

Chitradurga Spintex Limited



**Annual Report
2012-13**

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Board Of Directors

Sri S. Vishwanath Managing Director
Sri S. Rajasekharappa Chairman
Sri S. Chandrashekar
Sri S. T. Thippeswamy
Sri S. Prasannakumar
Sri S. Thippeswamy

Works & Registered Office

Bangalore Road,
Siddapura Village,
Challakere-577 522
Karnataka State.

Auditors

M/s.H.M.V.Murthy & Co.,
Chartered Accountants,
No.9, Auto Towers, J.C. Road,
BANGALORE-560 002.

Bankers

ICICI Bank

Share Transfer Agents

Canbank Computer Services Ltd.,
(A Subsidiary of Canara Bank)
4th Floor, Naveen Complex,
14 M.G. Road,
BANGALORE-560 001.
Ph:080-25320541, 542, 543. Fax:080-25320544

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held at the Registered Office at Bangalore Road, Siddapura Village, Challakere, Chitradurga Dist. Karnataka, Pin - 577 522 on 27th September 2013 at 11.00 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance sheet as on 31st March 2013 and the Statement of Profit and Loss for the year ending 31st March 2013 together with the reports of the Auditors and Directors thereon.
2. To appoint Mr. S.Rajasekharappa, as Director in pursuance of Article 11 of the Articles of Association of the Company and Section 265 of the Companies Act, according to the principle of proportional representation
3. To appoint Mr. .S. Chandrashekar, as Director in pursuance of Article 11 of the Articles of Association of the Company and Section 265 of the Companies Act, according to the principle of proportional representation
4. To appoint. Mr. S.T.Thippeswamy, as Director in pursuance of Article 11 of the Articles of Association of the Company and Section 265 of the Companies Act, according to the principle of proportional representation
5. To appoint. Mr. S.Prasannakumar, as Director in pursuance of Article 11 of the Articles of Association of the Company and Section 265 of the Companies Act, according to the principle of proportional representation
6. To appoint. Mr. S. Thippeswamy, as Director in pursuance of Article 11 of the Articles of Association of the Company and Section 265 of the Companies Act, according to the principle of proportional representation
7. To appoint Auditors and fix their remuneration.

By order of the Board

S. Rajasekharappa
Chairman

Challakere, 27th August 2013

NOTES:

- 1 A member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself and proxy need not be a member of the Company. Proxies in order to be effective must be lodged with the Company at its registered office at least 48 hours before the commencement of the meeting.
- 2 The Register of members and the Share Transfer books of the Company will remain closed from 21.09.2013 to 27.09.2013 (both days inclusive).
3. Members seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the meeting so as to enable the Management to keep information ready.
- 4 Members are requested to bring their Copies of Report and Attendance slip duly filled for attending the Meeting.
6. An explanatory note U/s 173 of the Companies Act, 1956 is annexed.

EXPLANATORY STATEMENT U/S 173 (2) OF COMPANIES ACT, 1956.

Item No.2,3,4,5 and 6

Article 11 adopts the provisions contained in section 265 of the Companies Act 1956 relating to appoint of directors once in every three years according to the principle of the proportional representation. The Board was last constituted at the 19th Annual General Meeting held in the year 2010. The Board consists of Mr. S. Rajasekharappa, Mr.S. Vishwanath, Mr.S. Chandrasekhar, Mr. S.T. Thippeswamy, Mr. S. Prasannakumar and Mr. S.Thippeswamy, Mr. S.Vishwanath is a non retiring Director. Mr. S. Rajasekharappa, Mr.S. Chandrasekhar, Mr. S.T. Thippeswamy, Mr. S. Prasannakumar and Mr. S.Thippeswamy retire at this annual general meeting and are eligible for re-election. Notice under section 257 of the Companies Act of 1956, in connection with the re-election of these directors has been received by the Company.

Mr. S. Rajasekharappa, Mr.S. Vishwanath, and Mr.S. Chandrasekhar directors may be deemed to be interested in this respective resolution.

Directors' Report

Dear Shareholders,

Your directors have pleasure in presenting the 22nd Annual Report of the Company together with audited financial statements and accounts for the year ended March 31, 2013.

Financial Highlights

Particulars	(Rupees in Lakhs)	
	2012-13	2011-12
Gross Revenue	4.08	0.64
PBITD	-2.10	-7.45
Cash Profit from operations	-2.10	-7.45
Net Profit/(-)Loss	-2.10	-7.45

Operations:

In view of the accumulated losses and erosion of more than 91% Net worth, the Company is not in position to undertake any projects of manufacturing, trading or weaving of Textile and other goods, and due to paucity of working capital, the Company has also not been able to raise any loans from Financial Institutions, which is essential for expanding its business activities. Hence, due to the reasons beyond the control of your directors your company has not undertaken any business during the year, but with a view to curtail the mounting losses the Company has leased the godown facilities on rent basis to State Warehouse Corporation and to private parties. But due to continued drought situation even demand for godown is also less hence building has been leased for part of the year. The directors are under the process of exploring other avenues of diversifying into new areas of business

In view of the above, the Company is seeking to reconstruct / restructure its capital by way of writing off its accumulated Capital loss against the reduction of its paid up capital which is not represented by available assets and to raise further capital through a preferential issue for infusing funds into the Company through a scheme of Arrangement pursuant to Section 391 to 393 of the Companies Act, 1956. The Board has accepted and recommended the scheme of Arrangement pursuant to Section 391 to 393 of the Companies Act, 1956 inter-alia : Reduction of Capital; Preference Allotment of Shares and Change of Management.

All remaining assets and liabilities are valued on a "Going Concern" basis. Though there is no business is undertaken, its net worth remains positive and considering the fact that the company has adequate resources to continue in operational existence for the foreseeable future and taking into account the management assessment of improvement in the economic condition in general they continue to adopt the going concern basis in preparing the annual report and accounts.

Dividend

In view of inadequacy of profits, your Directors are unable to recommend any dividend for the year under report.

Corporate Governance

A detailed report on Corporate Governance pursuant to the requirements of Clause 49 of the Listing Agreement forms part of the Annual Report. A certificate from the auditors of the Company, H.M.V. Murthy & Co., Chartered Accountants, confirming compliance of conditions of corporate governance as stipulated under the aforesaid Clause 49 is provided as annexure.

Management Discussion and Analysis Report

The management discussion and analysis of financial condition including the result of operation of the Company for the year under review as required under clause 49 of the listing agreement with the stock exchange is given as a separate statement in Annual Report.

Auditors:

The Statutory Auditors of the Company, M/s. H.M.V. Murthy & Co., Chartered Accountants, Bangalore, retire at the conclusion of the ensuing annual general meeting of the Company and have confirmed his willingness and eligibility for re-appointment and has also confirmed that his re-appointment, if made, will be within the limits under Section 224(1B) of the Companies Act, 1956.

Auditors' Report:

The Board has duly examined the statutory auditors' report to accounts which is self explanatory and clarifications wherever necessary, have been included in the Notes to Financial Statements of the Annual Report.

Regarding Auditors comment on 'on going concern' the Director contend that the Company will be able to continue as going concern, though the company has not undertaken any business activity, its net worth remains positive and considering the fact that the company has adequate resources to continue in operational existence for the foreseeable future and taking into account the management assessment of improvement in the economic condition in general and as borne out by AAS16 issued by the council of the ICAI, they continue to adopt the going concern basis in preparing the annual report and accounts.

The huge accumulated losses suffered till closure of spinning activity by the company have been mainly on account of unstable and erratic market conditions which had affected adversely the entire industry rather than the operational performance of the company. Your directors, however, continue their efforts to improve the financial viability of the company and also take such steps as may be required under current laws and regulations in terms of disclosure and reporting required to be made to concerned statutory authorities.

Particulars of Employees

During the year there was no employee drawing remuneration beyond the limits prescribed under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

Disclosure in respect of conservation of energy as required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, as amended is given below.

Conservation Of Energy. Technology Absorption, Foreign Exchange Earnings and Outgo are Nil during the year.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2 AA) of the Companies Act, 1956, with respect to the directors' responsibility statement it is hereby confirmed that:

- i. In the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;

- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the loss of the Company for the said period.
- iii. The Directors have 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; and
- iv. The Directors have prepared the annual accounts of the Company on a 'going concern basis'.

Acknowledgements

Your Directors wish to place on record their appreciation for the continued support and co-operation of the shareholders, Bankers, various regulatory and Government authorities and for the valuable contributions made by the employees of the Company.

Challakere, June 24, 2013

On behalf of the Board of Directors
S. Rajasekharappa
Chairman

Report on Corporate Governance

In accordance with Clause 49 of the Listing Agreement with the BSE Limited (BSE) and some of the best practices followed on Corporate Governance, the report containing the details of Corporate Governance systems and processes is as under.

Company's Governance Philosophy

The company is laying maximum emphasis on the effective system of corporate governance. The interaction between the Board, the Executives and other functionaries is so configured to have a distinctly demarcated role and improved corporate performance.

The Company's Corporate Philosophy is woven around its total commitment to the ethical practices in the constant quest to grow with profits and enhance Stakeholders value and align the interests of the Stakeholders, and society at large through adoption of best practice and standards.

Board of Directors

Composition of the Board

A majority of the Board, 3 out of 6, are independent directors and one is non-executive director. The Audit Committee and Shareholders' Grievance Committee comprise only independent directors and non-executive director. The Company has defined guidelines and established framework for the meeting of the Board and Board Committees.

To comply with the provisions of the Listing Agreement, other statutory provisions the Board of Directors of the Company comprises of six members, two of whom are executive directors, one is non-executive director and three are non-executive independent directors. The requisite information as per the requirements of Clause 49 of the Listing Agreement is provided in the following table:

Name of director	Category	Number of directorships', chairmanships & memberships'			Attendance	
		Director ships	Chairman ships	Member ships	Board Meeting	AGM
Sri S. Vishwanath	Executive –Promoter	-	-	-	5	Yes
Sri S. Rajasekharappa	Executive –Promoter	-	-	-	5	Yes
Sri S. Chandrasekhar	Non-Executive Promoter	-	1	2	5	Yes
Sri S.T. Thippeswamy	Non-Executive Independent	-	-	2	5	Yes
Sri S. Prasannakumar	Non-Executive Independent	-	1	2	5	Yes
Sri S. Thippeswamy	Non-Executive Independent	-	-	-	5	Yes

All the Independent Directors of the Company furnished a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations were placed before the Board.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956, except Sri S. Vishwanath, Sri S. Rajasekharappa, Sri S. Chandrasekhar, who are related to each other as brothers.

During the Financial Year 2012-2013, the Board of Directors met five times. The dates of the meetings were 30.04.2012, 30.07.2012, 27.08.2012, 30.10.2012 and 28.01.2013. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company and none of the directors of the Company are receiving any remuneration or fee. The meetings are usually held at the Company's Registered Office at Siddapura Village, Bangalore Road, Challakere-577522, Karnataka.

Brief profile of Directors

S. Vishwanath (49) is a BE graduate in electronics has got over 22 years of experience in Textile industry and Edible Oil Industry. He is currently the Managing Director of the Company. He holds 316700 shares in the Company as on 31.03.2013

S. Rajasekharappa (63) is a BE graduate in Metallurgy and has over 22 years of experience in textile industry and Edible Oil Industry. He became industrialist in other fields like oil industry, having vast experience as businessman. He is currently the chairman of the board. He holds 216100 shares in the Company as on 31.03.2013

S. Chandrashekar (65) is a graduate in science and has over 41 years of experience in Textile & Edible Oil Industry. Currently is chairman of the shareholders / investors grievances committee. He holds 161000 shares in the Company as on 31.03.2013

S.T. Thippeswamy (72) is a graduate and has over 35 years of experience in Cotton business. He is currently a member of Audit Committee and the shareholders / investors grievance committee. He does not hold any shares in the Company as on 31.03.2013.

S. Prasannakumar (53) is a graduate and professionally he is businessman and has over 23 years of experience in trading activity especially he has got vast experience in cotton, oil and oil seeds trading. He does not hold any shares in the Company as of 31.03.2013. He is chairman of the audit committee.

S. Thippeswamy (52) is a graduate and professionally he is businessman and has over 18 years of experience in trading activity. He does not hold any shares in the Company as of 31.03.2013.

Audit Committee

The Audit Committee comprises of three members, all of whom are non-executive. The Chairman of the Audit Committee, Mr. S. Prasannakumar has sound financial knowledge as well as many years of experience in general management and trading. The majority of the audit committee members, including the chairman have accounting and financial management expertise.

Key responsibilities of the audit committee

Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and accurate and provide sufficient information. The determination of audit fees of statutory auditors, and approval of payment to statutory auditors for any other services rendered by them.

Reviewing, with the management, annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the directors' responsibility statement, changes if any in accounting policies, major accounting entries, significant adjustments made in the financial statements arising out of audit findings, compliance with listing and other legal requirements relating to financial statements, approval of all related party transactions, qualifications in the draft audit report. Reviewing with the management the quarterly financial statements before submission to the Board for approval. Reviewing with the management, performance of statutory auditors, and adequacy of the internal control systems.

Reviewing, management discussions and analysis of financial condition and results of operations, statement of related party transactions, quarterly compliance certificates confirming compliance with laws and regulations, including any exemptions to these compliances, such other function as may be assigned by the board of directors from time to

time or as may stipulated under any law, rule or regulation including the listing agreement and the Companies Act, 1956.

Meetings, attendance and composition of Audit Committee

During the Financial Year 2012-2013, the audit committee met five times i.e., on 30.04.2012, 30.07.2012, 27.08.2012, 30.10.2012 and 28.01.2013. The composition of Audit Committee and attendance of members is as follows.

Name	Category	Number of meetings attended
S. Prasannakumar-Chairman	Independent director	5
S. Chandrasekhar	Independent director	5
S.T. Thippeswamy	Independent director	5

Investors Grievances Committee:

Investors Grievance Committee of the Company consists of three members. The Committee specifically looks into the redressal of complaints of investors such as transfer or credit of the shares to demat accounts, non receipt of notices/annual reports etc. During the financial year, the Committee met twice on 26.08.2012 & 29.01.2013. The composition of the committee and attendance of members at the meetings held during the financial year 2012-2013 are given below.

Name	Category	Number of meetings attended
S. Chandrasekhar - Chairman	Non-executive director	2
S. T. Thippeswamy	Independent director	2
S. Prasannakumar	Independent director	2

Nature of complaints and redressal status

Type of complaint	No. of complaints		
	Received	Redressed	Pending
Non receipt of share certificate	-	-	-
Complaint regarding Demat/Remat	-	-	-

Dedicated e-mail for Investor Grievance

For the convenience of our investors, the Company has designated an exclusive e-mail ID i.e., grdspintex@gmail.com. All investors are requested to avail this facility.

Compliance Officer

D.M. Shivanandaswamy, Chief Compliance Officer, is the Compliance Officer for complying with the requirements of the Listing Agreement with the stock exchange and requirements of Securities Laws.

General Body Meetings

The Company held its last three Annual General Meetings as under:

Year	Venue	Date & Time	Special Resolution passed
2009-2010	Registered Office	30.09.2010 at 11.00 a.m	None
2010-2011	Registered Office	30.09.2011 at 11.00 a.m..	None
2011-2012	Registered Office	30.09.2012 at 11.00 a.m	None

Postal ballot

No special resolutions were put through postal ballot during the year as there were no resolutions which were required to be passed through postal ballot.

Disclosers

No penalty or stricture has been imposed on the Company by the stock exchanges or SEBI or any other statutory authority, on any matter related to the capital markets, during the last 3 years.

Related party transactions

The details of all significant transactions with related parties are periodically placed before the audit committee. The Company has not entered into any related party transactions during the year.

Disclosure of Accounting Treatment

The financial statements are prepared on accrual basis of accounting and complied with all the applicable accounting standards except accounting of gratuity which will be accounted on payment basis.

Code of Conduct

The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Managing Director of the Company (i.e., the CEO within the meaning of clause 49-V of the listing agreement) is given below.

“It is hereby declared that the Company has obtained from all members of the board and senior management affirmation that they have complied with the code of conduct for directors and senior management of the Company for the year 2012-13.”

S. Vishwanath
Managing Director

CEO and CFO certification

A certificate required under Clause 49(V) of the Listing Agreement duly signed by the CEO was placed before the Board.

Compliance with the mandatory requirements of Clause 49 of the Listing Agreement

The Company has complied with all the mandatory requirements of corporate governance as stipulated under the Listing Agreement and obtained a certificate affirming the compliances from H.M.V. Murthy & Co., Chartered Accountants, the statutory auditors of the Company and the same is attached to the Directors' report.

Means of Communication

The Company's quarterly financial results are published in the leading Kannada and English news papers and are displayed on the Company's website www.spintex.co.in. There has been no presentation to analysts and official news releases during the year.

General Shareholders Information

22nd Annual General Meeting

Date & Time: 27.09.2013 at 11.00 A.M.

Venue: Chitradurga Spintex Limited, Bangalore Road, Siddapur Village,
Challakere-577 522. Karnataka

Financial Calendar (Tentative Schedules, subject to change)

Results for First Quarter - July 2013, Second Quarter - October 2013, Third Quarter -
January 2014, Fourth Quarter- April 2014

Stock market data for the period April 1, 2012 to March 31, 2013

Month	High	Low	Volume (Nos)
April 2012	3.04	2.75	1,000
May 2012	-	-	-
June 2012	3.08	2.94	536
July 2012	3.52	3.19	2,940
August 2012	3.13	2.85	3,801
September 2012	2.75	2.63	2,197
October 2012	2.62	2.50	1,243
November 2012	2.50	2.50	1,200
December 2012	2.45	2.38	3,378
January 2013	2.50	2.10	2,325
February 2013	2.05	1.91	200
March 2013	1.82	1.82	1

Listing on Stock Exchanges:

BSE Limited (BSE)
P.J. Tower, Dalal Street, Mumbai-400001.
Scrip Code: 521244

Payment of Listing Fee: Annual listing fee for the year 2013-14 has been paid by the Company to BSE.

Payment of Depository Fees: Annual Custody / Issuer fee for the year 2013-14 has been paid by the Company to NSDL and CDSL.

Registrars and Transfer Agents:

Canbank Computer Services Limited
#218, J.P.Royale, 1st Floor, 2nd Main, Sampige Road, (Near 14th Cross), Malleswaram, Bangalore-560001.
Ph: 080-23469661, 23469662, email:canbankrta@ccsl.co.in, Website:www.canbankrta.com

Share Transfer System

Transfer of the equity shares of the Company which are in electronic format is done through the depositories without any involvement of the Company. Transfer of shares in physical form is normally processed within fifteen days from the date of receipt, provided the documents are complete in all respects. All transfers are first processed by the transfer agent and are submitted to the Company for approval thereafter. The authorized official of the Company approve the transfer and the shares are returned to the shareholder.

Pursuant to Clause 47(c) of the Listing Agreement, we obtain certificate from a practicing Company Secretary on half yearly basis to the effect that all the transfers are completed in the statutorily stipulated period. A copy of the certificate so received is submitted to stock exchange where the shares of the Company are listed

Dematerialization of shares and liquidity

The Company's shares are traded in dematerialized form and are available for trading with the both the depository ie, NSDL and CDSL. The equity shares of the Company are frequently traded at the Bombay Stock Exchange Ltd, ISIN for the Company's shares is INE676G01016

Distribution of share as on 31.03.2013

Sl No.	Category	No. of shares	% age of holding
1	Indian promoters and promoters group	1909500	41.42
2	Mutual Funds	90900	1.97
3	Bodies Corporate	234277	5.08
4	NRIs/OCBs	382844	8.30
5	Indian public and others	1992779	43.23
	Total shareholding	4610300	100.00

Outstanding GDRs/ADRs/warrants/options

There are no GDRs/ADRs/Warrants or any convertible instruments, which are pending for conversion into equity shares.

Communication addresses

Correspondence relating to shares

Canbank Computer Services Ltd.,

#218, J.P.Royale, 1st Floor, 2nd Main, Sampige Road, (Near 14th Cross), Malleswaram, Bangalore-560001

Any other Correspondence:

Chitradurga Spintex Limited,

PB No.9, Bangalore Road, Challakere-577 522, Karnataka

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

Auditors' Certificate to the members of Chitradurga Spintex Limited, on compliance of the conditions of corporate governance for the year ended 31st March 2013 under clause 49 of the listing agreement with stock exchange.

We have examined the compliance of conditions of corporate governance by M/s. Chitradurga Spintex Ltd., for the year ended on 31st March 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

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

In our opinion and to the best of our information and according to the explanation given to us, and the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

As required by the guidance note by the Institute of Chartered Accountants of India, we state that, as on 31st March 2013 there were no Investor grievances remaining unattended/pending for a period exceeding one month, and as explained to us by the management, the Compliance Officer has reported to the shareholders/Investors Grievance Committee regularly on the status of such grievances.

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

For H.M.V.MURTHY & CO.,
Chartered Accountants,

[H.M.Vrushabhendramurthy]
Proprietor.

BANGALORE, June 24, 2013

Management Discussion and Analysis Report

Overview

In view of the accumulated losses and erosion of more than 91% Net worth, the Company is not in position to undertake any projects of manufacturing, trading or weaving of Textile and other goods, and due to paucity of working capital, the Company has also not been able to raise any loans from Financial Institutions, which is essential for expanding its business activities. Hence, due to the reasons beyond the control of your directors your company has not undertaken any business during the year, but with a view to curtail the mounting losses the Company has leased the godown facilities on rent basis to State Warehouse Corporation and to private parties. But due to continued drought situation even demand for godown is also less hence building has been leased for part of the year. The directors are under the process of exploring other avenues of diversifying into new areas of business

In view of the above, the Company is seeking to reconstruct / restructure its capital by way of writing off its accumulated Capital loss against the reduction of its paid up capital which is not represented by available assets and to raise further capital through a preferential issue for infusing funds into the Company through a scheme of Arrangement pursuant to Section 391 to 393 of the Companies Act, 1956. The Board has accepted and recommended the scheme of Arrangement pursuant to Section 391 to 393 of the Companies Act, 1956 inter-alia : Reduction of Capital; Preference Allotment of Shares and Change of Management.

All remaining assets and liabilities are valued on a "Going Concern" basis. Though there is no business is undertaken, its net worth remains positive and considering the fact that the company has adequate resources to continue in operational existence for the foreseeable future and taking into account the management assessment of improvement in the economic condition in general they continue to adopt the going concern basis in preparing the annual report and accounts.

Financial performance & review

The company has made a loss of Rs.2.10 lakhs includes loss on sale of fixed assets which amounts to Rs.1.50 lacs during current financial year as against profit of Rs.7.45 lakhs during previous year.

Segment wise performance

As there is no particular operational activity segment wise performance is not applicable.

Outlook

Due to change in the business activity from spinning to other activity forecasting outlook is not wise since any particular business not yet started. The directors are under the process of exploring other avenues of diversifying into new areas of business

Risk Management

Your Company has No specific risks other than normal business problems which are explained above.

Internal Controls

The Company has adequate internal control procedures and has well defined business processes to ensure the efficiency and effectiveness of the efforts that go in managing various assets and interests of the company.

Subsidiaries

Your Company has no subsidiary company's

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Chitradurga Spintex Limited

Report on the Financial Statements

We have audited the accompanying Financial Statements of **M/s. Chitradurga Spintex Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The accounting of gratuity on payment basis as per policy is contrary to generally accepted Accounting Standards issued by The Institute of Chartered Accountants of India. The effect of the same on Statement of Profit & Loss is unascertained.

We draw the attention to the fact that the Company is having a Accumulated loss of Rs.417.87 Lakhs as at the year ended 31.03.2013 which is more than 50% of its net worth, the company has to be treated as sick as per the provisions of the SICA, 1985. The company not yet started any particular business as stated in postal ballot on 30.10.2008 and as the company has sold substantial portion of the plant and machinery and there are no revenue generation during the year except for small rental income., along with other matters set out in the notes of the financial statement, the substantial doubt will arise whether company will be able to continue AS GOING CONCERN.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in *the basis for qualified opinion* paragraph, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of 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 Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **H.M.V.Murthy &Co.**,
Chartered Accountants

H.M.Vrushabhendra Murthy
Proprietor.
MM No.026432

Place: Bangalore
Date: June 24, 2013

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of **Chitradurga Spintex Limited** ('the Company') for the year ended 31 March 2013. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) There is substantial disposal of fixed assets during the year to have an impact on the operations of the company and affects its going concern concept.
- (ii) As the Company does not hold any inventories for the year, the paragraph 4(1) and 4 (ii) of the companies (Auditor's Report) order, (as amended) is not applicable to the company.

- (iii) (a) The company has not granted any loans, secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Act.
 - (b) The company has not taken unsecured loans during the year from other parties covered in the register maintained under section 301 of the companies act, 1956. The year ended balance of loan taken from such parties is NIL.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit we have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - (b) In our opinion, and according to the information and explanations given to us, there were no transactions made in pursuance of contracts and arrangements referred to in (v)(a) above exceeding the value of Rs five lakhs with any party during the year
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the companies Act, 1956 and the rules framed thereunder.
- (vii) The Company has no internal audit system.
- (viii) (a) According to the information and explanation given to us, the company is generally regular in depositing with appropriate authorities undisputed dues including Provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
 - (b) According to the information and explanation given to us, there are no undisputed amounts payable in respect of income tax, Sales tax, Wealth tax, Customs duty, Excise duty and Cess outstanding as at the year end, for a period of more than six months from the date they become payable.
 - (c) According to the information and explanation given to us, there are no dues of Sales tax, Income tax, Custom duty, Wealth tax, Excise duty or Cess outstanding on account of any dispute except Entry Tax of Rs.3.91 Lakhs for the year 1992 -93.
- (ix) The central Government has prescribed maintenance of cost records under section 209-(1) (d) of the companies act, 1956 in respect of manufacturing activities of the company. The said clause is not applicable to the company as the Company does not have manufacturing activities for the year,
- (x) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth tax, Service tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees' State Insurance, Customs duty and Excise duty.
- (xi) The Company has accumulated loss of Rs.417.87 lakhs as at the end of the financial year which is more than fifty per cent of its net worth and it has incurred cash loss of Rs.2.10 Lakhs in the current year and Rs.7.45 Lakhs immediately preceding the financial year.
- (xii) According to information and explanation given to us and the records examined by us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xiii) In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.

- (xiv) In our opinion and according to the information and explanation given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi /mutual benefit fund/societies.
- (xv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xvi) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvii) In our opinion and based on information and explanations given to us by the management, term loans were applied by the Company for the purpose for which they were obtained.
- (xviii) On the basis of an overall examination of the Balance Sheet and Cash Flows of the Company and the information and explanation given to us, we report that the Company has not utilised any funds raised on short term basis for long term investments and vice-versa.
- (xix) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xx) The Company has not issued any debentures during the year.
- (xxi) The Company has not raised any money by public issues during the year.
- (xxii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

for **H.M.V.Murthy &Co.,**
Chartered Accountants

H.M.Vrushabhendra Murthy
Proprietor.
MM No.026432

Place: Bangalore
Date: June 24, 2013

Balance Sheet as at 31 March, 2013

	Note No.	As at 31 March, 2013 Rs.	As at 31 March, 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	2	4,61,03,000	4,61,03,000
Reserves and Surplus	3	-3,97,87,266	-3,95,48,430
Current liabilities			
Trade Payables	4	-	58,076
Other Current Liabilities	5	13,872	32,327
Short-Term Provisions	6	1,18,212	1,18,532
TOTAL		64,47,818	67,63,505
ASSETS			
Non-current assets			
Fixed Assets			
Tangible Assets	7	58,07,477	60,57,417
Non-Current Investments	8	11,000	11,000
Current Assets			
Trade Receivables	9	11,844	61,345
Cash and Cash Equivalents	10	5,13,126	4,87,564
Short-Term Loans and Advances	11	1,04,371	1,46,179
TOTAL		64,47,818	67,63,505
Notes to Accounts & Significant Accounting Policies			
The Note Nos.1 to 18 form an integral part of these Financial Statements			

As per our report of even date

for H.M.V. Murthy & Co.,
Chartered Accountants

H.M. Vrushabhendra Murthy

Bangalore
June 24,, 2013

For and on behalf of the Board of Directors

S. Rajasekharappa
ChairmanS. Vishwanath
Managing DirectorS. Chandrashekar
DirectorBangalore
June 24, 2013

Statement of Profit & Loss for the year ending 31.03.2013

	Note No.	As at 31 March, 2013 Rs.	As at 31 March, 2012 Rs.
REVENUE FROM OPERATIONS			
Other Income	12	4,07,993	63,900
Total Revenue		4,07,993	63,900
EXPENSES			
Employee Benefits Expenses	13	1,22,871	1,25,004
Finance Costs	14	1,163	959
Other Expenses	15	4,93,797	6,83,073
Total Expenses		6,17,831	8,09,036
Profit / (Loss) Before Tax		-2,09,838	-7,45,136
Tax Expense:			
Current Tax		-	-
Deferred Tax		-	-
Profit / (Loss) for the year		-2,09,838	-7,45,136
Earnings per share (of Rs. 10/- each):			
(a) Basic		-0.05	-0.16
(b) Diluted		-0.05	-0.16

Notes to Accounts & Significant Accounting Policies

The Note Nos.1 to 18 form an integral part of these Financial Statements

As per our report of even date

for H.M.V. Murthy & Co.,
Chartered Accountants

H.M. Vrushabhendra Murthy

Bangalore
June 24, 2013

For and on behalf of the Board of Directors

S. Rajasekharappa
hairmanS. Vishwanath
Managing DirectorS. Chandrashekar
DirectorBangalore
June 24, 2013

Cash Flow Statement for the year 2012-13

	2012-13 Rs.	2011-12 Rs.
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	-2,09,838	-7,45,136
<i>Adjustments for:</i>		
(Profit) / loss on sale / write off of assets	1,49,940	3,11,216
Finance costs	1,163	959
Rental income from operating leases	4,07,993	63,900
Operating profit / (loss) before working capital changes	3,49,258	-3,69,061
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	49,501	-16,543
Short-term loans and advances	41,808	20,636
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	-58,076	-61,041
Other current liabilities	-18,455	19,395
Short-term provisions	-320	1,09,732
Cash flow from extraordinary items	-28,998	-15,000
Cash generated from operations	3,34,718	-3,11,882
Net income tax (paid) / refunds	-	-
Net cash flow from / (used in) operating activities (A)	3,34,718	-3,11,882
B. Cash flow from investing activities		
Proceeds from sale of fixed assets	1,00,000	2,00,000
Rental income from operating leases	-4,07,993	-63,900
Net cash flow from / (used in) investing activities (B)	-3,07,993	1,36,100
C. Cash flow from financing activities		
Finance cost	-1,163	-959
Net cash flow from / (used in) financing activities (C)	-1,163	-959
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	25,562	-1,76,741
Cash and cash equivalents at the beginning of the year	4,87,564	6,64,305
Cash and cash equivalents at the end of the year	5,13,126	4,87,564

As per our report of even date

For and on behalf of the Board of Directors

for H.M.V. Murthy & Co.,
Chartered AccountantsS. Rajasekharappa
ChairmanS. Vishwanath
Managing Director

H.M. Vrushabhendra Murthy

S. Chandrashekar
DirectorBangalore
June 24,, 2013Bangalore
June 24, 2013

1. Significant Accounting Policies

Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under the historical cost convention; income and expenditure are accounted on accrual basis except gratuity which will be accounted on payment basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Use of estimates

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are materialised.

Tangible Fixed Assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

Depreciation and Amortisation

Depreciation on fixed assets was provided to the extent of depreciable amount on Straight-Line method (SLM) on pro-rata basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 up to 31.12.2008 being on which date the spinning activity was stopped.

Foreign currency transactions and translations

There were no foreign currency transactions during the year (previous year Nil).

Government grants, subsidies and export incentives

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

Investments

Long-term investments are stated at cost of acquisition. Provision for diminution in the value is made only if such a decline is other than temporary.

Revenue recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. There is no revenue from operations during the year since the company has not undertaken any business.

Pursuant to approval of the members through postal ballot on 30.10.2008, the Company has amended the main objects of the Company accordingly Company has stopped the spinning activity from 31.12.2008.

Other income

The main source of other income is from rental income by leasing existing building of the company which is recognized on accrual basis.

Employee benefits

Short term employee benefits are recognized as an expense in the profit and loss account of the year in which the related service is rendered, which includes salary to staff, provident fund contribution and contribution to the Employees State Insurance.

Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by number of equity shares outstanding during the year.

Taxes on income

As the Company has no taxable income for the A.Y. 2013-2014, no tax provision is made. Taking into account the consideration of prudence, no asset or liability is anticipated on account of deferred tax.

Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

Provisions and contingencies

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

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

		As at 31 March. 2013 Rs.	As at 31 March. 2012 Rs.			
2 SHARE CAPITAL						
Authorised Share Capital						
5E+06 Equity Shares of Rs.10 each		5,00,00,000	5,00,00,000			
Issued, Subscribed and Paid up						
5E+06 Equity Shares of Rs.10 each		<u>4,61,03,000</u>	<u>4,61,03,000</u>			
TOTAL		<u>4,61,03,000</u>	<u>4,61,03,000</u>			
2.1 The details of Shareholders holding more than 5% Shares						
Name of the Shareholder	As at 31 March, 2013	As at 31 March, 2012				
	No. of Shares	% held	No. of Shares			
			% held			
S. Vishwanath	316700	6.87	316700 6.87			
3 RESERVES AND SURPLUS						
State Government Subsidy		20,00,000	20,00,000			
Profit and Loss Account						
As per last Balance Sheet		-4,15,48,430	-4,07,88,294			
Add Loss for the year		-2,09,838	-7,45,136			
Sub Total		<u>-4,17,58,268</u>	<u>-4,15,33,430</u>			
Add/(Less) Prior Period Adjustment		28,998	15,000			
TOTAL		<u>-4,17,87,266</u>	<u>-4,15,48,430</u>			
4 TRADE PAYABLES						
Micro, Small and Medium Enterprises		-	58,076			
TOTAL		<u>-</u>	<u>58,076</u>			
5 OTHER CURRENT LIABILITIES						
Advance for Rent lease		-	15,000			
Other Statutory Dues		13,872	17,327			
TOTAL		<u>13,872</u>	<u>32,327</u>			
6 SHORT TERM PROVISIONS						
Provisions for Employees Expenses		9,737	8,800			
Others		1,08,475	1,09,732			
TOTAL		<u>1,18,212</u>	<u>1,18,532</u>			
7 FIXED ASSETS						
Tangible assets						
	Gross Block		Depreciation Block		Net Block	
Particulars	As at	Deletion	As at	Deletion	As at	As at
	01.04.2012		31.03.2013		31.03.2013	31.03.2012
	Rs.		Rs.		Rs.	Rs.
Free hold Land	1,25,375		1,25,375		-	1,25,375
Building	1,08,91,495		1,08,91,495	52,09,393	56,82,102	56,82,102
Plant & Machinery	13,31,591	13,31,591	0	10,83,594	0	2,47,997
Furniture & Fittings	38,012	38,012	0	36,069	0	1,943
Total	<u>1,23,86,473</u>	<u>13,69,603</u>	<u>1,10,16,870</u>	<u>11,19,663</u>	<u>52,09,393</u>	<u>58,07,477</u>
Previous year	1,53,70,308	29,83,835	1,23,86,473	24,72,619	63,29,056	60,57,417

8	NON CURRENT INVESTMENTS		
	In Equity Shares - Quoted Fully paid up		
	800 G.R. Cables Ltd.,	8,000	8,000
	In Government Securities - Unquoted		
	6 years National Saving Certificate	3,000	3,000
	TOTAL	<u>11,000</u>	<u>11,000</u>
	Aggregate amount of quoted investments	8,000	8,000
	Market Value of quoted investments	560	560
	Aggregate amount of unquoted investments	3,000	3,000
9	TRADE RECEIVABLES		
	(Unsecured and considered good)		
	Over Six months	-	5,000
	Others	11,844	56,345
	TOTAL	<u>11,844</u>	<u>61,345</u>
10	CASH AND BANK BALANCES		
	Balance with Banks	2,28,374	1,35,368
	Cash on Hand	2,84,752	3,52,196
	TOTAL	<u>5,13,126</u>	<u>4,87,564</u>
11	SHORT TERM LOANS AND ADVANCES		
	(Unsecured and considered good)		
	Security Deposits *	4,900	4,900
	Other Advances **	2,002	58,913
	Balance With Revenu Authorities- TDS	97,469	82,366
	TOTAL	<u>1,04,371</u>	<u>1,46,179</u>
	* Secutity Deposit Includies Mobile Deposit, Telephone Deposit		
	** Includes Interest Accrued on NSC		
12	OTHER INCOME		
	Interest	-	-
	Rent Income	4,07,993	63,900
	TOTAL	<u>4,07,993</u>	<u>63,900</u>
13	EMPLOYEES BENEFITS EXPENSE		
	Salary	1,05,600	1,05,600
	Contribution to Provident Fund	11,670	14,388
	Contribution to Employees State Insurance	5,016	5,016
	Staff Welfare Expenses	585	-
	TOTAL	<u>1,22,871</u>	<u>1,25,004</u>
13.1	As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the AS are given below		
	Defined Contribution Plans		
	Contribution to Defined Contribution Plans, recognised as expense for the year is Nil (Previous year Nil)		
14	FINANCE COST		
	Bank Transaction Charges	1163	959
	TOTAL	<u>1163</u>	<u>959</u>

15 **OTHER EXPENSES**

Establishment Expenses		
Advertisement - News paper publication	54,115	49,260
Filing Fee	-	1,000
Folio Maintenance Charges	72,913	80,642
Listing Fee	33,942	33,313
Insurance	-	21,191
Loss on sale of assets	1,49,940	3,11,216
Professional Charges	27,000	20,000
Payment to auditors	56,180	56,180
Postage & Telephones	38,507	49,590
Printing and stationery	34,320	30,276
Rates and taxes	2,700	15,150
Repair & Maintenance	2,735	1,180
Travelling & Conveyance	21,445	14,075
TOTAL	4,93,797	6,83,073

15.1 **PAYMENT TO AUDITORS AS:**

As Auditor		
Statutory Audit Fees	30,337	30,337
Tax Audit Fees	5,618	5,618
Certification	20,225	20,225
Out of pocket Expenses	-	-
TOTAL	56,180	56,180

16 **RELATED PARTY DISCLOSURES:**

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

16.1 List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Name of the Related Party	Relationship
Sri S. Vishwanath	Executive Director
Sri S. Rajasekharappa	Executive Director
Sri S. Chandrashekar	Non Executive Director
M/s.. Chitradurga Sunflower Complex (P) Ltd.,	Oil The company in which the relatives of key management personnel's are interested

16.2 Transactions during the year with related parties Nil (Previous year Nil)

17 As per Accounting Standard (AS) 17 on "Segment Reporting": as there is no particular operational activity, segment wise performance is not applicable.

18 **CONTINENT LIABILITIES & COMMITMENTS**

Claims against the company / disputed liabilities not acknowledged as debts	3.91	3.91
TOTAL	3.91	3.91

The Company has received a suo moto notice under KTEG Act from Commissioner of Commercial Taxes, Bangalore, in respect of assessment year 92-93, demanding to pay tax of Rs.3.91 Laksh on plant and machinery which were bought by the company during the AY 92-93. However Company has filed objections/application to rectify the order which is due consideration with the said authority

As per our report of even date

For and on behalf of the Board of Directors

for H.M.V. Murthy & Co.,
Chartered Accountants

S. Rajasekharappa S. Vishwanath
Chairman Managing Director

H.M. Vrushabhendra Murthy

S. Chandrashekar
Director

Bangalore
June 24, 2013

Bangalore
June 24, 2013

ANNEXURE –A
Regarding capacity and quantitative report

Not applicable since there is no particular operation and substantial portion of plant and machinery were sold and there is no trading activity during the year.

Balance Sheet abstract and Company's general business profile

Registration details

Registration No. 0811467 State Code 08

Balance Sheet date 31.03.2013

Capital raised during the year (Amount in Rs.)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

Position of mobilisation and deployment of funds (Amount in Rs.)

Total Liabilities	64,47,818	Total Assets	64,47,818
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Sources of Funds

Paid up capital	4,61,03,000
Reserves & Surplus	-3,97,87,266

Application of Funds

Net Fixed Assets	58,07,477	Investments	11,000
Net Current Assets	11,844	Miscellaneous Expenditure	-
Accumulated Losses	-4,17,87,266	Deferred Taxation	-

Performance of Company (Amount in Rs.)

Turnover	4,07,993	Total Expenditure	6,17,831
Profit before Tax	(2,09,838)	Profit after Tax	(2,09,838)
EPS	-0.05	Dividend Rate %	Nil

Generic names of three principal products/services of Company (as per monetary terms)

Item Code No.	NA
Product description	NA

Bangalore
June 24, 2013

S. Rajasekharappa
Chairman

S. Vishwanath
Managing Director

Chitradurga Spintex Limited

Regd.Office:Bangalore Road, Siddapura Village, Challakere-577 522, Karnataka State

Attendance Slip

Folio No. _____ Name _____

Address _____

I certify that I am a member/proxy for the member of the Company. I hereby record my presence at the Annual General Meeting at Siddapura Village, Bangalore Road, Challakere-577 522, Chitradurga Dist. Karnataka on 27.09.2013 at 11.00 a.m.

Shareholder's/proxy's Signature _____

Proxy's Full Name _____
(In Block Capitals)

NOTES: Please fill in this Attendance slip and hand it over at the entrance of the Hall

Chitradurga Spintex Limited

Regd.Office:Bangalore Road, Siddapura Village, Challakere-577 522, Karnataka State

Proxy

I/We _____

being Member/members of Chitradurga Spintex Limited, Karnataka-577522 do hereby appoint _____

of _____ or failing

him/her _____

of _____

as my/our proxy in my/our absence to attend and vote form/us on my/our behalf at the Annual General Meeting of the Company, to be held at Siddapura Village, Bangalore Road, Challakere, Chitradurga Dist. Karnataka-577 522 on 27.09.2013 at 11.00 a.m. and at any adjournment thereof in witness whereof, I/We have set my/our hand/hands this _____ day _____ of 2013.



CHITRADURGA SPINTEX LIMITED

FORM B

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

1.	Name of the Company	Chitradurga Spintex Limited
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit observation	Qualified
4.	Frequency of observation	Repetitive since 2008
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Auditors Qualifications-Payment of gratuity and Basis of On-going Concern-Page No.14 Management Response-Gratuity has already paid to all employees who have retired and only two office staff's gratuity has to be paid, who are still on roll. Management contends that the company will be able to continue as going concern-page No.4 & 5.
	Additional comments from the board / committee chair:	Qualification on Gratuity payment is agreed on qualification. Qualification on On-Going Concern materially not agreed. Management has already taken all possible steps to improve the economic conditions.
5.	To be signed by <ul style="list-style-type: none">• CEO / Managing Director• CFO• Auditor of the Company• Audit Committee Chairman	 