09
ii) Footwear Unit		
Footwear (Million Pairs)	1.12	1.66
Electricity (Kwh/Pairs)	1.18	1.03
Diesel (Ltr./Pairs)	0.029	0.0016
Pet Coke/Wood (M.T./Pairs)	0.001	0.001

Form B:

II. TECHNOLOGY ABSORPTION

A. Research & Development (R & D)

a. Specific area in which R & D is carried out by the company

The company is constantly working towards creating formulation of Rubber involving fewer chemicals. It is also working towards usage of water based adhesives in the manufacturing of Footwear.

b. Benefits derived as a Result of R & D

Benefits derived are towards effective saving in costs. In addition, with the usage of lesser chemicals and solvent based adhesive, the company is aiming to reduce the effective Carbon Footprint

c. Future Plan of Action

The company is planning to upgrade the facilities in the Rubber Moulding section to achieve higher productivity with lower overhead costs

d. Expenditure on R & D

Research and Development being an integral part of production process is carried out in a continuous manner. No separate expenses are hereby maintained for Research & Development costs.

B. Technology absorption, adaptation and innovation

The sports footwear technology is relatively new in India and especially in the area where the unit is located. In the past 3 years, we have been able to transfer the technology from ex-pats to local people. There is always a constant effort towards innovation of new ideas and methods to improve productivity and lower cost by keeping the same or higher quality standards.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports, initiatives taken to increase exports, Development of new export market for products and export plans.

- The Company is continuously expanding its overseas market base and by adding new customers. After the abolition of quota regime efforts are being made to consolidate and tap additional export market in development countries.

b) Total Foreign Exchange earned and used.

	<u>2012-13</u>	<u>(Rs./Lacs)</u>
	<u>9 Months</u>	<u>15 Months</u>
(i) Foreign exchange earned (including from deemed exports)	79.06	441.56
(ii) Foreign exchange used	116.60	295.82
Net foreign exchange earned	<u>(37.54)</u>	<u>145.74</u>

For and on behalf of the Board
Place: Mohali
Date : September 03, 2013
R.K.BHANDARI
Chairman

CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Members
S.R.Industries Ltd., Mohali

I have examined the compliance of conditions of Corporate Governance of S.R.Industries Ltd for the period ended on March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Ltd., Mumbai.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I hereby certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

Place : Chandigarh
Date : August 20, 2013

SANJIV K GOEL
CP No. 1248

DECLARATION

As provided under Clause 49(I)(D) of the Listing Agreement with the Bombay Stock Exchange Ltd., Mumbai, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Board of Directors and Senior Management during the nine months period ended on March 31, 2013.

For S.R.Industries Limited
R.C.MAHAJAN
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT
Overview

i) Industry Structure and Developments

FOOTWEAR

There are two kinds of sports shoes cemented and injection moulded. The global business of sports shoes is dominated by the cemented variety. The sports shoes being retailed by Nike, Reebok, Adidas etc. is essentially of cemented kind. Till late 1980's, this industry was dominated by South Korea and to a lesser extent Taiwan. Busan, a port town on the southern tip of Korea was the manufacturing hub. There were companies in Korea with manufacturing capacity in excess of 60 million pairs. The large manufacturers had sales turnover varying between US\$ 150 and US\$ 600 million. The exodus of this industry from Korea started in early 90's and the major beneficiaries of this flight of capital have been China, Indonesia, Vietnam and Thailand. China is the leading destination for sourcing of sports shoes. It is this semi-monopolistic position of China as the leading manufacturer of sports shoes which has compelled leading international sports shoes companies like Nike, Reebok, Adidas, Converse etc. to develop an alternative to China. India, with its large reservoir of skilled labour can emerge as an alternative to China. Currently, a large quantity of the sports shoes sold in India are being sourced in CKD Kits from countries like China, Vietnam and Indonesia, and there is a huge opportunity for creating an integrated manufacturing facility which can serve the domestic requirements of these international brands.

ii) Opportunities and threats
FOOTWEAR

The footwear sector is a very significant segment of the Leather Industry in India. Footwear is the engine of growth for the entire Indian leather industry and India is the second largest global producer of footwear after China, accounting for 14% of global footwear production of 14.52 billion Pairs. India Produces 2065 million pairs of different categories of footwear (Leather Footwear 909 million pairs, Leather Shoe uppers 100 million pairs and Non-leather footwear 1056 million pairs) India exports about 115 million pairs. Thus, nearly 95% of its production goes to meet its own domestic demand. The major production centers in India are Chennai, Ranipet, Ambur in Tamil Nadu, Mumbai in Maharashtra, Kanpur in U.P., Jalandhar in Punjab, Agra, Delhi, Karnal, Ludhiana, Sonapat, Faridabad, Pune, Kolkata, Calicut and Ernakulam. Footwear exported from India are Dress Shoes, Casuals, Moccasins, Sport Shoes, Horrachies, Sandals, Ballerinas, Boots, Sandals and Chappals made of rubber, plastic, P.V.C. and other materials.

The Company has implemented footwear project at Tahliwal, Himachal Pradesh where the unit has got Central Government incentives like excise duty concession, tax holiday for five years etc. The Company has been working with MNC brand PUMA and has added more brands like Decathlon India, Adidas and Reebok. The Company has already started supplies to Decathlon India, whereas with Adidas and Reebok the development has started and the supplies will start by November 2013. Since the major MNC brands have started shifting CKD projects to complete manufacturing projects in India, the Company feels there is no immediate threat in requirement of Sports Shoes in the coming few years.

iii) Segment-wise or product-wise performance

Presently, the Company has one segments of activity namely - Footwears. The performance of the Company is discussed separately in this report.

iv) Outlook

The outlook for the Company remains positive. The present order book

position of the Company is excellent.

v) Risks and concerns

Macro-economic factors like subdued demand, political uncertainty, vagaries of monsoon and other natural calamities may affect the Company and industry at large.

No business is risk free. Proactive recognition of the risks, assessing their influence and initiating action to mitigate their impact becomes critical.

The Company has classified broad risk areas for its business – statutory compliances, economy, financial, government policies, market, operational, product related and technology.

With increasing competitive pressure, the challenge is to increase sales and the customer base, to successfully address changing customer preferences and to produce the right product at right time and at a competitive price. Technology is a critical area to be focused upon.

The challenges arising out of forex fluctuations could be cause of concern especially when the Company imports its major raw material.

The Company has not been significantly impacted by these factors due to its proper monitoring mechanism and proactive actions against anticipated hindrances.

vi) Internal control systems and their adequacy

The Company has established control system to ensure that –

- a) assets are adequately protected.
- b) transactions are authorised, recorded and reported correctly, and
- c) operations are conducted in an efficient and cost effective manner complying with the applicable laws.

A qualified independent Audit Committee of the Board of Directors also reviews the internal audit and adequacy of internal controls.

vii) Discussion on financial performance with respect to operational performance.

The gross turnover during 2012-13 for the nine months period decreased to Rs. 3073.59 lacs as against Rs. 4341.71 lacs for fifteen months. The Company during the nine months period sold 0.98 Million pairs footwear as against 1.71 million pairs footwears during the last year. The production during the nine months period was 1.12 Million pairs footwears as against 1.68 million pairs footwears during fifteen months period.

The duty drawback decreased to Rs.5.39 lacs during the nine months period as against Rs.31.23 lacs during the fifteen months period. Further rigorous monitoring of operating overhead ensured that these remained under control.

Profit before depreciation, interest and taxation during nine months period increased to Rs. 286.22 lacs as compared to loss before depreciation, interest and taxation (PBDIT) of Rs. 385.17 lacs last fifteen months period. The depreciation for the nine months period was at Rs.103.87 lacs as against Rs. 335.05 lacs during fifteen months period. The financial expenses during the nine months period 2012-13 decreased from Rs. 917.62 lacs to Rs. 505.07 lacs.

The loss before tax during the nine months period decreased from Rs. 1637.84 lacs to Rs. 322.72 lacs.

The Earning Per Share (EPS) during nine months period was Rs. (2.51) as compared to Rs.(12.81) fifteen months period. The diluted EPS of Rs. (2.51) was arrived at by conversion of the weighted average no. of shares that may be issued or Convertible Warrants on account of requirements of the Accounting Standards.

The Company has posted a net loss after Tax of Rs. 348.74 lacs during the nine months period as against Net Loss after Tax 1616.10 lacs during fifteen months period.

viii) Material development in human resources/Industrial relations front, including number of people employed.

The relationship between the employees and the management continued to remain cordial during the year under reviews.

Cautionary Statement – Statement in this Management Discussion and Analysis report describing Company's objectives, estimates, projections and expectations may be treated as "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ from materiality from those expressed or implied therein.

AUDITORS' REPORT

The Members of
S.R. INDUSTRIES LIMITED,
Mohali.

Dear Members,

1. Report on the Financial Statements

We have audited the accompanying financial statement of S.R. Industries Limited, which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the period then ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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.

4. Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss Account, for the period ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

5. 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 sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by Section 227(3) of the Act, we report that:
 - 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act, except non-provision of liability as required by AS-15 "ACCOUNTING FOR RETIREMENT BENEFITS".
 - e) On basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

FOR KANSAL SINGLA & ASSOCIATES
Chartered Accountants
sd/-
C.A. S.K. Kansal
Partner
M.No.080632
FRN No. 03897N

Place: Chandigarh
Date: May 28, 2013

**THE ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE
OUR REPORT OF EVEN DATE TO THE MEMBERS OF S.R.
INDUSTRIES LIMITED ON THE ACCOUNTS OF THE COMPANY
FOR THE PERIOD ENDED MARCH 31, 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us, during the course of our audit, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any part of the plant and machinery affecting the going concern status of the Company.
2. (a) According to the information and explanations given to us, the inventory has been physically verified by the stock auditors till April 30, 2013 in terms of their appointment by the bankers and quantitative details have been reconciled up to March 31, 2013. We have relied upon the physical verification done by the said

auditor.

- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As explained to us, no material discrepancies were noticed on physical verification. However minor discrepancies noticed on verification between the physical stocks were properly adjusted in the consumption of stores.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under Section 301 of the Act.
- (b) As per information given and records produced before us, the Company has taken unsecured loans from two Directors and Companies covered in the Register maintained under Section 301 of The Act. The Balance outstanding as at March 31, 2018 from these parties amounts to Rs 648.39 lacs and maximum amount outstanding during the year was Rs 1022.93 lacs.
- (c) As explained to us, the terms & conditions on which such loans were accepted are not prejudicial to the interest of the Company.
- (d) No stipulation has been specified for the repayment of these loans.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in internal controls has been noticed.
5. According to the information and explanations provided by the management, the particulars of contracts or arrangements that need to be entered into register maintained under Section 301 of The Act have been so entered.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted the Deposits covered as per the provisions of Sections 58A and 58AA or any other provisions of The Act. However, the company has accepted unsecured loans from directors and intercorporate loans from Companies which are within exempted category of the said section.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with the size and nature of its business.
8. As per information & explanations given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 the Act and we are of the opinion that prima-facie the prescribed accounts and records have been made and maintained.
9. (a) The Company is regular in depositing undisputed dues for a period of more than six month for the date they became payable with appropriate authorities except Service Tax and Provident fund.
- (b) According to the information and explanations given to us Rs 21.31 lacs payable in respect of provident fund and Rs. 1.60 lacs payable in respect of service tax were in arrears as at March 31, 2013 for a period more than six months from the date they became payable.
- (c) The following are disputed amounts Outstanding for a period of more than six months from the date they became payable, but

were not paid by the Company as at March 31, 2013.

Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Forum where dispute is pending
Income Tax	Demand u/s 147/143 (3)	45.02	CIT (Appeals), Chandigarh
Income Tax	Demand u/s 154	59.92	CIT (Appeals), Chandigarh
Excise Duty	Excise Duty	258.70	CESTAT
Excise Duty	Excise Duty	723.00	CESTAT

10. The Company has accumulated loss of Rs.2687.93 lacs at the end of the financial year. Further, the Company has incurred cash loss of Rs.218.84 lacs during the financial year covered by our audit and Rs.1302.79 lacs during the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has paid with certain delays, the amounts due to banks and financial institutions. The overdue interest of Rs.35.04 Lacs as on March 31, 2013 has since been paid.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund/ society.
14. According to the information and explanations given to us, the Company is not trading in Shares, Mutual funds & other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from any banks or financial institution.
16. Based on our audit procedure and on the information given by the management, we report that the Company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at March 31, 2013, we report that the no funds raised on short-term basis have been used for long-term investment by the Company.
18. According to the information and explanations given to us, the Company has made preferential allotment of equity shares to parties covered in the Register maintained under Section 301 of The Act. The price at which such shares are allotted is not prejudicial to the interest of the Company.
19. The Company has not issued any debentures during the period under audit.
20. According to the information and explanations given to us, during the period covered by our audit report, the Company has not raised any money by public issue of equity shares.
21. Based on the audit procedures and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

FOR KANSAL SINGLA & ASSOCIATES
Chartered Accountants
sd/-

C.A. S.K. Kansal
Partner
M.No.080632
FRN No. 03897N

Place: Chandigarh
Date: May 28, 2013

BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Note No.	As at 31.03.2013 (Rs.)	As at 30.06.2012 (Rs.)
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	2	284,882,000	238,882,000
Reserves & Surplus	3	(252,274,835)	(217,400,727)
(2) Non-Current Liabilities			
Long Term Borrowings	4	252,559,664	271,138,187
(3) Current Liabilities			
Short Term Borrowings	5	121,892,863	77,002,205
Trade Payables	6	123,320,762	92,194,925
Other Current Liabilities	7	48,577,808	62,655,003
Short Term Provisions	8	2,266,417	2,356,417
Term of Liabilities		581,224,679	526,828,010
II ASSETS			
(1) Non-Current Assets			
Fixed Assets	9		
Tangible Assets		268,856,724	276,893,852
Capital work in Progress			2,821,090
(2) CURRENT ASSETS			
Inventories	10	116,536,248	76,136,486
Trade Receivables	11	147,900,951	138,433,392
Cash & Bank Balances	12	3,729,314	3,641,836
Short-term loans and advances	13	44,201,442	28,901,354
Total of Assets		581,224,679	526,828,010

Significant Accounting Policies
Notes on Accounts

1
2 to 20

For and on behalf of the Board

Sd/-

Sd/-

AMIT MAHAJAN

R.C. MAHAJAN

Director-Commercial

Managing Director

In terms of our separate report of even date annexed

For KANSAL SINGLA & ASSOCIATES

Chartered Accountants

Sd/-

(CA S.K. KANSAL)

Partner

Membership No. 080632

FRN 003897N

Place : Chandigarh.

Date : May 28, 2013

**S. R. Industries
Limited**

Annual Report 2012-13

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM JULY 1, 2012 TO MARCH 31, 2013

	Note No.	2012-13 (9 Months) (Rs.)	2011-12 (15 Months) (Rs.)
I	Revenue from Operations (Gross)	14	307,359,152
	Less :- Excise Duty		434,170,607
	Revenue from Operations (Net)		344,754
II	Other Income	15	307,359,152
		2,414,012	433,825,853
III	Total Revenue (I + II)		21,637,584
		309,773,164	455,463,437
IV	Expenses:		
	Cost of Material Consumed	16	214,037,187
	Changes in Inventories of Finished Goods and Stock-In Process	17	241,155,559
	Personnel Expenses	18	(30,625,377)
	Financial Expenses	19	110,366,998
	Depreciation	9	48,099,369
	Other Expenses	20	50,506,614
	Provision for Doubtful Debts		91,762,083
			33,504,676
	Total Expenses (IV)		70,311,362
		342,044,999	5,063,560
V	Loss before exceptional and extraordinary items and Tax (III - IV)		342,044,999
		(32,271,835)	619,247,369
VI	(Add)/ Less :- Extraordinary items(Prior Period)		
		(2,602,274)	
VII	Loss before tax		
		(34,874,109)	(163,783,932)
VIII	<u>Tax Expense:</u>		
	Provision for Deferred Tax		
IX	Loss for the period/year		
		(34,874,109)	2,173,647
X	Earning per equity share (Diluted and Basic)		
		(2.51)	(161,610,285)
			(12.81)

For and on behalf of the Board

Sd/-

AMIT MAHAJAN
Director-Commercial

Sd/-

R.C. MAHAJAN
Managing Director

In terms of our separate report of even date annexed
For KANSAL SINGLA & ASSOCIATES
Chartered Accountants

Sd/-

(CA S.K. KANSAL)

Partner

Membership No. 080632

FRN 003897N

Place : Chandigarh.

Date : May 28, 2013

CASH FLOW STATEMENT FOR NINE MONTHS PERIOD ENDED MARCH 31, 2013

	Current Year (9 Months)	Previous Year (15 Months)
Cash Flow from Operating Activities		
Net Loss before tax & extraordinary items	(3,22,71,835)	(16,37,83,932)
Adjustment for :-		
Add :-		
Depreciation	1,03,87,185	3,35,04,676
Prior period income	(26,02,274)	21,73,647
Loss on sale of assets	5,05,06,614	
Financial expenses	5,86,54,267	9,17,62,083
Less :-		
Interest Income	2,42,083	1,83,405
Profit on Sale of Assets	2,42,083	31,74,814
Operating Profit before working capital changes	2,61,40,349	(3,97,01,745)
Add :-		
Decrease in Inventories	(4,03,99,762)	11,84,14,256
Decrease in Trade and other receivables		
Increase in Trade Payables and other Current Liabilities	3,11,25,837	11,84,14,256
Less :-		
Increase in Sundry Debtors	(94,67,559)	6,93,57,032
Increase in Loans and advances	(1,53,00,088)	
Decrease in Provisions	(90,000)	1,31,440
Decrease in Other Current Liabilities & Provisions	(1,40,77,195)	16,15,869
Cash Generated from Operations	(2,20,68,418)	76,08,170
Taxes Paid		2,51,953
Net Cash from Operating activities 'A'	(2,20,68,418)	78,60,123
Cash Flow from Investing Activities		
Purchase of Fixed assets/CWIP	(1,04,207)	(58,99,018)
Proceeds from Fixed Assets/Investments	2,12,500	15,97,66,108
Interest Received	2,42,083	1,83,405
Net Cash used in Investing Activities 'B'	3,50,376	15,40,50,495
Cash Flow from Financing Activities		
Proceeds from Share Capital	4,60,00,000	11,34,20,000
Proceeds from Government Grants	0	80,00,000
Proceeds from Unsecured Loans	(4,67,158)	(7,73,38,946)
Proceeds from Long Term Loans	(1,81,11,365)	(7,96,74,775)
Proceeds from Short Term Borrowings	4,48,90,658	(6,68,16,799)
Interest paid	(5,05,06,615)	(6,02,20,353)
Net Cash from Financing Activities 'C'	2,18,05,520	(16,26,30,873)
Net Increase in Cash & Cash Equivalent (A+B+C)	87,478	(7,20,255)
Cash & Cash Equivalent at the beginning of period	36,41,836	43,62,091
Cash & Cash Equivalent at the end of period	37,29,314	36,41,836

For and on behalf of the Board

Sd/-
AMIT MAHAJAN
Director-Commercial

Sd/-
R.C. MAHAJAN
Managing Director

In terms of our separate report of even date annexed
For KANSAL SINGLA & ASSOCIATES
Chartered Accountants

Sd/-
(CA S.K. KANSAL)
Partner
Membership No. 080632
FRN 003897N

Place : Chandigarh.
Date : May 28, 2013

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPERATION OF FINANCIAL STATEMENTS

- a) The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956. Accounting policies not specifically referred to are consistent with generally accepted accounting policies.
- b) The company generally follows mercantile system of accounting and recognizes significant item of Income & Expenditure on accrual basis.

2. FIXED ASSETS

The fixed assets are recorded at the cost which includes freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for their intended use. Adjustments arising from exchange rate fluctuations relating to outstanding liabilities attributable to the fixed assets are capitalized/ adjusted.

3. INVENTORIES

Inventories are valued on FIFO Method

- Raw materials- at lower of cost or net realizable value.
- Packing materials, consumable stores and spares-at cost.
- Stock-in-process- Material cost plus appropriate share of production overheads.
- Finished goods- at lower of cost or net realizable value.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the balance sheet comprises cash at bank, cash in hand & short term investments.

5. EXPENDITURE ON EXPANSION

Expenditure directly relating to constructions/substantial expansion activity is capitalized. Indirect expenditure incurred during construction period is capitalized as a part of indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Income earned for during construction period is deducted from the total of indirect expenditure.

As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

6. DEPRECIATION

Depreciation is provided on Straight Line Method on pro-rata basis on all the fixed assets at the rates prescribed in Schedule XIV of the Companies Act, 1956.

7. RESEARCH & DEVELOPMENT

Revenue expenditure incurred on Research & Development is charged to Profit & Loss Account.

8. REVENUE RECOGNITION

Revenue is recognized base on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

(a) Revenue from sale of goods is recognized when the substantial risks and rewards of ownership are transferred to the buyer under the terms of contract.

(b) Other income is accounted for on accrual basis as and when the right to receive arises.

9. FOREIGN CURRENCY TRANSACTIONS

Export sales are accounted for at exchange rate prevailing on the date the documents are negotiated/ realized with/ through bank. In case of direct remittance from buyers the difference between the exchange rates on the dispatched date and actual exchange rate of foreign currency on receipt of payment is booked in sales.

The assets and liabilities at the year end are translated at the closing exchange rate and the difference between the transactions is taken into profit and loss account.

The foreign currency transactions in respect of payment towards cost of fixed assets, spares, traveling, commissions etc. are accounted for at the exchange rates prevailing on the date of transaction/ remittance.

10. BORROWING COST

Borrowing costs that are attributable to the acquisition on construction of qualifying assets are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

11. TAXES ON INCOME

Tax expenses comprises of current, deferred income tax and fringe benefit tax. Provision for current income tax and fringe benefits tax is made for the amount of tax payable in respect of taxable income for the year under The Income Tax Act, 1961. Deferred tax is recognized subject to the consideration of prudence, on timing difference, being the difference between the book profits and tax profits that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax assets and liabilities are measured using the tax rates and tax loss that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient further taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only where virtual certainty that such deferred tax assets can be realized against further taxable profits. Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably certain that further taxable income will be available against which such deferred tax assets can be realized.

12. RETIREMENT BENEFITS

The liability on account of Gratuity is covered by the Group Gratuity Policy taken from Life Insurance Corporation of India. Contribution to the Gratuity fund is charged to revenue. The liability of Leave Encashment is provided on actuarial basis. The contribution to the Provident Fund is made as per the

provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952.

13. USE OF ESTIMATES

The presentation of financial statements require estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

14. EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividend & taxes) by the weighted average number of equity shares outstanding during the financial year. Equity shares that are partly paid up are treated as a fraction of an equity share to the extent they entitled to participate in dividends. The weighted average numbers of equity shares outstanding during the year are adjusted for events such as bonus issue, bonus element in a right issue to the existing shareholders, share split and consolidation of shares.

For the purpose of calculating diluted EPS, the net profit or loss attributable to equity share holders and weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

15. INTANGIBLE ASSETS

An Intangible Asset is recognized if and only if

- a) It is probable that the future economic benefits that attributable to the assets will flow to the enterprises.
- b) The cost of assets can be measured reliably.

An intangible asset is measured initially at cost.

The amortization method will be used to reflect the pattern in which asset's economic benefits are consumed by the enterprise. If that pattern cannot be determined reliably, the straight line method will be used.

16. IMPAIRMENT OF ASSETS

An asset is treated as impaired, when carrying cost of assets exceeds its recoverable amount. An impaired loss is charged to Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

17. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Provisions are determined based on the best estimates required to fulfill the obligation on the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

18. INVESTMENTS

i) Investments are classified as Long Term and current investments.

ii) Long Term Investments are carried at cost. Provision for Diminution, if any in the value of each long term investment is made to recognize a decline other than of temporary nature.

iii) Current Investments are stated at lower of cost or market value and resultant decline, if any, is charged to revenue.

19. SEGMENT REPORTING

a). Segment accounting policies are in line with the accounting policies of the company. In addition, the following specific accounting policies have been followed for segment reporting.

- (1). Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment sales.
- (2) Expenses that are directly identifiable with/allocable to segment are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segment are included under un-allocable corporate expenditure.
- (3) Income which relates to the company as a whole and not allocable to segments is included in un-allocable corporate income.
- (4) Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable corporate assets and liabilities represent the assets and liabilities that relate to company as a whole and not allocable to any segment. Un-allocable assets mainly comprise corporate head office assets, investments and tax deposited with the Income Tax authorities. Un-allocable liabilities include mainly unsecured loans and tax payable to Income Tax Authorities.

b). Inter Segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of cost of production.

20. GOVERNMENT GRANTS AND SUBSIDIES

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis the cost, which it is intended to compensate. Where grant/subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset against which grant/subsidy has been received and further where the grant/subsidy is in the nature of promoters contribution the amount of grant/subsidy is accounted for as a capital reserve.

	As at 31.03.2013 (Rs.)	As at 30.06.2012 (Rs.)
Note 2 : Share Capital		
AUTHORISED CAPITAL		
15,000,000 (Previous Year 20,000,000) Equity Shares of Rs. 10/- each -	150,000,000	200,000,000
1,500,000 (Previous Year 1,000,000) 8% Non Com. Preference Shares of Rs. 100/- each	<u>150,000,000</u> <u>300,000,000</u>	<u>100,000,000</u> <u>300,000,000</u>
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
13,916,000 (Previous year 13,232,000) Equity Shares of Rs. 10/- each	139,160,000	132,320,000
Less : Allotment Money Unpaid	<u>278,000</u>	<u>278,000</u>
	138,882,000	132,042,000
1,460,000 (Previous year 1,000,000) 8% Non Com. Preference Shares of Rs. 100/- each	146,000,000	100,000,000
Convertible Share Warrants	-	<u>6,840,000</u>
Total	<u>284,882,000</u>	<u>238,882,000</u>

Note 2A : Recconciliation of Share Capital

Particular	As at March 31, 2013	As at June 30, 2012
1 Equity Shares with Voting Rights		
Number of Shares outstanding as at the beginning of the year	13,232,000	12,574,000
ADD:		
Shares issued during the year	684,000	658,000
Number of shares outstanding as at the end of the year	<u>13,916,000</u>	<u>13,232,000</u>
<u>684,000 Convertible Share Warrants of Rs. 10/- each have been converted into Equity Shares on March 31, 2013</u>		
2 8% Non-Com. Preference Shares		
Number of Shares outstanding as at the beginning of the year	1,000,000	1,000,000
ADD:		
Shares issued during the year	460,000	0
Number of shares outstanding as at the end of the year	<u>1,460,000</u>	<u>1,000,000</u>

Terms/Rights attached to Equity Shares

The Company has one class of Equity Shares having a par value of Rs. 10. Each holder of Equity Share is entitled to one vote/share.

Terms/Rights attached to 8% Non-Com. Preference Shares

The Company has one class of 8% Non-com. preference shares having a par value of Rs. 100. The share are redeemable on completion of 20 years from the date of issue.

Note 2B : Detail of shares held by each share holder holding more than 5% shares.

Name of Shareholder	As at March 31, 2013		As at June 30, 2012	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Amit Mahajan	2,057,500	14.79	1,715,500	12.96
Universal Cyber Infoway Pvt. Ltd.	951,100	6.83	-	-

	As at 31.03.2013 (Rs.)	As at 30.06.2012 (Rs.)
Note 3 : Reserve & Surplus		
1 Capital Reserve	1,713,900	1,713,900
2 State Investment Subsidy	3,000,000	3,000,000
3 Share Premium	11,805,000	11,805,000
4 Surplus of Statement of Profit & Loss :		
Opening Balance	(233,919,627)	(72,309,342)
Add : Loss during the period/year	(34,874,109)	(161,610,285)
Closing Balance	<u>(268,793,736)</u>	<u>(233,919,627)</u>
Total	<u><u>(252,274,836)</u></u>	<u><u>(217,400,727)</u></u>

Note 4 : LongTerm Borrowings

1 Secured Loans*

- From Banks	162,288,453	168,485,272 ✓
- Corporate Loans	9,287,947	13,690,900 ✓
- FITL	11,464,649	18,264,704 ✓

Term/Corp/FITL Loans from the banks are secured by pari passu first charges on Fixed Assets of the Company, present and future, including equitable mortgage of land and building of the Company's factory at Vill. Singha, Tehsil Haroli, Distt. Una (H.P.). These loans are further secured by the personal guarantees of the Directors.

- Term Loans are repayable in 28 quarterly installments starting from April 2012 and ending on January 2019

- Corp Loans are repayable in 16 quarterly installments starting from October 2011 and ending on July 2015

- FITL Loans are repayable in 36 monthly installments starting from April 2012 and ending on March 2015

- The Company has paid with certain delays the amounts due to banks and financial institutions. However, all dues have been paid as on March 31, 2013

2 Vehicle Loans**	1,358,902	2,070,440
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Vehicle Loans are secured against hypothecation of vehicles

3 Unsecured loans

- Directors	64,639,172	60,894,357
- Inter-corporate Loans	3,520,541	7,732,514

Total	<u><u>252,559,664</u></u>	<u><u>271,138,187</u></u>
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Note 5 : Short Term Borrowings

Secured Loans

1 Working capital Facilities ***

- From Banks	121,892,863	77,002,205
Total	<u>121,892,863</u>	<u>77,002,205</u>

*** Working capital facilities from banks are secured by way of first pari-passu charge on the current assets and second pari-passu charge on the fixed assets of the Company present & future.

These loans are further secured by the personal guarantees of the directors.

Note 6 : Trade Payables

1 For Current Supplies	120,833,028	88,958,778
2 For Capital Goods	2,487,734	3,236,147
Total	<u><u>123,320,762</u></u>	<u><u>92,194,925</u></u>

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	As at 31.03.2013 (Rs.)	As at 30.06.2012 (Rs.)
Note 7 : Other Current Liabilities		
1 Current maturities of long-term debts	23,911,143	33,145,436
2 Creditors for Expenses	22,906,340	28,994,064
3 Advances From Customers	1,760,325	515,503
Total	48,577,808	62,655,003

Note 8 : Short Term Provisions		
1 Provision for Employee Benefits	2,266,417	2,356,417
Total	2,266,417	2,356,417

Note 9 : Fixed Assets

Particulars	Gross Block (At cost)				Depreciation				Net Block	
	As at 30.06.2012 (Rs.)	Additions (Rs.)	Sales/ Transfer (Rs.)	Total 31.03.2013 (Rs.)	As at 30.06.2012 (Rs.)	During the Period (Rs.)	Adjstments (Rs.)	Total 31.03.2013 (Rs.)	As at 31.03.2013 (Rs.)	As at 30.06.2012 (Rs.)
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Freehold Land	12,509,389	-	-	12,509,389	-	-	-	-	12,509,389	12,509,389
Buildings	89,817,944	2,830,015	-	92,647,959	6,627,493	2,251,994	-	8,879,487	83,768,472	83,190,451
Plant & Machinery	168,526,577	23,921	-	168,550,498	18,605,414	6,009,445	-	24,614,859	143,935,639	149,921,163
Electrical Installations	11,288,188	-	-	11,288,188	1,542,378	536,396	-	2,078,774	9,209,414	9,745,810
D/G Sets	3,273,064	40,000	-	3,313,064	461,437	182,312	-	643,749	2,669,315	2,811,627
Laboratory Equipments	1,197,636	-	-	1,197,636	157,040	56,910	-	213,950	983,686	1,040,596
Furniture, Fixture & Office Equipments	12,746,584	31,361	-	12,777,945	2,336,516	609,720	-	2,946,236	9,831,709	10,410,068
Vehicles	10,920,749	-	783,126	10,137,623	3,656,001	740,408	207,884	4,188,525	5,949,098	7,264,748
Tangible Assets	310,280,131	2,975,297	783,126	312,422,302	33,386,279	10,387,185	207,884	43,565,580	268,856,722	276,893,852
Previous Year	706,919,464	4,956,927	401,596,260	310,280,131	236,896,568	33,504,676	237,004,965	33,386,279	276,893,852	470,032,896
Capital Work in progress									2821,090	

	As at 31.03.2013 (Rs.)	As at 30.06.2012 (Rs.)
Note 10 : Inventories (Valued at lower of cost or net realisation value)		
1 Raw Material	31,690,023	22,698,557
2 Finished Goods	27,678,073	5,062,735
3 Stock-in-Process	23,652,141	15,642,102
4 Consumable Stores	15,407,086	16,667,365
5 Packing Materials	10,081,629	7,854,233
6 Fuel	507,531	581,541
7 Stores & Spares	7,519,765	7,629,953
Total	116,536,248	76,136,486

Note 11 : Trade Receivables

Unsecured

1 Outstanding for period exceeding six months from date they became due considered good	50,271,858	
Doubtful debts	2,769,983	53,041,841
Less : Provision for doubtful debts		59,832,548
		(2,769,983)
2 Others Considered Good	97,629,093	57,062,565
Total	147,900,951	81,370,827
		138,433,392

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	As at 31.03.2013 (Rs.)	As at 30.06.2012 (Rs.)
Note 12 : Cash & Cash Equivalents		
1 Cash-in-Hand		
Cash Balance	2,133,998	1,028,275
Sub Total (A)	<u>2,133,998</u>	<u>1,028,275</u>
2 Bank Balance		
In Current Accounts	667,969	63,581
In Deposit Accounts*	927,347	2,549,980
Sub Total (B)	<u>1,595,316</u>	<u>2,613,561</u>
Total [A + B]	<u>3,729,314</u>	<u>3,641,836</u>
* Fixed deposits with banks are pledged against bank guarantees/letters of credit.		
Note 13: Short Term Loans and Advances		
Unsecured, Considered Good :		
1 Advances recoverable in cash or in kind for value to be received	29,375,900	13,715,504
2 Duty Drawback Receivable	607,999	607,999
3 Interest Subsidy Receivable		373,590
4 Advance Taxes	6,508,674	6,491,644
5 Security Deposits	1,254,169	1,258,169
6 CST/VAT Refund Receivable	8,748,277	8,748,025
Less: Provision for Doubtful Debts	<u>(2,293,577)</u>	<u>(2,293,577)</u>
Total	<u>44,201,442</u>	<u>28,901,354</u>
	2012-13 (9 Months) (Rs.)	2011-12 (15 Months) (Rs.)
Note 14: Revenue from Operations		
1 Sale of products		
Export	7,906,011	45,086,482
Domestic	271,010,744	389,084,125
Raw Material	50,736,392	
Less :		
Sale Return	<u>(22,293,995)</u>	
Total	<u>307,359,152</u>	<u>434,170,607</u>
Note 15: OTHER INCOME		
1 Interest Income		
Intt.on FDR	242,083	183,405
2 Other Receipts		
Export Incentives	539,439	3,123,410
Profit on Sale of Terry Towel Division Fixed Assets		4,578,790
Misc. Income	1,632,490	2,116,265
Job Charges		11,635,714
Total	<u>2,414,012</u>	<u>21,637,584</u>

**S. R. Industries
Limited**

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	2012-13 (9 Months) (Rs.)	2011-12 (15 Months) (Rs.)
Note 16: Cost of Material Consumed		
1 Raw Material & Goods in Transit		
Opening Stock		
- Raw Material	22,698,557	4,088,297
- Goods In Transit		4,931,997
Purchase During the Year	155,826,703	147,804,251
Less:- Closing Stock		
Raw Material	31,690,023	22,698,557
Raw Material Consumed	146,835,237	134,125,988
2 Consumable Stores		
Opening Stock	16,667,365	31,811,145
Purchase During the Year	37,275,456	48,933,044
Less:- Closing Stock	15,407,086	16,667,365
Consumable Stores Consumed	38,535,735	64,076,824
3 Packing Material		
Opening Stock	7,854,233	5,611,160
Purchase During the Year	26,696,697	33,061,003
Less:- Closing Stock	10,081,629	7,854,233
Packing Material Consumed	24,469,301	30,817,930
4 Fuel Consumed		
Opening Stock	581,541	3,025,178
Purchase During the Year	4,122,904	9,691,180
Less:- Closing Stock	507,531	581,541
Fuel Consumed	4,196,914	12,134,817
Total Material Consumed	214,037,187	241,155,559
Note 17 : Change in Inventories of Finished Goods and Stock in Process		
1. Finished Goods		
Opening Stock	5,062,735	19,799,609
Closing Stock	27,678,073	5,062,735
Total (Increase)/decrease in Finished Goods	(22,615,338)	14,736,874
2. Stock - In- Process		
Opening Stock	15,642,102	111,272,226
Closing Stock	23,652,141	15,642,102
Total (Increase)/decrease in Stock-in-Process	(8,010,039)	95,630,124
Total	(30,625,377)	110,366,998
Note 18 : Personnel Expenses		
1. Remuneration & Perks to Directors	3,780,732	5,771,815
2. Salary, Allowances & Perks to Employees	40,611,703	53,896,519
3. Staff Welfare Expenses	1,930,755	2,943,773
4. Contribution Towards Funds	1,776,179	4,471,024
Total	48,099,369	67,083,131
Note 19 : Financial Expenses		
1. Interest on Long Term Loans	34,058,347	62,896,459
2. Interest on Working Capital Loans	15,229,068	26,406,903
3. Bank Charges	1,219,199	2,458,721
Total	50,506,614	91,762,083

**S. R. Industries
Limited**
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	2012-13 (9 Months) (Rs.)	2011-12 (15 Months) (Rs.)
Note 20 : Other Expenses		
1. Power	8,560,618 X	17,585,289 ✓
2. Labour Charges	23,073,922 X	13,346,273 ✓
3. Consumption of Moulds & Dies	5,641,457 X	7,546,252 ✓
4. Repairs to Plant & Machinery	99,617 X	6,388,506 ✓
5. Repairs to Buildings	174,199 X	234,327 ✓
6. Freight Outward	3,261,247 X	3,397,068 X
7. Commission & Discount	499,247 X	4,278,779 ✓
8. Business Promotion Expenses	540,001 X	1,192,754 ✓
9. Insurance		1,059,420 ✓
10. Rent Rates & Taxes	1,642,184 X	1,957,329 ✓
11. Vehicle Running & Maintenance	1,246,520 X	2,656,318 ✓
12. Postage Telegram & Telephone	431,452 X	1,091,636 ✓
13. Security Expenses	1,388,358 X	1,913,254 ✓
14. Traveling Expenses		
- Directors	496,594 X	239,143 ✓
- Others	735,059 X	958,717 ✓
15. Auditors' Remuneration:-		
- Audit fees	95,508 X	119,385 ✓
- Taxation Matters		182,798 ✓
16. Security Deposit W/off		904,847 ✓
17. Loss on Sale of Vehicles	362,742 X	1,403,976 X
18. Miscellaneous Administrative Expenses	1,391,298 X	3,855,291 ✓
Total	49,840,021	70,311,362

NOTE 21 NOTES ON ACCOUNTS

I. CONTINGENT LIABILITIES:-

- a) The liabilities in respect of Income Tax, Purchase Tax and Sales Tax have been accounted for on the basis of respective returns filed with the relevant authorities. Additional demand, if any, shall be accounted for in the year in which the assessment is complete.
 - i) The Income Tax assessments have been completed upto the assessment year 2010-11 and there are demands of Rs. 58.92 Lacs for the AY 2006-07 and Rs. 45.02 Lacs for the AY 2007-08 against which the company has filed appeals before the Commissioner of Income Tax (Appeals), which are pending for adjudication.
 - ii) The Sales Tax/Purchase Tax assessments have been completed up to the Financial Year 2005-06 and there is no demand outstanding.
- b) Central Excise Authorities have gone in appeal against the order of Commissioner (Appeals) which was decided in favour of the Company against the demand of Rs. 258.70 Lacs (Previous Year Rs.258.70). The company has refuted the liability based on the advice received from the legal experts and accordingly has not made any provisions in the books of account. The requisite provision, if any, will be made in the year of final decision is made.
- c) The Central Excise Authorities, Mumbai had imposed duty and penalty aggregating to Rs. 723.00 Lacs(Previous Year Rs. 723.00 Lacs) for purchase of certain items against CT-3 forms without payment of duty. The Company has disputed the said demand and filed an appeal to set aside the said orders. The requisite provisions, if any, will be made in the year of final decision is made.
- d) The company has given counter guarantees to banks of Rs.6.00 Lacs(Previous Year Rs. 6.00 Lacs) in respect of the guarantees issued by the banks on behalf of the Company in favour of PSEB.
- II. The accounts have been drawn for the nine months period from July 01, 2012 to March 31, 2013.
- III. The Capital Reserve represents forfeiture of 10% upfront payment received on Convertible Warrants issued during 2005-06.
- IV. The stock auditor appointed by the bankers have physical verification the stock in trade of the Company as on April 30, 2013 which has been reconciliation upto March 31, 2013.
- V. In view of insufficient information from the suppliers regarding their status as-Small, Micro & Medium Enterprises, amount overdue to such undertakings can not be ascertained. However, the Company has not received any claim from any supplier in respect of interest.
- VI. Two creditors of the Company have filed winding up petition against the company under Section 433 & 434 of The Companies Act, 1956 in the Punjab & Haryana High Court for payment of Rs. 7.95 Lacs which is pending against adjudication.
- VII. The balance of trade receivable, trade payables, contractors and others are subject to reconciliation and confirmation.

- VIII. In the opinion of the Board of Directors all the Current Assets, Loans and Advances except to the extent of provision of Rs. 27.69 Lacs for doubtful debts & Rs. 22.93 Lacs for doubtful receivable, if realized in the ordinary course of business, have a value at least equal to the amount at which these are stated in the Balance Sheet.

IX. Managerial remuneration including all benefits. (Rs/Lacs)

PARTICULARS	Current Year	Previous Year
	9 Months	15 Months
Salary	35.24	54.23
Provident Fund contribution	0.22	3.23
Perks	1.47	3.49
Total	36.93	60.95

The above does not include contribution to LIC Group Gratuity Fund and provision for Leave Encashment as such contribution/provision is made on the global basis and the employee-wise breakup is not available.

- X. As per Accounting Standard - 28 "Impairment of Assets" issued by ICAI, the management has reviewed its cash generating units as on March 31, 2013. No indication has been found by the management to suggest that the recoverable amount of Asset is less than the carrying amount. Hence no impairment loss on asset has been recognized.

XI. CIF Value of Imports, Earnings & Expenditure in foreign Currency

(Rs./ Lacs)		
PARTICULARS	Current Year	Previous Year
	9 Months	15 Months
a) CIF Value of Imports		
Capital Goods	NIL	NIL
Raw Material, Consumable Stores, Stores & Spares	114.44	287.71
b) Expenditure in Foreign Currency		
Interest	0.00	0.00
Traveling	2.16	0.30
Discount	0.00	7.78
Others	0.00	0.03
c) Earnings In Foreign Exchange		
FOB Value of Exports	79.06	441.56

XII. RELATED PARTY DISCLOSURES:-

Disclosures as required by the Accounting Standard -18 "Related Party Disclosures" issued by the ICAI are given below:-
-Associate Companies

1. Universal Cyber Infoway Pvt. Ltd.
2. Pride Properties Pvt. Ltd.
3. Susamg mac Pvt. Ltd.
4. Sam Export
5. S.R. Footwears Pvt. Ltd.
6. Zoom Merchantile & Finance Ltd.
7. Gulmohar Investments & Holdings. Ltd.
8. Socks & Socks

Key Management Personnel:

1. Mr. R.C. Mahajan- Managing Director
2. Mr. Amit Mahajan- Director Commercial
3. Mr. T.N. Tikoo- Director Works
4. Mr. Y.R. Kapur-Director Finance
5. Mr. Amit Mahajan- Director Operations

Reporting issued by the "The Institute of Chartered Accounts of India" would not be applicable from this year.

For and on behalf of the Board

Sd/-

Sd/-

AMIT MAHAJAN

R.C. MAHAJAN

Director-Commercial

Managing Director

TRANSACTIONS WITH RELATED PARTIES (Rs./Lacs)

Particulars	Associates		Key Mgmt Personnel	
	Current Year	Previous Year	Current Year	Previous Year
Loan Accepted	105.00	26.50	468.05	296.47
Preferential equity shares/warrants	342.25	Nil	117.75	133.20
Loans repaid/Adjusted	116.44	602.65	430.60	488.65
Payment of interest	Nil	Nil	Nil	Nil
Remuneration & perks	N.A.	N.A.	36.93	60.95
Sale of Goods	2.43	Nil	Nil	Nil
Outstanding Balance	0.51	Nil	Nil	Nil

In terms of our separate report of even date annexed
For KANSAL SINGLA & ASSOCIATES

Chartered Accountants

Sd/-

(CA S.K. KANSAL)

Partner

Membership No. 080632

FRN 003897N

Place: Chandigarh.

Date : May 28, 2013

XIII. EARNING PER SHARE:

As per As-20 Earning per share issued by ICAI EPS is as follows:-

Particulars	9 Months	15 Months
Net Profit/(loss)	(348.74)	(1616.10)
Average no. of shares of Rs. 10/- each (basic)	13916000	12611662
Earning Per Share (Basic)	(2.51)	(12.81)
Weighted average number of shares (diluted)	13916000	13295662
Diluted Earning per share	(2.51)	(12.16)

XIV. DEFERRED TAX

As a matter of prudence the Company has not recognized any deferred tax assets.

XV. MOVEMENT OF PROVISIONS

Provisions	Leave Encashment	Gratuity
Opening Balance	23.57	9.07
Less: Amount Used	0.90	2.75
Closing Balance	22.67	6.32

The provision for Gratuity & Leave Encashment has not been done as per actuarial valuation.

XVI. DERIVATIVES INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars	9 Months	15 Months
Unhedged foreign		
currency exposure	Nil	Nil

XVII. SEGMENT REPORTING

During the year, the Company discontinued its "Terry Towel" division and now the company deals only in the business of "Footwears". Thus the Accounting Standard 17 "Segment

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Shareholders of the Company will be held on Friday, the 27th day of September, 2013 at 9.15 a.m. at the Registered Office of the Company at F-110, Industrial Area, Phase VII, Mohali (Pb.) to transact the following business -

ORDINARY BUSINESS -

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Profit & Loss Account for the nine months ended on that date together with the Reports of Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. T N Tikko, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. R K Bhandari, who retires by rotation and is eligible for reappointment.
4. To consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution: -
"RESOLVED that M/s Kansal Singla & Associates, Chartered Accountants, the retiring Auditors be and are hereby reappointed as Statutory Auditors for the period 2013-14 and that the Audit Committee be and is hereby authorised to fix their remuneration."

SPECIAL BUSINESS -

5. To consider and if thought fit to pass, with or without modification(s), the following resolution as a special resolution:

"RESOLVED that in partial modification of the special resolution passed at the Annual General Meeting held on February 28, 2013, consent of the Shareholders of the Company be and is hereby accorded to the change of date of conversion of 684000 convertible warrants from "during anytime after September 15, 2013 but before September 14, 2014", to "during anytime on or after April 01, 2012 but on or before March 31, 2013", at a price computed as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations and that the shares allotted on conversion of warrants shall be non transferable as per the provisions of said Regulations."

Place : Mohali
DATE: September 03, 2013
Regd. Office - F-110,
Industrial Area, Phase VII
Mohali (Punjab)-160055

For and on Behalf of the Board
R.C.MAHAJAN
Managing Director

NOTES -

1. Member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and on a poll to vote instead of himself. The proxy need not be a Member of the Company. A blank form of proxy is enclosed and if intended to be used, it should be returned, duly completed, to the Registered Office of the Company, not less than 48 hours before the scheduled time of the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed.
3. The Register of Members and the Share Transfer Books will remain closed from Tuesday, September 24, 2013 to Friday, September 27, 2013 (both days inclusive) in terms of provisions of Section 154 of the Companies Act, 1956 and the Listing Agreement with The Stock Exchange, Mumbai.
4. Members holding shares in physical form are requested to notify change in address, if any, to the Company at its Registered Office or to the Registrar & Transfer Agents - M/s Link Inlime India Pvt. Limited, 44, Community Centre, 2nd Floor, Naryana Industrial Area Phase - I, Near PVR, Naryana, New Delhi - 110 028.
5. Members holding shares in electronic form are requested to notify change in their address, if any, to their Depository Participant.

6. Members/Proxies are requested to bring their copy of this Notice along with duly filled admission slip for attending the meeting.

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

Item No. 5. In the Annual General Meeting held on February 28, 2013, the shareholders of the company had approved the proposal to convert 684000 warrants allotted to the persons belonging to the promoters' group in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, anytime after September 15, 2013 but before September 14, 2014. But, the provisions of said Regulations require the warrants be converted during anytime on or after April 01, 2012 but on or before March 31, 2013. Hence, the necessity of the proposed resolution. It is stated that 684000 warrants were converted in to 684000 equity shares on March 31, 2013 and permission of stock exchange obtained to their listing & trading.

Place : Mohali
DATE: September 03, 2013
Regd. Office - F-110,
Industrial Area, Phase VII
Mohali (Punjab)-160055

For and on Behalf of the Board
R.C.MAHAJAN
Managing Director