

**NOTICE**

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the members of **S. Kumars Nationwide Limited** will be held on Monday, 28<sup>th</sup> April, 2014 at 10.00 a.m. at Hall of Harmony, Nehru Centre Conference Hall, Dr. Annie Besant Road, Worli, Mumbai 400 018 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2013 and the Audited Statement of Profit and Loss for the year ended as on that date together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri Vijay G. Kalantri, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS:**

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

“**RESOLVED THAT** Shri Jagadeesh S. Shetty who was appointed as an Additional Director designated as Director – Finance and Group CFO of the Company with effect from 10<sup>th</sup> November, 2012 by the Board of Directors pursuant to Sections 260, 269, 309 and 310 of the Companies Act, 1956 read with schedule XIII thereto (corresponding relevant provisions under Sections 161, 197 and 203 of the Companies Act, 2013 read with schedule V) as per the applicable provisions and whose remuneration was confirmed by the shareholders vide result of the postal ballot dated 30<sup>th</sup> January, 2013, and who holds office upto the date of this Annual General Meeting pursuant to section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice from a member proposing his candidature for the office of Director under section 160 of the Companies Act, 2013, be and is hereby appointed as Director – Finance and Group CFO of the Company.”

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

“**RESOLVED THAT** Shri Rajinder Krishan Garg who was appointed as an Additional Director of the Company with effect from 30<sup>th</sup> September, 2013 by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 (corresponding relevant provisions under Section 161 of the Companies Act, 2013) as per the applicable provisions and who holds office upto the date of this Annual General Meeting pursuant to section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice from a member proposing his candidature for the office of Director under section 160 of the Companies Act, 2013, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 197 & 203 and other applicable and related provisions of the Companies Act, 2013 (hereinafter referred to as “the Act”), read with Schedule V of the Act and Chapter XIII of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as may be applicable (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval of the Central Government (Ministry of Corporate Affairs, New Delhi), consent of the shareholders of the Company be and is hereby accorded for payment of minimum remuneration of Rs. 48,00,000/- (Rupees Forty Eight Lakhs) to Shri Nitin S. Kasliwal, Chairman & Managing Director of the Company, by way of salary, perquisites and allowances for the period from April 1, 2013 to March 31, 2014 as may be agreed mutually between the Board of Directors and Shri Nitin S. Kasliwal, Chairman & Managing Director.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 197 & 203 and other applicable and related provisions of the Companies Act, 2013 (hereinafter referred to as “the Act”), read with Schedule V of the Act and Chapter XIII of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as may be applicable (including

any statutory modification or re-enactment thereof for the time being in force) and subject to the approval of the Central Government (Ministry of Corporate Affairs, New Delhi), consent of the shareholders of the Company be and is hereby accorded for payment of minimum remuneration of Rs. 48,00,000/- (Rupees Forty Eight Lakhs) to Shri Anil Channa, Deputy Managing Director of the Company, by way of salary, perquisites and allowances for the period from April 1, 2013 to March 31, 2014 as may be agreed mutually between the Board of Directors and Shri Anil Channa, Deputy Managing Director.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company."

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

**“RESOLVED** that pursuant to the provisions of Sections 197 & 203 and other applicable and related provisions of the Companies Act, 2013 (hereinafter referred to as “the Act”), read with Schedule V of the Act and Chapter XIII of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as may be applicable (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval of the Central Government (Ministry of Corporate Affairs, New Delhi), consent of the shareholders of the Company be and is hereby accorded for payment of minimum remuneration of Rs. 48,00,000/- (Rupees Forty Eight Lakhs) to Shri Jagadeesh S. Shetty, Director – Finance & Group CFO of the Company, by way of salary, perquisites and allowances for the period from April 1, 2013 to March 31, 2014 as may be agreed mutually between the Board of Directors and Shri Jagadeesh S. Shetty, Director – Finance & Group CFO.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company."

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

**“RESOLVED THAT** pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Securities and Exchange Board of India (Issue of Capital and disclosure requirements) Regulations, 2009 (“ICDR Regulations”) as in force, Securities and Exchange Board of India (Substantial Acquisition of shares and Takeover) Regulations, 2011, (SAST Regulations), the regulations/guidelines, if any, issued by the Government of India, the Reserve Bank of India, Securities and Exchange Board of India and any other applicable laws, rules and regulations (including any amendment(s) thereto or re-enactment(s) thereof for the time being in force) and the relevant provisions of the Memorandum and Articles of Association of the Company to the extent applicable and Listing Agreement entered into by the Company with the stock exchanges where shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions as may be required from the Government of India, the Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, Lenders of the Company and any other relevant statutory, government authorities or departments, institutions or bodies (“Concerned Authorities”) in this regard and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals, sanctions and permissions as may be necessary (“Approvals”) and any such conditions and/or modifications as may be prescribed, stipulated or imposed by any such Approvals and/or which may be agreed to or considered necessary by the Board of directors of the Company (hereinafter referred to as “the Board”, which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), the consent, permission and approval of the members of the Company be and is hereby accorded to the Board to create, issue, offer and allot on a preferential basis upto 9,74,88,149 equity shares of the face value of Rs. 10/-each (hereinafter referred to as “Preferential Equity Shares”) constituting 32.7% of the emerging voting capital of the Company at a price of Rs. 10/- each per share aggregating Rs. 97,48,81,490/- to the following promoter/promoter group companies:

Sr. No.	Name of the Promoter / Group companies	No of shares
1	M/s. Anjaneya Holdings Private Limited	9,22,37,824
2	M/s .Chamundeshwari Mercantile Private Limited	7,77,562
3	M/s. Chamundeshwari Trading & Finance Private Limited	5,24,772
4	M/s Ingenious Finance & Investment Private Limited	9,37,370

Sr. No.	Name of the Promoter / Group companies	No of shares
5	M/s Tulja Enterprises Private Limited	20,66,750
6	Shri Nitin S. Kasliwal	9,43,871
		<b>9,74,88,149</b>

on such terms and conditions and in such manner as may be decided by the Board at a price calculated in accordance with regulation 76(1) of chapter VII of ICDR Regulations which shall be the higher of the following:

1. The average of the weekly high and low of the closing prices of the related equity shares quoted on the stock exchanges during the twenty six weeks preceding the relevant date;

OR

2. The average of the weekly high and low of the closing prices of the related equity shares quoted on the stock exchange during the two weeks preceding the relevant date.

which shall be at the issue price of Rs. 10/- each per equity share.

**RESOLVED FURTHER THAT** the preferential issue of the equity shares shall be *inter alia* on the following terms and conditions:

- a) The equity shares shall be allotted to Promoter / Promoter Group Companies at a price of Rs. 10/- (Rupees Ten only) per equity share which is calculated as per Regulation 76 of the ICDR Regulations.
- b) Preferential Equity Shares shall rank pari-passu in all respects, with the existing Equity Shares of the Company in accordance with Memorandum and Articles of Association of the Company.
- c) Preferential Equity shares shall be subject to such lock-in requirements as may be prescribed under the ICDR Regulations
- d) The equity shares shall be allotted within a period of 15 days from the date on which the last of the statutory approval (s) required for the preferential issue is duly obtained or such extended time as may be approved by SEBI.
- e) the relevant date for the determination of applicable price for the issue of the Equity Shares in terms of the provisions of the SEBI Regulations is 28<sup>th</sup> March, 2014, i.e. the date of thirty days prior to the date on which the meeting of the shareholders is to be held, in terms of Section 62 of the Companies Act, 2013, to consider the proposed issue.

**RESOLVED FURTHER THAT** allotment of Preferential Equity Shares to be allotted in excess of 24.99% of the emerging equity voting capital as may be applicable as per the relevant SAST Regulations, shall be subject to the approval and exemption to be obtained by the Company from Securities and Exchange Board of India and other concerned authorities.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to issue or allotment of the aforesaid equity shares to the share holders upon exercise of right to subscribe the shares and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said equity shares, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or any other Director(s) or officer(s) of the Company to give effect to the resolution”

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

“**RESOLVED THAT** pursuant to the provisions of Section 61 and all other applicable provisions of the Companies Act, 2013, including any statutory modifications or re-enactments thereof for the time being in force, the Authorized Share Capital of the Company be and is hereby increased from Rs. 460,00,00,000 (Rupees Four Hundred Sixty Crores only) divided into 37,00,00,000 equity shares of Rs. 10/- each and 90,00,000 preference shares of Rs. 100/- each to Rs. 560,00,00,000 (Rupees Five Hundred Sixty Crores only) divided in to 47,00,00,000 equity shares of Rs. 10/- each and 90,00,000 preference shares of Rs. 100/- each ranking pari passu with existing equity shares and preference shares of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to the above resolution.”

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

**RESOLVED THAT** pursuant to section 13 and all other applicable provisions, if any, of the Companies Act, 2013, the existing Capital Clause vii of the Memorandum of Association of the Company be and is hereby altered by substituting the following new Capital Clause vii in its place and stead:

vii “The Authorized Share Capital of the Company is Rs. 560,00,00,000 (Rupees Five Hundred Sixty Crores only) divided into 47,00,00,000 equity shares of Rs. 10/- each and 90,00,000 of preference shares of Rs. 100/- each with the rights, privileges or conditions that are specified in the Articles of Association of the Company for the time being. The Company shall have the power to divide the shares in the Capital in several classes.”

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary to give effect to the above resolution.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013, Article 3 of the Articles of Association of the Company be and is hereby altered by substituting the following new Article 3 in its place and stead:

**Article 3** “The Authorized Share Capital of the Company is Rs. 560,00,00,000 (Rupees Five Hundred Sixty Crores only) divided into 47,00,00,000 equity shares of Rs. 10/- each and 90,00,000 of preference shares of Rs. 100/- each. The Company shall have the power to increase or reduce its Capital, and to divide the shares in the Capital in several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be permissible by law and as may be determined in accordance with the Articles of Association and to vary, modify or abrogate any such rights, privileges or conditions in such a manner as may be permitted by law and as may be specified in the Articles of Association of the Company for the time being in force.”

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary to give effect to the above resolution.”

**NOTES:**

1. A member who is entitled to attend and vote is also entitled to appoint proxy/proxies to attend and vote instead of himself/herself and a proxy need not be a member of the Company.
2. Proxy forms should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing such representative to attend and vote on their behalf at the Meeting.
4. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 23<sup>rd</sup> April, 2014 to Monday 28<sup>th</sup> April, 2014 (both days Inclusive).
6. Members desiring any information as regards the Accounts are requested to write to the Company at least 15 days before the date of the meeting to enable the management to keep the information ready.
7. As per the SEBI Notification dated 16<sup>th</sup> February, 2000, the equity shares of the Company have been compulsorily dematerialized and sale/purchase of the same is required to take place in dematerialized form only.
8. At the ensuing Annual General Meeting, Shri Vijay G. Kalantri retires by rotation and being eligible, offers himself for re-appointment. The Board of Directors of the Company recommends his re-appointment.
9. All members who have either not received or have not yet encashed their dividend warrant(s) for the financial year 2010-11, are requested to write to the Company Secretary for obtaining duplicate dividend warrant. As on 3<sup>rd</sup> April, 2014 amount lying in unclaimed dividend account is approximately Rs. 7,40,000/-.



10. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. Members holding physical shares in single name are advised to make nomination in respect of their shareholding. The nomination form can be downloaded from the Company's website, [www.sknl.co.in](http://www.sknl.co.in)
12. Non Resident Indian members are requested to immediately inform to M/s. Bigshare Services Pvt. Ltd. about:
- Change in their residential status on return to India for permanent settlement.
  - Details of their Bank Account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

**Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting:**
**i) Shri Vijay G. Kalantri**

Date of Birth	5 <sup>th</sup> January, 1949
Date of Appointment	13 <sup>th</sup> February, 2012
Qualification	G.C.D. Textile Diploma
Expertise in specific functional area	Textiles, Infrastructure, etc.
Directorships held in other public limited companies including foreign companies and excluding private limited companies.	<ol style="list-style-type: none"> <li>Balaji Infra Projects Ltd.</li> <li>Dighi Port Limited.</li> <li>Dighi Project Development Co. Ltd.</li> <li>Dighi Rail Infrastructure Ltd.</li> <li>Hindustan Housing Finance &amp; Development Corporation Ltd.</li> <li>VIP Industries Ltd.</li> <li>Vindyachal Hydro Power Ltd.</li> <li>Gannon Dunkerley &amp; Co. Ltd.</li> <li>Shree Ram Urban Infrastructure Ltd.</li> <li>SAB Industries Ltd.</li> <li>Zicom Electronic Security Systems Ltd.</li> <li>Reid &amp; Taylor (India) Limited</li> <li>Brandhouse Retails Limited</li> <li>All India Association of Industries (Section 25 Company)</li> <li>Bowling and Billiards Association of India (Section 25 Company)</li> <li>Indo Polish Chamber of Commerce and Industries (Section 25 Company)</li> <li>Indo Mauritius Chamber of Commerce and Industries (Section 25 Company)</li> <li>M.Visvesvaraya Industrial Research and Development Centre (Section 25 Company)</li> </ol>
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	<ol style="list-style-type: none"> <li>VIP Industries Ltd.</li> <li>Zicom Electronic Security Systems Ltd.</li> <li>Shree Ram Urban Infrastructure Ltd.</li> <li>Reid &amp; Taylor (India) Limited</li> <li>Brandhouse Retails Limited</li> </ol>
Number of shares held in the company	NIL

**ii) Shri Jagadeesh S. Shetty**

Date of Birth	29 <sup>th</sup> January, 1954
Date of Appointment	10 <sup>th</sup> November, 2012
Qualification	M.Com, ACMA, LL.B (Gen).
Expertise in specific functional area	Experience of more than 30 years in Finance and Accounts
Directorships held in other public limited companies including foreign companies and excluding private limited companies.	<ol style="list-style-type: none"> <li>Brandhouse Retails Limited</li> <li>Anjaneya Foundation</li> </ol>

Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	NIL
Number of shares held in the company	2,000

**iii) Shri Rajinder Krishan Garg**

Date of Birth	28 <sup>th</sup> October, 1955
Date of Appointment	30 <sup>th</sup> September, 2014
Qualification	MBA
Expertise in specific functional area	Experience of more than 33 years in marketing, operations and branding
Directorships held in other public limited companies including foreign companies and excluding private limited companies.	1. Belmonte Retails Limited
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	NIL
Number of shares held in the company	NIL

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE DATED 3RD APRIL, 2014**

**Item No. 4**

The Board of Directors of the Company at its meeting held on 10<sup>th</sup> November, 2012 had appointed Shri Jagadeesh S. Shetty as Additional Director and designated him as Director - Finance & Group CFO of the Company on the terms & conditions as approved by the shareholders by passing special resolution vide postal ballot, the result of which was declared on 30<sup>th</sup> January, 2013.

Shri Jagadeesh S. Shetty, aged 60 years, is qualified M.Com, ACMA, LL.B (Gen). He has been associated with the SKNL Group for over two decades and has been holding vital positions. The Board is confident that, with his extensive business acumen, knowledge, experience and expertise in the field of finance, accounts, strategy etc., Shri Shetty would definitely enhance the Board's strength and dynamism.

Since the tenure of appointment of Shri Jagadeesh S. Shetty as an additional director is due to expire at the Annual General Meeting, approval of the shareholders is being sought in order to confirm his directorship pursuant to section 161 and other applicable provisions of the Companies Act, 2013.

Your Directors recommend passing of the Resolution at item no. 4 as Ordinary Resolution.

None of the Directors of the Company is in any way concerned or interested in the proposed Resolution except Shri Jagadeesh S. Shetty himself.

**Item No. 5**

The Board of Directors of the Company at its meeting held on 30<sup>th</sup> September, 2013 had appointed Shri Rajinder Krishan Garg as Additional Director of the Company.

Shri Rajinder Krishan Garg, aged 59 years, is qualified MBA. He has been associated with the SKNL Group for over seven years and has been holding vital positions. The Board is confident that, with his extensive business acumen, knowledge, experience and expertise in the field of marketing, operations and branding, Shri Garg would definitely enhance the Board's strength and dynamism.

Since the tenure of appointment of Shri Garg as an additional director is due to expire at the Annual General Meeting, approval of the shareholders is being sought in order to confirm his directorship pursuant to section 161 and other applicable provisions of the Companies Act, 2013.

Your Directors recommend passing of the Resolution at item no. 5 as Ordinary Resolution.

None of the Directors of the Company is in any way concerned or interested in the proposed Resolution except Shri Rajinder Garg himself.

## Item No. 6, 7 & 8

Shri Nitin S. Kasliwal, Chairman & Managing Director, Shri Anil Channa, Deputy Managing Director and Shri Jagadeesh S. Shetty, Director – Finance & Group CFO were appointed/re-appointed by the shareholders of the Company at a remuneration and other perquisites & allowances on the following terms & conditions:

Name	Shri Nitin S. Kasliwal	Shri Anil Channa	Shri Jagadeesh S. Shetty
Tenure	5 years (with effect from 1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> March, 2017)	5 years (with effect from 12 <sup>th</sup> January 2010 to 11 <sup>th</sup> January 2015)	5 years (with effect from 10 <sup>th</sup> November, 2012 to 9 <sup>th</sup> November, 2017)
Salary	Rs. 3,85,32,000/- per annum	Rs. 42,33,000/- per annum	Rs. 95,40,000/- per annum
Perquisites:			
Housing	-	Rent free Company accommodation	-
Medical Allowance	Reimbursement of actual medical expenses for self and family	Reimbursement of all types of medical expenses incurred in India and / or abroad including hospitalization, nursing home and surgical charges for himself and his family maximum upto one month basic salary	Reimbursement of medical expenses incurred for himself and his family, maximum upto one month basic salary
Leave/Holiday Travel Expenses	Once in a year for self and family subject to a ceiling of one month's basic salary	Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and his family during the leave / holiday travel periods, whenever undertaken, whether in India or abroad, maximum upto one month basic salary	Once a year for himself and family, maximum upto one month basic salary
Bonus	-	8.33 % as per company rule, maximum upto one month basic salary	8.33% of basic salary as per company rules, maximum upto one month basic salary
Provident Fund & Gratuity	Contribution to the Provident Fund & Gratuity as per applicable laws and rules of the Company	Contribution to the Provident Fund & Gratuity shall be admissible as per rules of the Company	Contribution to the Provident Fund & Gratuity as per applicable laws and rules of the Company
Leave Encashment	His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company	Entitled for leave with full pay or encashment thereof as per the rules of the Company	His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company
Club Fees	Reimbursement of club membership fees and annual charges	-	-

AMENITIES:			
Conveyance Facilities	The Company shall provide suitable vehicle/s. All the repairs, maintenance and running expenses including drivers' salary shall be borne by the Company	The Company shall provide suitable vehicle. All the repairs, maintenance and running expenses including driver's salary shall be reimbursed by the Company	The Company shall provide suitable vehicle/s. All the repairs, maintenance and running expenses, including driver's salary, shall be borne by the Company
Telephone and other communication facilities	The Company shall provide telephone and other communication facilities as may be required. All the expenses shall be borne by the Company	The Company shall provide telephone and other communication facilities as may be required. All the expenses incurred shall be reimbursed by the Company	The Company shall provide telephone and other communication facilities as may be required. All the expenses incurred shall be borne by the Company
COMMISSION	In addition to the salary, perquisites and amenities as mentioned above, he shall be entitled to receive his share in the commission, not exceeding in the aggregate 1% of the net earned annual profits of the Company, calculated in the manner as prescribed under the Companies Act, 1956	-	-

During 2012-13, the Company reported losses of Rs. 414.17 Crores. Due to the economic environment and demand contraction, inadequacies of working capital and cessation of activities owing to unviable market condition and severe cash crunch, the Company is likely to incur losses for the financial year 2013-14.

In terms of Section II of Part II of Schedule V of the Companies Act, 2013, payment of minimum remuneration to a managerial person during the financial year when the Company has made losses, requires the approval of the Compensation and Remuneration Committee, the Board of Directors, shareholders and Central Government (Ministry of Corporate Affairs, New Delhi).

Considering the role and the important contributions made by the above Executive Directors for the growth of the Company and also taking into account similar sized industries in India, on the recommendation of the Compensation and Remuneration Committee, the Board of Directors have approved payment of minimum remuneration as stated in the resolution for the financial year 2013-14.

**Statement containing required information as per Category (iv) of Part II of Section II of Schedule V of the Companies Act, 2013 for Item No. 6, 7 & 8**

**1. GENERAL INFORMATION:**

- (i) Nature of Industry – Textile Industry
- (ii) Date of commencement of commercial production – 28<sup>th</sup> September, 1990
- (iii) Financial performance based on given indicators

(Rs. In lakhs)

Particulars	2010-11	2011-12	2012-13
Sales (Gross)	275,762.04	351,587.26	339,700.07
Profit before tax	20,058.91	27,992.63	(41,145.12)
Profit after tax	17,270.35	17,956.87	(41,416.55)
Networth	151,244.61	155,743.51	117,129.68
Dividend on Equity %	10.00	Nil	Nil

(iv) Foreign investments or collaborators, if any:

NIL

## 2. INFORMATION ABOUT THE APPOINTEES:

### (i) Background Details –

Shri Nitin S. Kasliwal, aged 54 years, is qualified B.Sc., MBA (European University, Switzerland). He has been associated with the SKNL Group for over two decades and has been holding vital positions. He has expertise in the field of textile industry.

Shri Anil Channa, aged 66 years, is qualified B. Tech (Textile Technology) degree from IIT, Delhi and a Masters in Business Administration from Delhi University. He has been associated with the SKNL Group for over seven years and has been holding vital position. He has expertise in the field of textile industry.

Shri Jagadeesh S. Shetty, aged 60 years, is qualified M.Com, ACMA, LL.B (Gen). He has been associated with the SKNL Group for over two decades and has been holding vital positions.

### (ii) Past Remuneration –

Shri Nitin S. Kasliwal was paid Rs. Nil and Rs. 459.91 lacs as annual remuneration respectively for the financial years 2012-13 and 2011-12.

Shri Anil Channa was paid Rs. Nil and Rs. 140.35 lacs as annual remuneration respectively for the financial years 2012-13 and 2011-12.

Shri Jagadeesh S. Shetty was appointed as Director – Finance on 10<sup>th</sup> November, 2012. However, he was not paid any remuneration for financial year 2012-13 during his tenure as Director – Finance.

### (iii) Job Profile and suitability –

Shri Nitin S. Kasliwal has been serving the Company since 1990 and under his leadership the Company has performed immensely. The Board of Directors is confident that, with his extensive business knowledge, experience and expertise in the textile industry, Shri Kasliwal would definitely continue to enhance the Board's strength and dynamism.

Shri Anil Channa has been serving the Company since 2006 and as a member of the senior management team with his experience has contributed for the development of the Company. The Board is confident that, with his extensive business knowledge, experience and expertise in the textile industry, Shri Channa would definitely continue to enhance the Board's strength and dynamism.

Shri Jagadeesh S. Shetty is a Group CFO & Director Finance of the Company. The Board of Directors is confident that, with his extensive business acumen, knowledge, experience and expertise in the field of finance, accounts, strategy etc., Shri Shetty would definitely enhance the Board's strength and dynamism.

### (iv) Remuneration proposed – As mentioned in the resolution.

### (v) Comparative remuneration Profile with respect to Industry, size of the Company, profile of the position and person -

The proposed remuneration is much below the prevailing remuneration in the industry of similar size for similarly placed persons.

### (vi) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personal, if any –

Shri Nitin S. Kasliwal has no pecuniary relationship directly or indirectly with the Company or its managerial personnel other than his remuneration in the capacity of Chairman & Managing Director. As on date he holds 453 shares of the Company.

Shri Anil Channa has no pecuniary relationship directly or indirectly with the Company or its managerial personnel other than his remuneration in the capacity of Deputy Managing Director.

Shri Jagadeesh S. Shetty has no pecuniary relationship directly or indirectly with the Company or its managerial personnel other than his remuneration in the capacity of Group CFO & Director Finance. As on date he holds 2,000 shares of the Company.

## 3. OTHER INFORMATION:

### (a) Reason for losses:

Apart from the sluggish economy and uncertainty with regard to business sentiments in general, non availability of adequate

working capital and cessation of our activities owing to unviable market condition have contributed to the losses. Further, earnings have been under pressure owing to higher raw material costs which is putting severe pressure on the margins resulting in losses. The plants have been running much below the capacity owing to paucity of working capital resulting in increase of cost of manufacture and that the breakeven level has gone up.

(b) Steps taken or proposed to be taken for improvement:

The Company plans to raise low cost debt/equity to retire high cost debt and improve its product mix to minimize the losses. Further, with the expected working capital release it intends to enhance the utilization of the plant thereby improving the overall financial position in the coming year.

(c) Expected increase in productivity and profit in measurable terms:

With the suggestions above, the Company expects to improve the productivity by atleast 10% and improve margin accordingly.

Your Directors recommend passing of the Resolution at item no. 6, 7, & 8 as Special Resolution.

None of the Directors are interested in the said resolution except Shri Nitin S. Kasliwal, Shri Anil Channa and Shri Jagadeesh S. Shetty.

**Item No. 9**

The Company had availed loans / credit facilities for the various purposes from time to time from Banks / Financial Institutions.

As part of the terms and conditions of the said loans / facilities, it was required by the Company to provide collateral security to secure the said loans / facilities. The Company in turn had pledged the shareholding in the Company held by its promoters and promoter companies in favour of the lenders to the Company.

Due to various reasons such as non completion of IPO due to poor capital conditions at the relevant time, debts raised at a higher interest cost, delay in the release of assessed working capital limits for the year 2012-13, delay in collections from the dealers due to the market conditions resulted in mismatch in the cash flow of the Company and resulted in severe liquidity crunch. As a result of this, the loans / facilities which were due for repayment could not be repaid by the company and therefore the respective banks, financial institutions invoked the shares pledged to them and realized the amount to clear their overdues. -

The lenders of the Company have cumulatively invoked / sold 11,99,12,175 equity shares held by the Promoters and Promoter Group Companies and have realized from the said invocation / sales of shares a net amount of Rs. 97,48,81,490/- crores which has been utilized to recover their overdues of equivalent amount. This has resulted in the Promoters giving an advance of the equivalent amount of Rs. 97,48,81,490/- crores to the Company, which has been utilized by the lenders for the clearance of overdues to the lenders. -

The promoters vide their letters dated 30<sup>th</sup> March, 2013, requested the Company that an amount of Rs. 97,48,81,490/- adjusted by the lenders to the Company against their outstanding dues, be treated as unsecured loans an advance against the share application money towards the proposed issue of fresh equity shares.

The equity shares will be issued at a price calculated in accordance with Regulation 76(1) of ICDR Regulations, 2009 as follows.

If the equity shares of the issuer have been listed on recognized stock exchange for a period of twenty six weeks or more as on the relevant date, the equity shares shall be allotted at a price not less than the higher of the following:

- a) The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date
- b) The average of the weekly high and low of the closing prices of the related equity shares quoted on recognized stock exchange during the two weeks preceding the relevant date.

(Relevant date means, in case of preferential issue of equity shares, 30 (thirty) days prior to the date on which the meeting of the shareholders is held to consider the proposed preferential issue)

The price of Equity Shares calculated as per SEBI formula is Rs. 4.46, however the shares are proposed to be allotted at Rs. 10/- per share, issue price of the equity share.

**Objects of the Issue**

i. With an objective of increasing the Promoter's holding, the Company proposes to issue equity shares upto 9,74,88,149 Shares on preferential basis to the promoters / promoter group companies in accordance with the provisions of ICDR Regulations, 2009 and SAST Regulations, 2011 (as amended).

**ii. Intention of promoters / directors / key management persons to subscribe to the offer**

Promoter and Promoter Group Companies intend to increase their share holding in the Company.

**iii. Shareholding pattern before and after the offer**

The shareholding pattern of the Company, before and after the preferential issue assuming allotment of equity shares shall be as under:

Category	Pre-Issue Shareholding Pattern*		Shareholding Pattern post issue of equity shares *	
	No. of Shares	Shareholding (%)	No. of Shares	Shareholding (%)
<b>A. Promoters, Promoters Group, Directors and Director's Relatives Shareholding</b>	3,16,57,934	10.6448	12,91,46,083	32.70
<b>B. Public Shareholding</b>				
Banks	14,34,135	.4822	14,34,135	.36
Mutual Funds	4,400	.0015	4,400	.00
Financial Institutions				
Foreign Institutional Investors	12,92,981	.4348	12,92,981	.30
Private Corporate Bodies	9,61,57,143	32.3322	9,61,57,143	22.06
Foreign Companies/ Non Resident	46,04,479	1.5482	46,04,479	1.06
Individuals	16,09,82,314	54.1293	16,09,82,314	36.93
Shares in transit	12,28,741	.4132	12,28,741	.28
Trust	41,250	.0139	41,250	.01
<b>Total</b>	<b>29,74,03,377</b>	<b>100.00</b>	<b>39,48,91,526</b>	<b>100.00</b>

\* Based on the beneficiary positions in the shares of the Company as of 21.03.2014 as provided by the Depositories. Post-Issue Shareholding Pattern may change due to change in the beneficiary position.

**iv. Proposed time within which the allotment shall be completed**

As required under the SEBI Regulations, the allotment of equity shares shall be completed within 15 days of the date of passing of the above resolution. Provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or Central Government, the allotment would be completed within 15 days from the date of such approval

**v. Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them**

Name of the Proposed Allottees	Pre-Issue Shareholding		Shareholding Pattern post issue of Equity Shares	
	No. of Shares	Shareholding (%)	No. of Shares	Shareholding (%)
<b>Chamundeshwari Trading &amp; Finance Pvt Ltd</b>	38,04,649	1.28	43,29,421	1.10
<b>Anjaneya Holdings Pvt Ltd</b>	1,31,00,993	4.41	10,53,38,817	26.67
<b>Tulja Enterprises Pvt Ltd</b>	NIL	0	20,66,750	.52
<b>Chamundeshwari Mercantile Pvt Ltd</b>	22,40,000	.75	30,17,563	.76
<b>Verve Properties &amp; Investment Pvt Ltd</b>	NIL	0	-	-
<b>Ingenious Finance &amp; Investment Pvt Ltd</b>	NIL	0	9,37,370	.24
<b>Shri Nitin S. Kasliwal</b>	453	0	9,44,324	.23

**vi. Lock-in**

In terms of the SEBI Regulations for Preferential Issues, the equity shares proposed to be allotted to Promoter and promoter Companies shall be locked-in for a period of three years from the date of their allotment or such other period as prescribed in the SEBI Regulations, provided that in any case, not more than 20% of the total capital of the Company, including capital brought in by way of preferential issue, shall be subject to lock-in of three years from the date of allotment.

Further, the entire pre-preferential allotment shareholding of Promoter and Promoter Group Companies, if any, shall also be under lock-in from the relevant date upto a period of six months from the date of preferential allotment.

The allotment of Preferential Equity Shares in excess of 24.99% of the emerging equity voting capital shall be subject to obtaining exemption from Securities and Exchange Board of India under SEBI (Substantial Acquisition of shares and Takeover) Regulations, 2011, from making a Public Offer.

In view of the above, it is proposed to issue upto 9,74,88,149 Equity Shares to promoter and promoter group companies, on a preferential basis, at a price in accordance with the criteria given under the SEBI Regulations.

The consent of the Shareholders is being sought pursuant to the provisions of Section 62 and other applicable provisions of the Companies Act, 2013, if any, and in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges in India where the Company's shares are listed.

All the directors of the Company may be deemed to be interested in this resolution to the extent securities that may be allotted to promoter and promoter group companies, of which they may be directors/members. Save as aforesaid, none of the other directors is in any way interested in this resolution.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company, other than Shri Nitin S. Kasliwal, Chairman & Managing Director, is in any way, concerned or interested in the said resolution as a promoter shareholder/director of the proposed allottees.

**Item No 10, 11 and 12**

In view of the issue of Equity shares to the Promoters and Promoter Group Companies on preferential basis at item no. 9 it is necessary to increase the Authorized Share Capital of the Company. The amendment to the Memorandum of Association and alteration to the Articles of Association is necessary as a consequence of increase in the Authorized Share Capital.

Your Directors recommend the resolution for approval of the members.

None of the Directors of the Company are in any way, concerned or interested in the said resolution.

By order of the Board

**For S. KUMARS NATIONWIDE LIMITED**

**Pulak Banerjee**

**Sr. Vice President – Legal & Company Secretary**

Place: Mumbai

Date: 3<sup>rd</sup> April, 2014



**S. KUMARS NATIONWIDE LIMITED**B2, 5<sup>th</sup> floor, Marathon NextGen, off G. K. Marg, Lower Parel (West), Mumbai 400 013.**23<sup>rd</sup> ANNUAL GENERAL MEETING - 28<sup>th</sup> APRIL, 2014 AT 10.00 A.M.****ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting hall)

Regd. Folio No. or Client ID No.:

No. of Shares :

I certify that I am a Registered Shareholder/ Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting being held at Hall of Harmony, Nehru Centre, Conference Hall, Dr. Besent Road, Worli, Mumbai 400 018 on Monday, 28<sup>th</sup> April, 2014 at 10.00 a.m.

Name of the Member / Proxy in Block Letters

Member's/ Proxy's Signature

Notes :

1. A member / proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. If you intend to appoint a proxy. please complete the proxy form below and deposit it at the Company's Registered Office at least 48 hours before the time fixed for the meeting.

**S. KUMARS NATIONWIDE LIMITED**B2, 5<sup>th</sup> floor, Marathon NextGen, off G. K. Marg, Lower Parel (West), Mumbai 400 013.**23<sup>rd</sup> ANNUAL GENERAL MEETING - 28<sup>th</sup> APRIL, 2014 AT 10.00 A.M.****PROXY FORM**

Regd. Folio No. or Client ID No.:

No. of Shares :

I/We .....  
of .....  
being Member(s) of S. Kumars Nationwide Limited hereby appoint .....  
of .....or failing him/ her .....  
of.....as proxy to attend and vote for me/ us on my/ our behalf at the  
23<sup>rd</sup> Annual General Meeting being held on Monday, 28<sup>th</sup> April, 2014 at 10.00 a.m. or at any adjournment thereof

Place :

Signature.....

Affix Re. 1/- Revenue Stamp
--------------------------------------

Date :

The Proxy Form duly completed, must be received at the Company's Registered Office at least 48 hours before the time fixed for the meeting.

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**SKNL**

*S. Kumars Nationwide Limited*

23<sup>RD</sup> ANNUAL  
REPORT  
2012-13





**BOARD OF DIRECTORS :**

<b>Nitin S. Kasliwal</b>	Chairman & Managing Director	
<b>Jyoti N. Kasliwal</b>	Director	upto 24 <sup>th</sup> August, 2012
<b>Anil Channa</b>	Deputy Managing Director	
<b>Ranjitha Godbole</b>	Nominee Director - IDBI Bank Ltd.	w.e.f. 19 <sup>th</sup> November, 2012
<b>Sujeet Bhale</b>	Nominee Director - EXIM Bank Ltd.	upto 30 <sup>th</sup> September, 2013
<b>Vijay Kalantri</b>	Director	
<b>Jagadeesh S. Shetty</b>	Director – Finance & Group CFO	w.e.f. 10 <sup>th</sup> November, 2012
<b>M. Damodaran</b>	Director	upto 8 <sup>th</sup> October, 2012
<b>Jitender Balakrishnan</b>	Director	upto 28 <sup>th</sup> March, 2013
<b>Suresh N. Talwar</b>	Director	upto 26 <sup>th</sup> November, 2012
<b>Amita Narain</b>	Nominee Director - IDBI Bank Ltd.	upto 19 <sup>th</sup> November, 2012
<b>Susheel Kak</b>	Nominee Director India Debt Management Pvt. Ltd. (IDM)	upto 10 <sup>th</sup> January, 2013
<b>Denys Firth</b>	Nominee Director - IDM	upto 10 <sup>th</sup> January, 2013
<b>Navin Sambtani</b>	Director (Alternate to Denys Firth)	w.e.f. 10 <sup>th</sup> November, 2012 upto 10 <sup>th</sup> January, 2013
<b>Alexander Shaik</b>	Director (Alternate to Denys Firth)	upto 10 <sup>th</sup> November, 2012
<b>Dara D. Avari</b>	Director	upto 1 <sup>st</sup> March, 2013
<b>Gaurav Bhandari</b>	Nominee Director - EXIM Bank Ltd.	w.e.f. 30 <sup>th</sup> September, 2013
<b>Rajinder Garg</b>	Additional Director	w.e.f. 30 <sup>th</sup> September, 2013

**BANKERS:**

Bank of India	IDBI Bank Ltd.	EXIM Bank Ltd.	Union Bank of India
State Bank of India	Indian Overseas Bank	Punjab National Bank	Central Bank of India
Corporation Bank	ICICI Bank Ltd.	The Jammu & Kashmir Bank Ltd.	Indian Bank
Banca Intesa, Italy			

**MAJOR PLANTS:**

<b>Menswear and Home Textiles Complex</b> 3B Industrial Area No. 2, Agra Bombay Road, Dewas, (M.P.)	<b>Worsted Fabrics Complex</b> Thandavapura, Nanjangud Taluka, Mysore Dist., Karnataka.	<b>Spinning and Weaving Complex</b> Chamunda Standard Mills, Balgargh, Dewas, (M.P.)
<b>Leggiuno S.p.A.</b> Via Dante Alighieri, 1 21038 Leggiuno (VA) - Italy	<b>Marling &amp; Evans Limited</b> Vernon House, 40 New North Road, Huddersfield, West Yorkshire, HD1 5LS, UK	

**REGISTERED OFFICE:**

B2, 5<sup>th</sup> Floor, Marathon Nextgen,  
Off Ganpatrao Kadam Marg,  
Lower Parel (West), Mumbai 400 013

**REGISTRAR & TRANSFER AGENTS:**

M/s. Bigshare Services Pvt. Ltd.  
E-2, Ansa Industrial Estate,  
Sakivihar Road, Sakinaka,  
Andheri (East), Mumbai 400 072

**AUDITORS:**

M/s. Haribhakti & Co.

**SOLICITORS:**

M/s. Little & Co.

**SR. VICE PRESIDENT – LEGAL & COMPANY SECRETARY:**

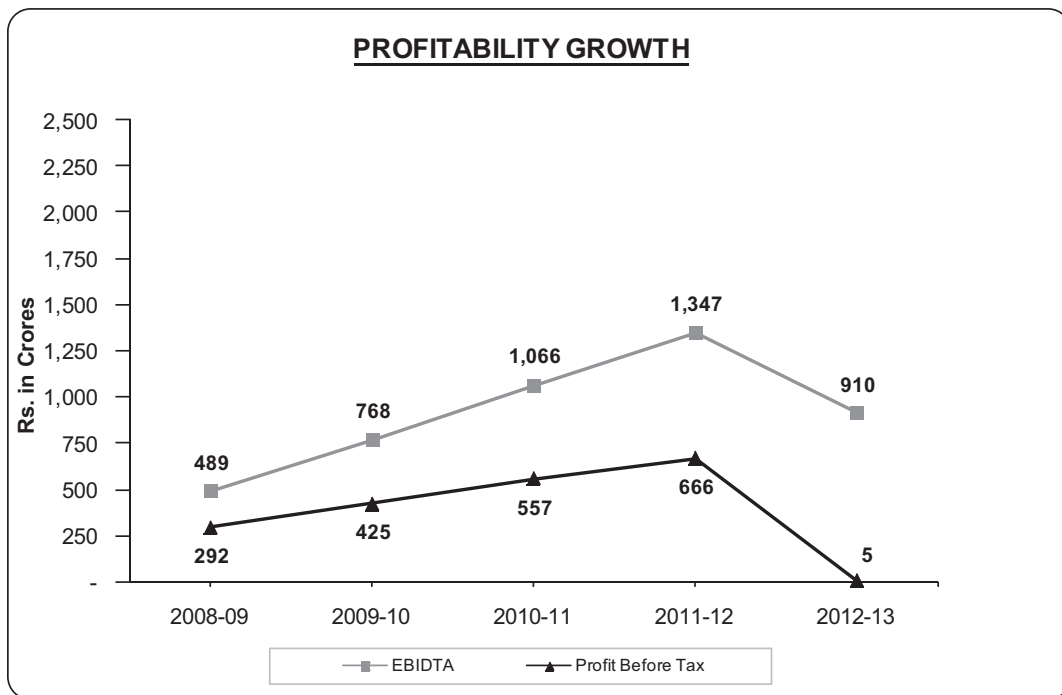
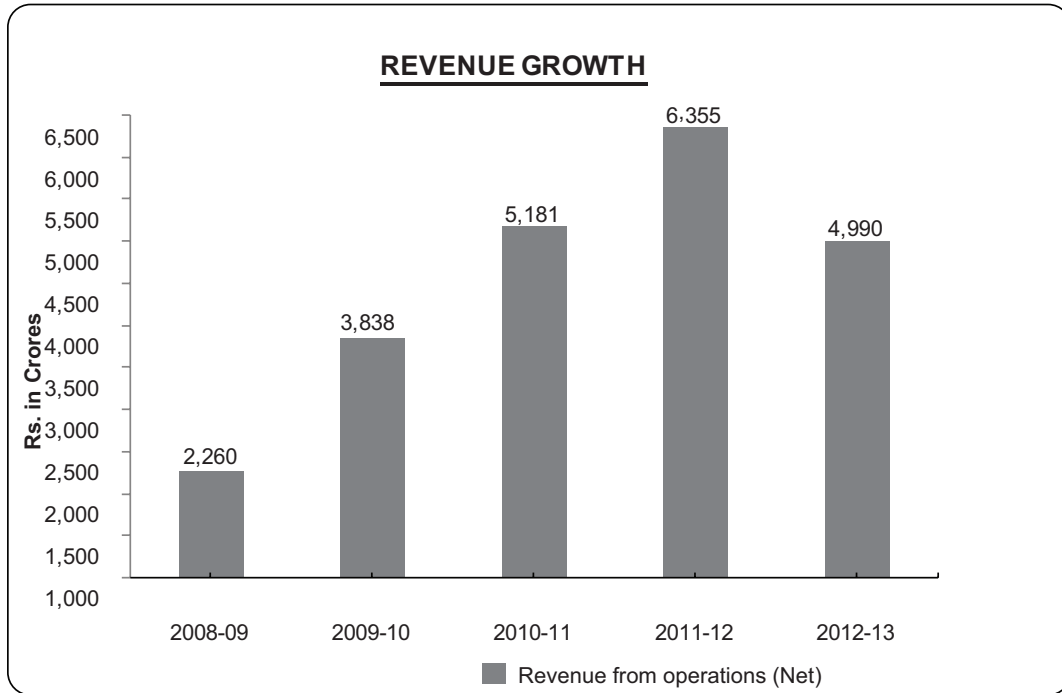
Nimesh S. Shah (upto 29<sup>th</sup> September, 2012)  
Pulak Banerjee (w.e.f. 10<sup>th</sup> November, 2012)

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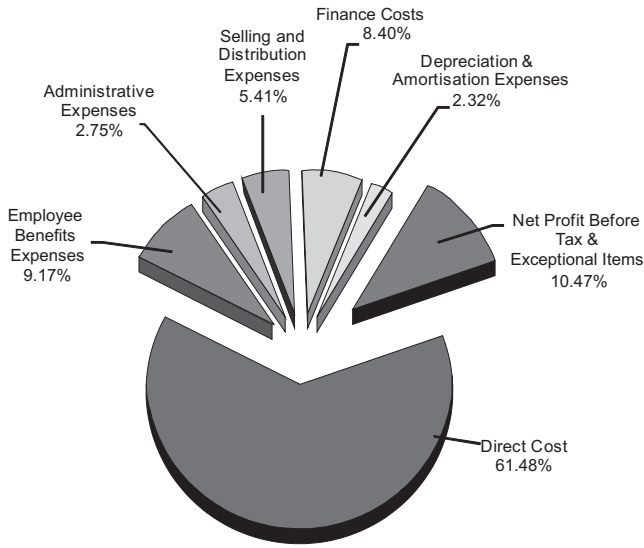
**CONSOLIDATED KEY FINANCIALS**



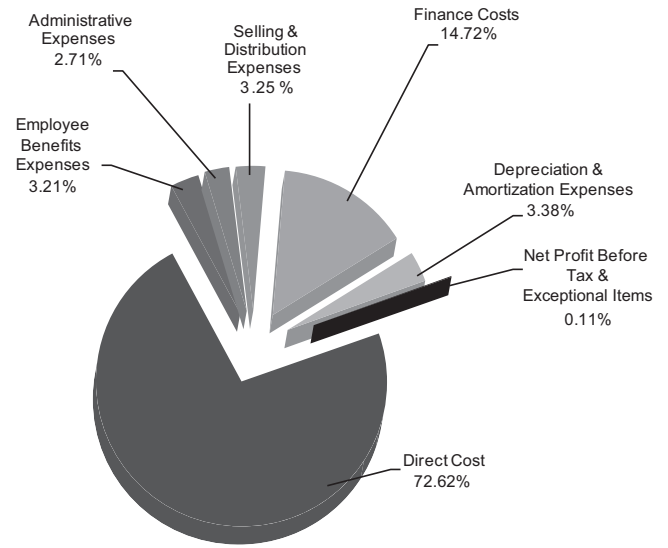
Note : Figures are based on Consolidated Financial Statements for a proper comparison of the trends.

For the year 2012-13 financial numbers of major overseas subsidiaries are not included. Please refer note no. 32 (a) of notes to Consolidated Financial Statement

**COST AS A % OF TOTAL INCOME**

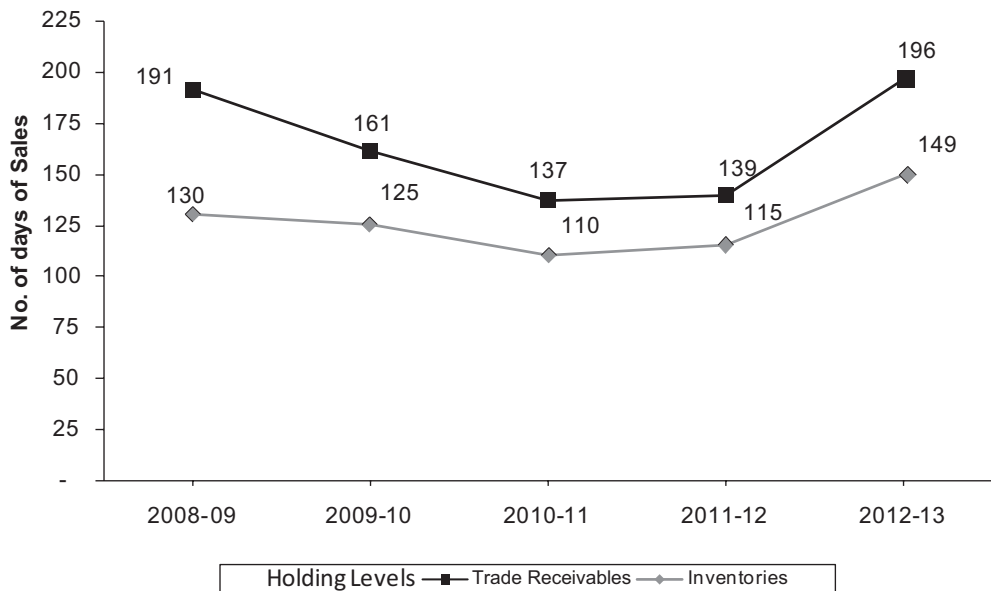


2011-2012



2012-2013

**CURRENT ASSETS HOLDING LEVELS**



## DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Third Annual Report and Audited Statements of Accounts for the financial year ended 31<sup>st</sup> March, 2013.

### FINANCIAL HIGHLIGHTS

(₹ in lacs)

Particulars		2012-13 Consolidated	2011-12 Consolidated	2012-13 Standalone	2011-12 Standalone
1	Revenue from Operations (Net)	499,009	635,526	339,588	351,146
2	Other Income	964	904	161	138
3	Profit/(Loss) from Operations (PBIDT)	91,010	134,855	57,178	77,655
	(-) Finance Costs	73,609	53,486	53,031	40,510
	(-) Depreciation and Amortisation Expenses	16,922	14,777	12,877	9,222
4	Profit/(Loss) before Tax and Exceptional Items	479	66,592	(8,730)	27,923
	(-) Exceptional (Expenses)/ Incomes	(32,415)	-	(32,415)	-
5	Profit/ (Loss) before Tax	(31,936)	66,592	(41,145)	27,923
6	(-) Provision for Taxation	3,459	19,508	271	9,966
7	Profit/ (Loss) After Tax	(35,395)	47,084	(41,416)	17,957
	(-) Minority Interest *	1,557	7,590	-	-
8	Amount Available for Appropriation	(36,952)	39,494	(41,416)	17,957
9	Balance b/f from Previous Year	80,689	57,401	17,360	17,421
	<b>Appropriations:</b>				
10	Transfer to Debenture Redemption Reserve	-	203	-	203
11	Transfer to Capital Redemption Reserve	475	-	475	-
12	Balance in Restructured Financial Cost written Off	-	16,288	-	14,310
13	Reversal of Proposed Preference & Equity Dividend and Tax	(3,505)	-	(3,505)	-
14	Provision for Preference Dividend	-	32	-	32
15	Tax on Preference Dividend	-	5	-	5
16	Proposed Equity Dividend	-	2,974	-	2,974
17	Tax on Proposed Equity Dividend	-	494	-	494
18	<b>Surplus/ (Deficit) carried to Balance Sheet</b>	<b>46,767</b>	<b>76,899</b>	<b>(21,026)</b>	<b>17,360</b>

\*The minority interest pertains to investment in Company's subsidiary, Reid & Taylor (India) Ltd.

### DIVIDEND

In view of the Losses incurred during the year, your Directors are unable to recommend dividend on Equity Shares and Preference Shares for the year ended 31<sup>st</sup> March, 2013.

### YEAR IN RETROSPECT

The year witnessed several challenges in the operating and business environment. Even as the global economic environment continued to be subdued, there was a significant slowdown in economic growth in India. While India's long-term economic fundamentals and growth potential are strong, the current challenges have had implications on business sentiment and corporate profitability. Economic slowdown and the accompanying slackness in demand have taken a heavy toll on several Indian companies.

These global uncertainties also adversely affected your Company's growth momentum. Your Company's turnover came down by about 3% on a standalone basis. For the first time in years, the Company incurred a substantial loss as reflected in the Financial Highlights. Besides the economic environment and demand contraction, other contributory factors for the adverse results were inadequacies of working capital and cessation of activities at your Company's UK and US subsidiaries owing mainly to unfavorable market conditions in a volatile economy. As a result, your Company experienced severe cash crunch, on account of which it could not keep up with meeting interest payment to lenders and some statutory liabilities.

Earnings of garment and textile manufacturers have been under pressure over the past few years owing to higher raw material costs and sluggish domestic and foreign demand. Costs are rising and margins are getting squeezed. It is hoped that a good festive season, encouraged by a strong monsoon and an increase in rural demand will make things turn around.

### **EXPORTS**

The Indian textile and clothing industry is sized at around \$80 billion of which around \$35 billion is exports. Volatility in raw material prices and expensive as well as limited credit have strained mills' finances, while the economic crisis in the US and the EU, which together account for 65% of India's supplies, has adversely affected demand, reinforcing fears that the overall textile export growth could be the lowest in five years and the shipment target of \$40.59 billion for this fiscal is all set to be missed. There is a slowdown in the US and much of Europe, which has resulted in a dip in supplies across most segments.

Your company is predominantly a domestic player. It was able to manage exports of ₹ 436 Lacs as against ₹ 6,692 Lacs in the previous year. Additionally, exports from the Company's subsidiary Reid & Taylor (India) Ltd. reached ₹ 2,416 Lacs (previous year ₹ 3,747 Lacs).

Demand seems to be returning now after a tepid start in this fiscal and may finally show a marginal uptick in full year exports.

### **CURRENT BUSINESS OUTLOOK AND PLANS**

Demand for textile and apparel industry in India continues to be sluggish on account of a recessionary trend in the economy. 'Belmonte' in Consumer Textiles and 'Reid & Taylor' in Luxury Textiles segment continue to remain key contributors to the overall performance of the Company. It is hoped that conditions may start improving in the rest of the year so that with adequate working capital sourcing, your Company would be able to operate its plants at higher capacities and with higher margins. Until maximum utilization of Company's plants is reached, there are no plans for capacity expansion in the coming year.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company is committed to support CSR initiatives and contribute towards the welfare and social upliftment of the community.

### **EMPLOYEES STOCK OPTION SCHEME (ESOP)**

As the employees of the Company did not exercise the option under ESOP scheme, the Company cancelled / withdrew 546,060 nos of ESOPs granted under Employees Stock Option Scheme.

There were 365,760 nos. of options in force as at 31<sup>st</sup> March, 2013.

### **HUMAN RESOURCE**

Your Company recognizes that employees play a key role in making our business successful and we achieve that through empowering our employees. Your Company maintained an environment dedicated to maintaining high employees' sense of pride, morale and teamwork. The Human Resource Development activities focused on multi-skills training and performance management workshops. The functioning and activities were further aligned to Company's business objectives. The ongoing thrust on rationalization of manpower with focus on proper utilization continued with implementation of Zero-base manpower budget.

### **CORPORATE GOVERNANCE**

To comply with the conditions of Corporate Governance, pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Management Discussion and Analysis and Corporate Governance together with a certificate from a Practising Company Secretary confirming compliance is included in the Annual Report.

### **INFORMATION TECHNOLOGY**

Your Company was in the process of implementing Enterprise Resource Planning (ERP), but was obliged to go slow on account of funding problems and had to defer completion of the programme to a later date.

### **DIRECTORATE**

Vide letter dated 5<sup>th</sup> November, 2012, IDBI Bank Limited appointed Smt. Ranjitha Godbole as Nominee Director in place of Smt. Amita Narain. The Board placed on record the guidance, advice and support extended by Smt. Amita Narain during her tenure as a Director. We look forward to the guidance and experience of Smt. Ranjitha Godbole to help the Company in achieving its objectives.

India Debt Management Pvt. Ltd. (IDM) appointed Shri Navin Sambtani in place of Shri Alexander Shaik as an Alternate Director to Shri Denys Firth with effect from 10<sup>th</sup> November, 2012. Vide letter dated 10<sup>th</sup> January, 2013, IDM withdrew the nomination of Shri Susheel Kak, Shri Denys Firth and Shri Navin Sambtani (Alternate to Shri Denys Firth) as Director.

Shri Jagadeesh S. Shetty, Director - Finance & Group CFO was appointed as an Additional Director on the Board with effect from 10<sup>th</sup> November, 2012 pursuant to Section 260, 264 of the Companies Act, 1956. The Company has received the requisite notice from a member pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Shri Jagadeesh S. Shetty for the office of Director.

Various reasons such as preoccupation, family commitment, time constraints, increased work load and advancing age led to the resignation of some Directors from the Board. viz.

Smt Jyoti N. Kasliwal with effect from 24<sup>th</sup> August, 2012

Shri M. Damodaran with effect from 8<sup>th</sup> October, 2012

Shri Suresh N. Talwar with effect from 26<sup>th</sup> November, 2012

Shri Dara D. Avari with effect from 1<sup>st</sup> March, 2013

Shri Jitender Balakrishnan with effect from 28<sup>th</sup> March, 2013

The Board placed on record the invaluable contribution to the deliberations, advice and guidance given by all the Directors during their tenure as Directors.

In accordance with the Companies Act, 1956 and the Company's Articles of Association, Shri Vijay Kalantri retires by rotation and being eligible, offers himself for re-appointment.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- 1) that in preparation of the Annual accounts the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
- 2) that such Accounting Policies have been selected and applied consistently, and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2013 and of the Statement of Profit and Loss of the Company for the year ended on that date;
- 3) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) that the Annual accounts have been prepared on a going concern basis.

#### **DEPOSITS**

Fixed Deposits received from the shareholders and the public stood at ₹ Nil as on 31<sup>st</sup> March, 2013 (Previous year ₹ Nil).

There is no deposit or interest claimed but remained unpaid. All the claimed deposits with interest have been repaid in time. Members are aware that the fixed deposit schemes have been discontinued with effect from 1<sup>st</sup> April, 2001, as benefits were not commensurate with administrative costs.

#### **STATUTORY INFORMATION**

##### **FINANCE AND ACCOUNTS**

The observations made by the Auditors in their Report and included in the relevant notes to Financial Statements are self explanatory.

##### **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been prepared by your Company in accordance with the applicable Accounting Standards (AS 21, AS 23 and AS 27) issued by the Institute of Chartered Accountants of India and the same together with Auditors Report thereon form part of the Annual Report.

##### **SUBSIDIARY COMPANIES**

The statement pursuant to Section 212 of the Companies Act, 1956 containing the details of the Company's subsidiaries is attached. Pursuant to direction under section 212(8) of the Companies Act, 1956 by Government of India, Ministry of Corporate Affairs, New Delhi vide General Circular No. - 2/2011 No. 51/12/2007-CL-III dated 8<sup>th</sup> February, 2011, the Board of Directors, by passing resolution on 16<sup>th</sup> July, 2013, gave consent for not publishing / attaching copies of the Balance Sheets, Statement of Profit & Loss,

Reports of the Board and the Auditors of all the Subsidiary Companies with the audited financial statements of the Company as at 31<sup>st</sup> March, 2013.

The annual accounts of the subsidiary companies are kept for inspection by any shareholder at the registered office of the Company and shall be made available to shareholders seeking such information at any point of time.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Additional information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy and Technology Absorption is given in the prescribed forms which are given in Annexure '1' to the Directors' Report.

### **PARTICULARS OF EMPLOYEES**

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219 (1) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees under Section 217 (2A) of the Companies Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

### **AUDITORS**

M/s. Haribhakti & Co., Chartered Accountants, Mumbai, (bearing firm registration no. 103523W), existing Statutory Auditors of the Company were re-appointed by the Shareholders of the Company at the Annual General Meeting held on Thursday, 27<sup>th</sup> September, 2012, who hold the office upto the conclusion of the ensuing Annual General Meeting. Since M/s. Haribhakti & Co. Statutory Auditors will be completing 10 years of statutory audit of the Company, as per the requirements of the proposed provisions of the Companies Act, 2013 have offered to make way for the Company to appoint another firm of Chartered Accountants as Statutory Auditors of the Company at the ensuing Annual General Meeting.

The Board, on the recommendation of the Audit Committee has proposed that M/s. Shyam Malpani & Associates, Chartered Accountants, Mumbai to be appointed as Statutory Auditors to hold office till the conclusion of the next Annual General Meeting of the Company. M/s. Shyam Malpani & Associates have expressed their willingness to act as Statutory Auditors of the Company, if appointed, and have confirmed that the said appointment if made, would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

In respect of observations made by the auditors, please refer to notes to financial statements, note no. 31,33(a), (b), 35 in respect of Standalone Financial Statements and notes no. 31, 33(a) &(b),35, 37 (b) in respect of Consolidated Financial Statements which are self explanatory and hence in the opinion of Directors, do not require any further explanation.

### **Cost Audit**

The Cost Audit for the financial year ended 31<sup>st</sup> March 2013 was conducted by M/s. D.H. Zaveri & Associates., Cost Accountants, Mumbai. In terms of the provisions of Section 233B of the Companies Act, 1956, the Board of Directors of your Company have on the recommendation of the Audit Committee, appointed M/s. D.H. Zaveri & Associates.,Cost Accountants, Mumbai as Cost Auditors to conduct the cost audit of your Company for the financial year ending 31<sup>st</sup> March, 2014.

### **ACKNOWLEDGEMENT**

Your Directors wish to place on record the support, assistance and guidance provided by the financial institutions, banks, customers, suppliers and other business associates. Thanks are also due to your Company's employees for their tireless efforts and high degree of commitment and dedication. Your Directors especially appreciate the continued understanding and confidence of the Members.

By Order of the Board  
For **S. KUMARS NATIONWIDE LIMITED**

Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

**Nitin S. Kasliwal**  
Chairman & Managing Director

## ANNEXURE (1) TO THE DIRECTORS REPORT

### A. CONSERVATION OF ENERGY

#### a) Energy Conservation measures taken

Energy resources are essential part of our life and its availability is also inadequate. We are committed for most advantageous utilization of various forms of energy in cost effective method for conservation of the precious energy resources.

We are continuously committed to adopt Energy Conservation measures and practices in all our processes, activities, products and services.

We believe in investing energy efficient technology with newer & efficient methods.

Practicing continuous implementation of energy conservation measures has resulted in a steady decline of specific Energy consumption.

Some major energy conservation measures carried out during the year are as under:

#### 1. Baruche Superfine Cotton (BSFC) Division, at Jhagadia, Gujarat:

##### 1.1) Modification of Gas burner width

We had modified Osthoff Singeing machine Gas Burner width from 3,600 mm to 2,000 mm, to reduce gas consumption in narrow width fabric processing. Capital investment was around ₹ 5.3 Lacs and saving expected per annum is around ₹ 7.2 Lacs .

##### 1.2) Installation of Variable frequency drive (VFD) in ETP Centrifuge

Variable frequency drive has been installed in ETP Centrifuge (11 KW) to control the speed of Centrifuge drive motor. We will be able to run centrifuge with required lower flow .

Total Power consumption are

Earlier (Without VFD) 200 Kwh per day

Now (With VFD) 100 Kwh per day

Saving in power consumption is 100 units per day i.e 36,000 units per Year.

##### 1.3) Rain Water Harvesting

We have set up water harvesting system in the plant, whereby we collect whole rain water & use the same in manufacturing process.

Total quantity collected during season was over 15,000 KL.

##### 1.4) Fuel conversion in Thermax Steam Boiler

We had switched over to Natural Gas (NG) instead of Furnace Oil (FO) for Thermax Steam Boiler. NG is a Environmental friendly cleaner fuel as compared to FO and hence has drastically reduced Stack Emission level (Air pollution). Boiler efficiency also improved by 2 % with NG as compared to FO.

##### 1.5) Optimization of Yarn dyeing Process

Optimized Yarn dyeing process cycles and reduce water consumption. Water consumption was reduced by 25 Lts/Kg of yarn dyed. This has also resulted in reduction of Steam by and power consumption per Kg of yarn dyed.

Considering average Yarn dyeing production of 120 Ton/Month, Water saving is around 3,000 Kl/Month.

##### 1.6) Heater modification in Packing m/c

Heater system has been modified in Packing m/c. Earlier power consumption was 30 KW /Hr. After modification power consumption was reduced to 20 KW/Hr. Total saving per annum is around 72,000 units.

##### 1.7) Steam control system for Vertical Drying Range

Control system has been installed for Steam flow in Vertical Drying Range for processing machine Control valve adjusts the steam flow based on temperature feedback. Average saving in steam consumption is 0.2 Kg / KG of fabric. Over all saving in steam consumption is estimated at around 432 Tons / Year.

### B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption - As per Form "B" given below:

Research & Development (R & D)

#### FORM "B"

#### 1. Specific areas in which R&D carried out by the Company:

Focus is given on Continual Product development and research. Further, we are working on

- Yarn Dyeing vessel re-engineering.
- Product Development of Stretch & Linen Yarn Dyed shirting fabrics.
- Green Earth by using various Enzyme in processing in place of chemicals.



**2. Benefits derived as a result of the above R & D**

As a result we are able to cater high end market, improved the product quality and customer are satisfied.

**3. Future plan of action**

Same as above along with Product Development having finishes like Bio Polish, Anti Microbial, Fire retardant & Soil repellent.

**4. Research and Development**
**Technology Absorption, Adoption and Innovation**

The Company has absorbed the technology of manufacturing exclusive high value super fine cotton shirting fabric.

**1. Efforts, in brief, made towards technology absorption, adoption and innovation:**

Latest state of the art technology machines and testing equipments have been imported from Western Europe, which give consistent high value end product and are being tested and maintained regularly for consistent quality.

Additional Equipments for testing and new product developments have been installed for faster and accurate product manufacturing.

**2. Benefits derived as a result of the above efforts:**

With continuous product and design developments, two new complete product range of High value added Shirting is being offered to high end brands.

**3. Information regarding Imported Technology:**

All testing and manufacturing equipments have been imported from Europe. Latest technology machinery with automation has been adopted.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**
**a) Activities relating to export, initiatives to increase exports, Developments of new export markets for Products and Services and Export Plan:**

The Company has continued to maintain focus on and avail of export opportunities based on economic consideration During the year the Company has exports (FOB value) worth ₹ 436.48 lacs.

**b) Total Foreign exchange earned and used:**

(₹ in lacs)

	<b>Current Year 2012-13</b>	Previous Year 2011-12
a. Total Foreign Exchange earned	<b>436.48</b>	6,692.53
b. Total savings in foreign exchange through products manufactured by the Company and deemed exports	-	-
<b>Sub Total (a + b)</b>	<b>436.48</b>	6,692.53
c. Total Foreign Exchange used	<b>2,130.73</b>	7,149.14

**FORM A**
**FORMING PART OF ANNEXURE (1)**
**Form for Disclosure of particulars with respect to Conservation of Energy**
**Part A - POWER AND FUEL CONSUMPTION**

<b>ELECTRICITY</b>	<b>Current Year</b>	Previous Year
A) Purchase:		
Units (in lacs)	<b>276.24</b>	275.30
Total Amount (₹ in lacs)	<b>1,657.66</b>	1,566.46
Rate / Units (₹)	<b>6.00</b>	5.69
B) Own Generation		
Through Diesel Generator		
Units (D.G. Units) (in lacs)	<b>3.85</b>	4.52
Unit/Ltr of Diesel Oil	<b>5.85</b>	4.79
Cost/Unit (₹)	<b>6.06</b>	5.97

**Part B - CONSUMPTION PER UNIT OF PRODUCTION**

<b>ELECTRICITY</b>	<b>Current Year</b>	Previous Year
Electricity per meter of fabrics (units) (in lacs)	<b>0.30</b>	0.32



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## MANAGEMENT DISCUSSION AND ANALYSIS

### Economic Overview and Industry Structure

For the Indian economy, FY 2012-13 was a challenging year. GDP growth declined to 5% from 6.2% in the previous year on account of high fiscal deficit, high inflation, worsening current account deficit and slowdown in global economic growth. During the second half of FY 2012-13, the government intervened with some policy reforms to stabilise the economy and also took steps to attract foreign direct investment and market-based prices for petro products to improve current account deficit. However, concerns exist over containing the high current account deficit, prevailing supply side constraints and inadequate infrastructure investments. Though the long term prospects of the economy look promising, cautious optimism is the feeling in the short to medium term.

Nevertheless, India's growth story is attractive as compared to other advanced and emerging economies. The policy reforms announced by the Government are expected to show results in time to come. In FY 2013-14, GDP growth is projected to rise modestly to around 6.0%, with much of the improvement likely only in the second half of the year. Industrial activity will continue to be adversely affected by regulatory bottlenecks. In summary, the Indian economy continues to have the potential for sustained high growth. There has been positive movement in some areas, with the fiscal deficit being contained and inflation moderating, though the current account deficit continues to be high.

The impact of rupee depreciation and higher petroleum prices is now being felt by the textile industry, as fabric and apparel makers remain hesitant to pass on higher costs to the final consumers on concerns over weak demand. The industry has been able to pass on only a part of the increased operating costs, which has resulted in squeezed margins. The year's outlook for Indian cotton textiles is negative-to-stable due to subdued demand, though margins are likely to benefit from softening of raw material prices.

### Opportunity / Threats / Challenges

The Company continued to perform fairly satisfactorily in the face of global and domestic economic uncertainty. Reid & Taylor and Belmonte brands continue to remain key contributors to the overall performance of the Company.

High raw material costs, slowdown in global as well as domestic economy and competition from other countries in the neighbourhood could adversely impact the profitability and the competitiveness. However, the Company's operations are resilient enough to withstand unfavorable conditions.

### A brief review of some of the SBU's is given hereunder:

#### Blended and Uniform fabrics

Consumer Textiles division focuses on the economy and mid-price strata of the society and deals in fabrics for work wear, uniforms and daily wear. The company is market leader in Uniforms with 30% market share and is one of the largest institutional suppliers of textiles to defence and police forces in India.

#### Total Home Expressions

Though the Carmichael House brand has been well-accepted, the market for Home Textiles has been generally lukewarm and therefore the growth in the Division continues to be subdued.

#### Baruche Superfine Cottons (BSFC)

The Luxury Cotton division manufacturing high quality shirting fabric, also for export, is a high margin business and is achieving good growth with high capacity utilization at the state-of-the-art plant near Bharuch in Gujarat.

#### Luxury Textiles

Reid & Taylor (India) Ltd., a subsidiary, continued to be one of the major revenue drivers reporting satisfactory performance over a period of time. EBIDTA margins were under stress owing to increased selling expenses and rising raw material prices for both polyester and wool.

### **Ready to Wear**

This Division consists of garments / apparel represented by 'Reid & Taylor' and 'Belmonte' and 'World Player' endeavours to achieve significant improvement in revenues and profitability with good market penetration extending to several districts in India.

### **International Businesses**

International operations are now restricted to Leggiuno in Italy where the market is showing signs of recovery. Looking at the sluggish market conditions and prolonged recessionary trends in US market, Company filed voluntary petition under chapter 11 in October 2012, for undertaking the restructuring exercise of operations and to reorganize capital structure to maximize value for HMX's shareholders. DKNY franchisee in U.K. was surrendered as the operations required more and more funds infusion.

### **Growth Prospects**

The Company historically has followed a well-planned growth strategy. Capacity expansion at Dewas, Mysore and Bharuch have been implemented. The Company plans to capture more value from direct retailing and increasing the share of ready-to-wear in revenue composition.

### **Financial Performance**

Though turnover and profitability are reduced owing to various factors of downturn in economy, market constraints and tight liquidity, the company is able to keep its head above water because of the established brands and diversity of its product range.

### **Risks and Concerns**

The domestic, regional and global economic environment directly influences the consumption of textile products. Any economic slowdown can adversely impact demand-supply dynamics and profitability of all industry players including our Company. However, with some exception, the Company's operations have historically shown significant resilience to the fluctuations of economic and industry cycles. The Company's diverse product portfolio and broad product mix basket is an added asset, providing a buffer against market fluctuations.

The Company is exposed to risks from market fluctuations of foreign exchange, interest rates, commodity prices, business risk and compliance risks. Business risk evaluation and management is an ongoing process within the Company which is managed by regular monitoring and corrective actions. The Company adopts a prudent and conservative risk-mitigating strategy to minimize any adverse impact. The Company's strong reputation for quality product differentiation and service, the existence of a powerful brand image and a robust marketing network mitigates the impact of price rise of raw materials.

### **Adequacy of Internal Control**

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly.

The internal control systems are supplemented by an extensive programme of internal audits, reviews by management and documented guidelines and procedures. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

### **Cautionary Statement**

Statements made in this report in describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized by the Company. Actual results could differ materially from those expressed in the statement or implied due to the influence of external and internal factors, which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company believes in ensuring corporate fairness, transparency, professionalism, accountability and propriety in total functioning of the Company which are pre-requisites for attaining sustainable growth in this competitive corporate world. The Company would constantly endeavour to improve on these aspects.

#### COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

The Company has complied with the provisions of the amended Clause 49 of the Listing Agreements with the Stock Exchanges as stated below.

### 2. BOARD OF DIRECTORS:

#### Composition of the Board:

The Board of Directors which consists of eminent persons with considerable professional expertise and experience provides leadership and guidance to the management, thereby enhancing stakeholders' value.

As on 31<sup>st</sup> March, 2013 the Company's Board consisted of 6 members. Of these, Three (3) are Executive Directors including Chairman and Managing Director who is a Promoter Director and Three (3) are Independent, Non-Executive Directors.

The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

#### Number of Board Meetings:

The Board of Directors met five times during the year on 30<sup>th</sup> May 2012, 14<sup>th</sup> August 2012, 17<sup>th</sup> October 2012, 10<sup>th</sup> November 2012 and 14<sup>th</sup> February 2013. The maximum time gap between any two consecutive meetings did not exceed four months.

In compliance with Clause 49 of the Listing Agreement, the Board Meetings for consideration of unaudited financial results of the Company for the quarter ended June, 2012, September, 2012 and December, 2012 were held on 14<sup>th</sup> August, 2012, 10<sup>th</sup> November, 2012 and 14<sup>th</sup> February, 2013. The Board Meeting for consideration of audited financial results for the entire financial year ended 31<sup>st</sup> March, 2013 was held on 16<sup>th</sup> July, 2013.

#### Directorship held and Director's attendance Record:

The composition of the Board of Directors and their directorship/chairmanship on the Board/Committees of other Companies are as under:

Director	Category of Directorship	No of other Directorship in Public Ltd. Cos.	No. of other Board Committees # (Other than SKNL) in which he is Chairman / Member.	
			Chairman	Member
Shri Nitin S. Kasliwal Chairman & Managing Director	Promoter & Executive	3	-	-
Smt. Ranjitha Godbole (Nominee Director of IDBI)	Independent, Non Executive	-	-	-
Shri Sujeet Bhale (Nominee Director of EXIM)	Independent, Non Executive	-	-	-
Shri Vijay G. Kalantri	Independent, Non Executive	14	2	6
Shri Anil Channa Deputy Managing Director	Executive, Non Promoter	3	-	-
Shri Jagadeesh S. Shetty Director – Finance & Group CFO	Executive, Non Promoter	2	-	1

- # Relates to Audit Committee and Shareholders Grievance Committee only.
- Excludes Directorship in Indian Private Limited Companies, Foreign Companies and Section 25 Companies.

**Board Procedure**

The Board meets at least once a quarter to review the quarterly performance and the financial results, to formulate the strategy and to consider other items on the agenda.

Board Meetings are held at the Registered Office of the Company.

The attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) is as under:

<b>Name of the Director</b>	<b>No. of Board Meetings attended during the year</b>	<b>Attendance at the 22<sup>nd</sup> Annual General meeting held on 27<sup>th</sup> September, 2012</b>	<b>Attendance at the Adjourned Annual General meeting held on 20<sup>th</sup> December, 2012</b>
Shri Nitin S. Kasliwal	5	YES	YES
Smt. Jyoti N. Kasliwal <sup>1</sup>	1	NA	NA
Smt. Amita Narain <sup>2</sup>	1	NO	NA
Smt. Ranjitha Godbole <sup>3</sup>	1	NA	NO
Shri Sujeet Bhale	4	NO	NO
Shri Susheel Kak <sup>4</sup>	4	NO	YES
Shri Denys Firth <sup>5</sup>	-	NO	NO
Shri Jitender Balakrishnan <sup>6</sup>	3	YES	YES
Shri M. Damodaran <sup>7</sup>	1	NO	NA
Shri Suresh N. Talwar <sup>8</sup>	3	NO	NA
Shri Vijay G. Kalantri	5	NO	YES
Shri Dara D. Avari <sup>9</sup>	5	YES	YES
Shri Anil Channa	5	YES	YES
Shri Jagadeesh S. Shetty <sup>10</sup>	2	NA	YES
Shri Alexander Shaik <sup>11</sup> (Alternate to Shri Denys Firth)	1	NO	NA
Shri Navin Sambtani <sup>12</sup> (Alternate to Shri Denys Firth)	1	NA	NO

<sup>1</sup> Resigned with effect from 24<sup>th</sup> August, 2012

<sup>2</sup> Nomination withdrawn with effect from 19<sup>th</sup> November, 2012

<sup>3</sup> Appointed with effect from 19<sup>th</sup> November, 2012

<sup>4</sup> Nomination withdrawn with effect from 10<sup>th</sup> January, 2013

<sup>5</sup> Nomination withdrawn with effect from 10<sup>th</sup> January, 2013

<sup>6</sup> Resigned with effect from 28<sup>th</sup> March, 2013

<sup>7</sup> Resigned with effect from 8<sup>th</sup> October, 2012

<sup>8</sup> Resigned with effect from 26<sup>th</sup> November, 2012

<sup>9</sup> Resigned with effect from 1<sup>st</sup> March, 2013

<sup>10</sup> Appointed with effect from 10<sup>th</sup> November, 2012

<sup>11</sup> Nomination withdrawn with effect from 10<sup>th</sup> November, 2012

<sup>12</sup> Appointed with effect from 10<sup>th</sup> November, 2012 & Nomination withdrawn with effect from 10<sup>th</sup> January, 2013

As mandated by the revised Clause No. 49, the independent Directors on the Company's Board;

- ❖ Apart from receiving Directors' remuneration, do not have material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its senior management or its holding Company, its subsidiaries and associates which may affect the independence of the Director.

- ❖ Are not related to the promoters or persons occupying the management positions at the Board level or at one level below the Board.
- ❖ Have not been executives of the Company in the immediately preceding three financial years.
- ❖ Are not partners or executives or were not a partner or executive during the preceding three years of the:
  - Statutory Audit Firm or the Internal Audit Firm that is associated with the Company,
  - Legal Firm(s) and consulting firm(s) that have a material association with the Company.
- ❖ Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect their independence.
- ❖ Are not substantial shareholders of the Company, i.e., do not own two percent or more of the block of voting shares.
- ❖ Are not less than 21 years of age.

The Company does not have any pecuniary relationship with any non-executive or independent Director except for payment of sitting fees and reimbursement of travelling expenses for attending the Board Meetings.

**Shareholding of Directors as at 31<sup>st</sup> March 2013 is as follows:**

Sr. No.	Name of the Director	No. of Shares
1	Shri Nitin S. Kasliwal (Chairman & Managing Director)	453
2	Smt. Ranjitha Godbole (IDBI) Nominee	Nil
3	Shri Sujeet Bhale (EXIM) Nominee	Nil
4	Shri Vijay G. Kalantri (Non-Executive)	Nil
5	Shri Anil Channa (Deputy Managing Director)	Nil
6	Shri Jagadeesh S. Shetty (Director – Finance & Group CFO)	2,000

**3. BOARD COMMITTEES:**

**A. AUDIT COMMITTEE:**

The Audit Committee acts as a link between the statutory auditors, internal auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements / other management information, adequacy of provisions for liabilities and whether the audit tests are appropriate and scientifically carried out and that they were aligned with the realities of the business, adequacy of disclosures, compliance with all relevant statutes and other facets of Company's operation that are of vital concern to the Company.

The Committee oversees the work carried out by the management, internal auditors on the financial reporting process and the safeguards employed by them.

The Terms of Reference of the Audit Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.

As per clause 49 of Listing Agreement, minimum 3 members should form a part of the Audit Committee. However, due to resignation of Shri Dara D. Avari with effect from 1<sup>st</sup> March, 2013, the Audit Committee of the Company comprises of only two members. Both of them are Independent, Non-Executive Directors. Shri Jagadeesh S. Shetty has been appointed as the third Member of the Audit Committee at the Board Meeting held on 16<sup>th</sup> July, 2013 in accordance with Clause 49.

Both the Directors of the Committee are financial literate and are experienced in finance and accounts / legal matters and general business practices.

**The composition of Audit Committee is as under:**

Name	Position	Category
Shri Vijay G. Kalantri	Chairman	Independent
Smt. Ranjitha Godbole (Nominee of IDBI)	Member	Independent
*Shri. Dara D. Avari	Member	Non Executive

\* Resigned with effect from 1<sup>st</sup> March, 2013

The Company Secretary acts as Secretary to the Committee.

The Statutory Auditors and Internal Auditors of the Company, Chairman & Managing Director, Deputy Managing Director, Director Finance & Group CFO and Head of Internal Audit Department of the Company are Invitees to the meeting.

**Meetings and Attendance details**

During the financial year ended 31<sup>st</sup> March, 2013, four Audit Committee Meetings were held on 30<sup>th</sup> May, 2012, 14<sup>th</sup> August, 2012, 10<sup>th</sup> November, 2012 and 14<sup>th</sup> February, 2013.

The Audit Committee also met prior to the finalization of accounts for the year ended 31<sup>st</sup> March, 2013.

The attendance at the Audit Committee Meetings is as under:

Name of the Member	No. of meetings attended
Shri Vijay G. Kalantri	4
Smt. Amita Narain (Nominee of IDBI) <sup>1</sup>	1
Smt. Ranjitha Godbole (Nominee of IDBI) <sup>2</sup>	1
Shri Susheel Kak (Nominee of IDM) <sup>3</sup>	3
Shri Dara D. Avari <sup>4</sup>	4

<sup>1</sup>Nomination withdrawn with effect from 19<sup>th</sup> November, 2012

<sup>2</sup>Appointed with effect from 19<sup>th</sup> November, 2012

<sup>3</sup>Nomination withdrawn with effect from 10<sup>th</sup> January, 2013

<sup>4</sup>Resigned with effect from 1<sup>st</sup> March, 2013

The Company Secretary was present in all the above meetings.

**B. COMPENSATION & REMUNERATION COMMITTEE:**

i The company has a Compensation and Remuneration Committee of Directors

ii Brief description of terms of reference:

- ❖ The Committee is responsible for recommending the remuneration and periodic revision of remuneration of the Directors, subject to the overall ceiling fixed by the shareholders.
- ❖ Payment of remuneration to the Managing Director and Executive Director is governed by Remuneration Committee, Board and shareholders' resolution. The remuneration structure comprises of salary, perquisites, allowances and commission upto 1% p.a. of the net profit of the Company.

iii The Composition of the Compensation and Remuneration Committee is as under:

Name of the Director	Position	Category
*Shri. Jitender Balakrishnan	Chairman	Independent
Shri. Vijay G. Kalantri	Member	Independent
**Shri. Dara D. Avari	Member	Non-Executive

\*Resigned with effect from 28<sup>th</sup> March, 2013

\*\*Resigned with effect from 01<sup>st</sup> March, 2013

Smt. Ranjitha Godbole appointed as Member of the Compensation & Remuneration Committee at the Board Meeting held on 16<sup>th</sup> July, 2013.

**Meetings and Attendance**

During the financial year ended 31<sup>st</sup> March, 2013, three meetings of Compensation & Remuneration Committee were held on 20<sup>th</sup> August, 2012, 10<sup>th</sup> November, 2012 and 14<sup>th</sup> February, 2013.



The attendance at the meetings was as under:

Name of Director	No of meetings attended
Shri Jitender Balakrishnan <sup>1</sup>	2
Shri Vijay G. Kalantri	3
Shri Dara D. Avari <sup>2</sup>	3

<sup>1</sup>Resigned with effect from 28<sup>th</sup> March, 2013

<sup>2</sup>Resigned with effect from 1<sup>st</sup> March, 2013

The Company Secretary acts as Secretary to the Compensation & Remuneration Committee.

### Remuneration Policy

#### A. Remuneration to Non – Executive Directors:

The non-executive Directors of the Company do not draw any remuneration from the Company except sitting fees and compensation by way of payment of commission upto 1% of the net profits. The sitting fee for each meeting of the Board and Audit Committee is ₹ 20,000/- and of Committee of Directors, Compensation & Remuneration Committee and Shareholders Grievance Committee is ₹ 10,000/-.

None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company, except sitting fees, commission and reimbursement of expenses (if any).

The details of sitting fees and compensation paid to Non-Executive Directors during the financial year 2012 - 13 are as follows:

Name	Sitting fees paid during FY 2012 – 13 (In ₹)					Total (In ₹)
	Audit Committee Meeting	Board Meeting	Committee of Directors Meeting	Compensation & Remuneration Committee Meeting	Shareholders Grievance Committee Meeting	
Smt. Jyoti N. Kasliwal <sup>1</sup>	N.A.	20,000	N.A.	N.A.	N.A.	20,000
Smt. Amita Narain <sup>2</sup> (Nominee of IDBI)	20,000	20,000	N.A.	N.A.	N.A.	40,000
Smt. Ranjitha Godbole <sup>3</sup> (Nominee of IDBI)	20,000	20,000	N.A.	N.A.	N.A.	40,000
Shri Sujeet Bhale <sup>4</sup> (Nominee of EXIM)	N.A.	80,000	N.A.	N.A.	N.A.	80,000
Shri Susheel Kak <sup>5</sup>	20,000	80,000	N.A.	N.A.	N.A.	1,00,000
Shri Denys Firth <sup>6</sup>	N.A.	-	N.A.	N.A.	N.A.	-
Shri Jitender Balakrishnan <sup>7</sup>	N.A.	60,000	N.A.	20,000	N.A.	80,000
Shri M. Damodaran <sup>8</sup>	N.A.	20,000	N.A.	N.A.	N.A.	20,000
Shri Suresh N. Talwar <sup>9</sup>	N.A.	60,000	N.A.	N.A.	N.A.	60,000
Shri Vijay G. Kalantri	80,000	1,00,000	1,30,000	30,000	40,000	3,80,000
Shri Dara D. Avari <sup>10</sup>	80,000	1,00,000	1,50,000	30,000	50,000	4,10,000
Shri Alexander Shaik <sup>11</sup> (Alternate Director to Shri Denys Firth)	N.A.	20,000	N.A.	N.A.	N.A.	20,000
Shri Navin Sambtani <sup>12</sup> (Alternate Director to Shri Denys Firth)	N.A.	20,000	N.A.	N.A.	N.A.	20,000
<b>Grand Total</b>						<b>12,70,000</b>

<sup>1</sup>Resigned with effect from 24<sup>th</sup> August, 2012

<sup>2</sup>Nomination withdrawn with effect from 19<sup>th</sup> November, 2012 (Amount paid/payable to IDBI Bank Ltd.)

<sup>3</sup>Appointed with effect from 19<sup>th</sup> November, 2012 (Amount paid/payable to IDBI Bank Ltd.)

<sup>4</sup>Amount paid/payable to EXIM Bank

<sup>5</sup>Nomination withdrawn with effect from 10<sup>th</sup> January, 2013

<sup>6</sup>Nomination withdrawn with effect from 10<sup>th</sup> January, 2013

<sup>7</sup>Resigned with effect from 28<sup>th</sup> March, 2013

<sup>8</sup>Resigned with effect from 8<sup>th</sup> October, 2012

<sup>9</sup>Resigned with effect from 26<sup>th</sup> November, 2012

<sup>10</sup>Resigned with effect from 1<sup>st</sup> March, 2013

<sup>11</sup>Nomination withdrawn with effect from 10<sup>th</sup> January, 2013

<sup>12</sup>Appointed with effect from 10<sup>th</sup> November, 2012 & Nomination withdrawn with effect from 10<sup>th</sup> January, 2013

**B. Remuneration paid to Chairman & Managing Director, Deputy Managing Director and Director Finance & Group CFO:**

The appointment of Managing Director, Deputy Managing Director and Director – Finance & Group CFO is governed by resolutions passed by the Board of Directors and shareholders of the Company. Remuneration paid to the Managing Director, Deputy Managing Director and Director – Finance & Group CFO is recommended by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders. The remuneration package of Managing Director, Deputy Managing Director and Director – Finance & Group CFO comprises of salary, perquisites, allowances and contributions to the Provident Fund and Gratuity as per rules as approved by the shareholders.

The details of the remuneration paid to Managing Director, Deputy Managing Director and Director – Finance & Group CFO during the financial year 2012-13 are as under:

<b>Name and Designation</b>	*Shri Nitin S. Kasliwal, Chairman <sup>1</sup> & Managing Director	*Shri Anil Channa, Deputy Managing Director	* Shri Jagadeesh S. Shetty, Director – Finance & Group CFO
<b>Tenure of Appointment</b>	Five Years (From 1 <sup>st</sup> April 2012 to 31 <sup>st</sup> March 2017)	Five Years (From 12 <sup>th</sup> January 2010 to 11 <sup>th</sup> January 2015)	Five Years (From 10 <sup>th</sup> November, 2012 to 9 <sup>th</sup> November, 2017)
<b>Salary (2012 – 13) (₹ in Lacs)</b>	-	-	-
<b>Other perquisites such as leave travel expenses, leave encashment, gratuity, club fees, etc., (including contribution to Provident Fund) (₹ in Lacs)</b>	-	-	-
<b>Details of Service contracts, notice period, severance fees.</b>	-	-	-
<b>Stock option details (if any)</b>	-	-	-
<b>Total</b>	-	-	-

<sup>1</sup>In view of Loss incurred no remuneration was paid to Shri Nitin Kasliwal, Chairman and Managing Director, Shri Anil Channa, Deputy Managing Director and Shri Jagadeesh S. Shetty, Director – Finance & Group CFO during the Year 2012-2013.

During the year 2012-13, the Company did not advance any loans to any of its Directors. Managing Director and Deputy Managing Director so long as they function as such, shall not be paid any sitting fees for attending the meetings of Board or any Committee thereof.

**Code of Conduct:**

The Board of Directors of the Company have adopted the Code of Business Conduct & Ethics for Directors/ Management Personnel ('the Code'). The Code is a comprehensive Code applicable to both, executive and non-executive Directors and senior management personnel.

The Code while laying down, in detail, the standards of business conduct, ethics and governance, centers around the following theme:

“The Company’s Board of Directors and Management Personnel are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit.”

A copy of the code is available on Company’s website i.e. [www.sknl.co.in](http://www.sknl.co.in), The Code has been circulated to all the Directors and Senior Management Personnel and the Managing Director has affirmed that they have complied with the same for the year ended 31<sup>st</sup> March, 2013.



**C. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE:**

**Terms of Reference**

The Shareholders'/Investors' Grievances Committee of the Company deals with various matters relating to:

1. Review of shares dematerialized and all other related matters.
2. Monitoring expeditious redressal of investor grievances.
3. Transfer / transmission of shares.
4. Issue of duplicate share certificates.
5. Non-receipt of Annual Reports and dividend, if any.
6. All the matters related to Shares / Debentures investors relations.

The Terms of Reference of the Committee cover the matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Share Transfer Committee meetings are held generally once in a month. All valid transfer / transmission and other requests received during the year were approved and attended to by the Committee. There were no pending requests for transfer of Equity Shares as on 31<sup>st</sup> March, 2013.

The Committee also oversees the performance of Registrar and Transfer Agents of the Company M/s. Bigshare Services Pvt. Ltd. and looks into the investor complaints, if any and tries to resolve them immediately.

The main object of the Shareholders'/Investors' Grievance Committee is to strengthen investor relations.

**Composition**

The Committee comprises of the following two Directors:

Name of Director	Position	Category
Shri Vijay G. Kalantri	Member	Independent
Shri Anil Channa	Member	Executive

The Board has designated Shri Pulak Banerjee, Sr. Vice President Legal & Company Secretary of the Company as the Compliance Officer under the provisions of Listing Agreement entered into with the Stock Exchanges.

**Meetings and Attendance**

During the financial year 2012-13, the Committee met six times.

Name of the Member	No. of meetings attended
Shri Dara D. Avari <sup>1</sup>	5
Shri Vijay G. Kalantri	4
Shri Anil Channa	5

<sup>1</sup>Resigned with effect from 1<sup>st</sup> March, 2013

**Details of Shareholders Complaints.**

During the year under review, a total of 49 complaints were received by the Company from the Shareholders / Investors. All the complaints were resolved by the Company to the satisfaction of the investors and as on 31<sup>st</sup> March 2013, there were no pending letters of any requests or complaints.

**Name and address of the Compliance Officer is as follows:**

Shri Pulak Banerjee  
Sr. Vice President – Legal & Company Secretary  
S. Kumars Nationwide Limited  
B2, 5<sup>th</sup> Floor, Marathon Nextgen,  
Off Ganpatrao Kadam Marg,  
Lower Parel, Mumbai 400013, (India)  
Tel No. 24930180/24965700/24824500  
Fax No. 24931685  
e-mail id: pulak.b@sknl.co.in

**D. COMMITTEE OF DIRECTORS:**

The Committee comprises of the following members:

Name of the Director	Position	Category
Shri Nitin S. Kasliwal	Chairman	Executive
Shri Vijay G. Kalantri	Member	Independent
Shri Anil Channa	Member	Executive

There were 21 meetings of the Committee of Directors during the financial year 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013.

Name of the Member	No. of meetings attended
Shri Nitin S. Kasliwal	19
Shri Vijay G. Kalantri	13
Shri Dara D. Avari <sup>1</sup>	15
Shri Anil Channa	20

<sup>1</sup>Resigned with effect from 1<sup>st</sup> March, 2013

The minutes of the Committee of Directors are submitted to the Board for noting and taking on record.

**4. The Employees Stock Option Scheme:**

As the employees of the company did not exercise the option under ESOP scheme, the Company cancelled / withdrew 546,060 Nos. of ESOPs granted under the Employees Stock Option Scheme.

There were 365,760 nos of options in force as at 31<sup>st</sup> March, 2013.

**5. GENERAL BODY MEETINGS:**

The details of the day, date, time and venue of the last three Annual General Meetings held are as under:

Financial Year	AGM	Day & Date	Time	Venue	No. of Special Resolutions passed
2009 - 2010	20 <sup>th</sup> AGM	Tuesday, 28 <sup>th</sup> September, 2010	3.00 P. M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	2
2010 - 2011	21 <sup>st</sup> AGM	Wednesday, 28 <sup>th</sup> September, 2011	3.00 P. M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	3
2011 - 2012	22 <sup>nd</sup> AGM	Thursday, 27 <sup>th</sup> September, 2012	11.00 A. M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	2

**Details of Postal Ballots conducted during the year:**

The Company has conducted the postal ballot process once on 30<sup>th</sup> January, 2013, during the financial year 2012-13 and the following resolutions were passed.

1. Pursuant to Section 224, 225 and other applicable provisions, if any, of the Act and provisions of any other laws, rules, regulations, guidelines as may be applicable, an Ordinary Resolution was passed for appointment of Joint Statutory Auditors.
2. Pursuant to Section 198, 269, 309, 311 and all other applicable provisions, if any, of the Act read with Schedule XIII thereto, a Special Resolution was passed for appointment of Shri Jagadeesh S. Shetty as Director – Finance & Group CFO.

The Company had appointed Shri Prashant Diwan, Practicing Company Secretaries, Mumbai, as Scrutinizer for conducting the above Postal Ballot process in a fair and transparent manner.

**6. SUBSIDIARY COMPANIES:**

As on date the Company has 11 subsidiaries & stepdown subsidiary companies, out of which 3 companies are Indian Subsidiary companies, 3 companies are foreign subsidiary companies, and 5 companies are foreign stepdown subsidiary companies incorporated outside India.

The details of all the above subsidiary Companies are as follows:

Sr. No.	Name of the Subsidiary & Stepdown Subsidiary Company	Date of incorporation	Date on which the Company became subsidiary / stepdown subsidiary of SKNL
<b>INDIAN SUBSIDIARY COMPANIES</b>			
1.	Reid & Taylor (India) Limited	19/04/2000	10/12/2007
2.	Belmonte Retails Limited	02/07/2009	12/08/2010
3.	Anjaneya Foundation (Sec. 25 Company)	21/01/2009	21/01/2009
<b>FOREIGN SUBSIDIARY COMPANIES</b>			
4.	SKNL International B.V.	03/11/2008	03/11/2008
5.	SKNL Europe B.V.	30/01/2007	07/01/2009
6.	SKNL Italy S.p.A	15/09/2008	01/10/2008
<b>STEPDOWN SUBSIDIARIES</b>			
7.	Leggiuno S.p.A (Subsidiary of SKNL Italy S. p. A.)	09/03/2005	01/10/2008
8.	Marling & Evans Ltd. (Subsidiary of Leggiuno S. p. A.)	28/11/2006	01/10/2008
9.	SKNL Global Holdings B. V. (Subsidiary of SKNL International B.V.)	30/01/2007	05/11/2008
10.	SKNL North America B. V. (Subsidiary of SKNL Global Holdings B. V.)	30/01/2007	05/11/2008
11.	SKNL (UK) Ltd. (Subsidiary of SKNL Global Holdings B. V.)	16/12/2008	16/12/2008

All the above subsidiary and step down subsidiary Companies are managed by their Boards in professional manner and in the best interest of the Company.

As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary Companies and monitors the performance of all its subsidiary companies, inter-alia, by the following means:

- ❖ The Minutes of the Board Meetings of the subsidiary Company are placed before the Board Meeting of the Company.
- ❖ The details of any significant transactions and arrangements entered into by the unlisted subsidiary Company are placed before the Board of the Company.

**7. DISCLOSURES:**

The Company has not entered into any transaction of a material nature with the Directors or the management or the relatives during the year that may have potential conflict with the interest of the Company at large.

Transactions with related parties are disclosed in Note No. 41 in the Notes to the Financial Statements in the Annual Report.

There was no instance of non-compliance of any matters related to the capital markets during the year.

**a) Disclosure of accounting treatment in preparation of financial statements:**

The Company has followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements, except the qualifications included in the audit report of the Statutory Auditors.

The explanations for the Auditors qualifications are given in the Directors Report.

**b) Details of non-compliance by the Company**

The Company has complied with all the requirements of regulatory authorities. No penalties / strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to the capital market during the last three years.

**c) CEO /CFO certification**

As required under Clause 49 V of the listing agreement with the Stock Exchanges, the Chairman and Managing Director and the Director - Finance & Group CFO have certified to the Board about the financial statements for the year ended 31<sup>st</sup> March, 2013.

**d) Distribution of Agenda and Board Notes**

Agenda and Notes on Agenda are generally circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda.

In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance.

**e) Recording Minutes of the proceedings at Board and Committee Meetings**

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee for their comments. The circulated minutes of proceedings of a meeting are entered in the Minutes Book within 30 days from the conclusion of that Meeting.

**f) Post Meeting Follow-up Mechanism**

The Guidelines for Board and Committee Meetings facilitate an effective post-meeting follow-up, review and reporting process for the decisions taken by the Board and Committees thereof. Action Taken Report on the decisions/minutes of the previous meeting(s), where required, is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee.

**g) Risk Management**

The Company is revising/updating a mechanism to inform the Board about risk assessment and minimization procedures and periodic review is conducted to ensure that management controls risk through a properly defined framework.

**8. MEANS OF COMMUNICATIONS:**

(i) **Quarterly Results:** Quarterly Results of the Company are published in 'Free Press Journal (English) and Navshakti (Marathi)' and are displayed on the Company's website [www.sknl.co.in](http://www.sknl.co.in)

(ii) **News Releases, Presentations, etc.:** Official news releases and Official Media Releases are sent to the Stock Exchanges and are displayed on the Company's website [www.sknl.co.in](http://www.sknl.co.in)

(iii) **Website:** The Company's website [www.sknl.co.in](http://www.sknl.co.in), contains a separate dedicated section 'Investor Information' where shareholders' information is available.

(iv) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto.

The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website [www.sknl.co.in](http://www.sknl.co.in).

- (v) **Chairman's Communique:** Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meetings. The same is also placed on the website of the Company and sent to Stock Exchanges.
- (vi) **Corporate Filing and Dissemination System (CFDS):** All disclosures and communications, etc are physically submitted to the Stock Exchanges i.e BSE & NSE.
- (vii) **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web-based application designed by NSE for corporates. The Shareholding Pattern, Corporate Governance Report and Financial Results are also filed electronically on NEAPS.
- (viii) **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned Companies and online viewing by investors of actions taken on the complaint and its current status.
- (ix) **Designated email-id of Executives of the Company:** The Company has designated the following email-ids exclusively for investor servicing. (i) [pulak.b@sknl.co.in](mailto:pulak.b@sknl.co.in) (ii) [ajit.nene@sknl.co.in](mailto:ajit.nene@sknl.co.in)

## 9. GENERAL SHAREHOLDERS INFORMATION

### 1) Re-appointment of Directors

Shri Vijay Kalantri retires by rotation and is proposed to be re-appointed in the ensuing Annual General Meeting. The brief particulars as per Clause 49 are given in the Notice of Annual General Meeting.

### 2) General Information:

#### (i) Nature of Industry:

Textile Manufacturing, Trading and Ready-to-Wear Garments of various Brands.

#### (ii) Date of commencement of commercial production:

28<sup>th</sup> September, 1990

#### (iii) Financial performance:

Given in the Audited Balance Sheet.

#### (iv) Export performance for the period 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013:

₹ 436.48 Lacs

#### (v) Foreign investments or collaboration, if any:

(i) Collaboration: None

(ii) Foreign Investments: ₹ 2,562.21 Lacs

### 3) Registered Office:

B2, 5<sup>th</sup> Floor, Marathon Nextgen,  
Off Ganpatrao Kadam Marg,  
Lower Parel, Mumbai 400013, (India)  
Tel No. 24930180/24965700/24824500  
Fax No. 24931685

**Company's Corporate Website:** [www.sknl.co.in](http://www.sknl.co.in)

The Company's website is a comprehensive reference on SKNL's management, vision, mission, policies, processes, social responsibility initiatives, investor relations, updates and news.

4) **Plant Locations: -**

1	2	3
<b>Menswear and Home Textiles</b>	<b>Spinning and Weaving</b>	<b>Baruche Super Fine Cottons (BSFC) &amp; Home Textiles Division</b>
3B Industrial Area, No. 2 Agra Bombay Road, Dewas (Madhy Pradesh)	Chamunda Standard Mills, Balgarh, Dewas (Madhy Pradesh)	Jhagadia Industrial Estate, GIDC, Ankleshwar, Gujarat.

5) **Registrar and Share Transfer Agents:** Bigshare Services Private Limited

**Unit: S.Kumars Nationwide Limited**

E/2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai 400 072  
Tel. No. 2847 0652 / 4043 0200  
Fax No. 2847 5207  
rutika@bigshareonline.com

6) **The Equity Shares of the Company are listed on following Stock Exchanges:**

Shares Listed at:	Stock Code	ISIN No.
Bombay Stock Exchange Ltd. – Mumbai	514304	INE 772A01016
National Stock Exchange of India Ltd. – Mumbai	SKUMARSYNF	INE 772A01016

7) **Listing Fees of Bombay Stock Exchange & National Stock Exchange:**

Annual Listing Fees for the year 2013-14 will be paid to the above Stock Exchanges.

Annual Custodial fees for the year 2013-14 has been paid to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

8) **Market Price Data: High, Low during each month in financial year 2012-13**

Monthly share price movement during the year 2012-13 at BSE & NSE:

Month	BSE			NSE		
	High ₹	Low ₹	Volume (in no. of shares)	High ₹	Low ₹	Volume (in no. of shares)
April	35.50	28.80	53,42,829	35.50	28.80	1,91,54,247
May	33.45	25.00	70,25,177	33.50	24.75	3,32,44,657
June	37.60	32.40	87,13,931	37.60	29.90	3,64,39,010
July	36.55	25.80	1,14,15,452	36.55	25.60	3,31,61,352
August	26.90	18.45	2,89,97,942	26.95	18.45	9,56,75,172
September	21.15	17.30	3,42,65,268	21.15	17.05	11,75,31,144
October	20.65	14.90	1,81,07,075	20.60	14.90	5,10,40,296
November	15.30	12.75	2,06,86,960	15.55	12.45	5,86,92,434
December	16.50	12.55	2,62,06,732	16.50	12.50	8,10,21,085
January	15.83	11.51	3,03,33,579	15.85	11.55	8,97,38,181
February	11.84	8.90	1,64,05,919	11.85	8.90	4,68,03,826
March	10.55	7.90	1,27,57,779	10.60	7.65	3,33,12,462

There are no outstanding GDRs / ADRs.

9) **Share Transfer System:**

Applications for transfer of shares held in the physical form are received at the Company's Investors Services Division (Registrar and Transfer Agent). All valid transfers are processed and affected normally within 15 days from the date of receipt provided they are in order in every respect.

Shares held in the dematerialised form are electronically transferred by the Depository Participant and the Registrar and Transfer Agent is informed periodically by the Depository about the beneficiary holdings to enable the Company to send all corporate communications and dividend etc.

All valid share transfers during the year ended 31<sup>st</sup> March, 2013 have been acted upon.

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis, have been issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-practice for timely dematerialization of the shares of the Company and for conducting secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

10) **Dematerialisation of Shares and Liquidity:**

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India - National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31<sup>st</sup> March, 2013, 29,66,25,546 nos. of Equity Shares of the Company representing 99.73% of the Company's share capital have been dematerialized.

The Company's shares are regularly traded on the Stock Exchange (BSE), Mumbai and the National Stock Exchange (NSE), Mumbai, as is seen from the volume of shares indicated in the Table containing market information.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 772A01016

11) **Distribution of Shareholding as on 31<sup>st</sup> March 2013**

Of 29,74,03,377 Equity Shares of ₹ 10/- each fully paid up.

[Held both in physical and demat form (NSDL+CDSL)]

Range in ₹		Total Holders	% of Total Holders	Total Holding in ₹	% of Total Capital
From	To				
10	5,000	53,828	68.9387	10,34,66,940	3.4790
5,001	10,000	10,607	13.5846	9,13,80,640	3.0726
10,001	20,000	6,108	7.8226	9,75,49,190	3.2800
20,001	30,000	2,338	2.9943	6,12,14,200	2.0583
30,001	40,000	1,128	1.4447	4,12,06,890	1.3856
40,001	50,000	1,085	1.3896	5,20,92,650	1.7516
50,001	1,00,000	1,542	1.9749	11,66,28,170	3.9215
1,00,001	9,99,99,99,999	1,445	1.8506	2,41,04,95,090	81.0514
<b>TOTAL</b>		<b>78,081</b>	<b>100.0000</b>	<b>297,40,33,770</b>	<b>100.0000</b>



**12) Growth of Equity Share Capital:**
**Equity Share Capital as at 31<sup>st</sup> March, 2013**

YEAR OF ISSUE	NO. OF EQUITY SHARES	PAID UP CAPITAL ₹	PARTICULARS
Share Capital as on 30 <sup>th</sup> September 1993	53,54,000	5,35,40,000	
1993-1994	38,50,000	3,85,00,000	Public issue at a Premium of ₹ 26/- per Share
1995-1996	15,00,000	1,50,00,000	Private Placement of CPS Conversion of Part "A" at par
1996-1997	1,25,00,000	12,50,00,000	Equity Shares allotted on Private Placement basis at a premium of ₹ 30/- per share
1996-1997	15,00,000	1,50,00,000	Private Placement of CPS Conversion of Part "B" at par
1996-1997	4,98,000	49,80,000	Public issue of CPS Conversion of Part "A" at par
1997-1998	20,00,000	2,00,00,000	Private Placement of CPS Conversion of Part "C" at par
1997-1998	4,98,000	49,80,000	Public issue of CPS Conversion of Part "B" at par
1998-1999	3,33,00,000	33,30,00,000	Issue of Equity Shares on Private Placement at a premium of ₹ 5.09 per share
1998-1999	7,62,00,000	76,20,00,000	Issue of Equity Shares on Private Placement at a premium of ₹ 5.09 per share
1998-1999	6,64,000	66,40,000	Public Issue of CPS Conversion of Part "C" at par
2001-2002	1,68,06,800	16,80,68,000	1. Allotment of 50,06,800 Equity Shares to warrant holders as per their entitlement @ ₹ 10/- per share. 2. Issue of 1,18,00,000 Equity Shares @ ₹ 10/- per share to IDBI on private placement basis on conversion of overdue interest.
2002-2003	Nil	Nil	Nil
2003-2004	Nil	Nil	Nil
2004 -2005	Nil	Nil	Nil
2005-2006	Nil	Nil	Nil
2006-2007	39,42,105	3,94,21,050	Equity Shares allotted on 14/09/2006 upon conversion of FCCBs
	20,42,010	2,04,20,100	Equity Shares allotted on 16/10/2006 upon conversion of FCCBs
	15,76,842	1,57,68,420	Equity Shares allotted on 28/11/2006 upon conversion of FCCBs
	2,30,52,519	23,05,25,190	Equity Shares allotted on 28/11/2006 under QIP
	5,51,894	55,18,940	Equity Shares allotted on 16/12/2006 upon conversion of FCCBs
	12,53,589	1,25,35,890	Equity Shares allotted on 12/01/2007 upon conversion of FCCBs
	55,18,947	5,51,89,470	Equity Shares allotted on 15/02/2007 upon conversion of FCCBs
	94,610	9,46,100	Equity Shares allotted on 03/03/2007 upon conversion of FCCB
2007-2008	23,65,263	2,36,52,630	Equity Shares allotted on 24/04/2007 upon conversion of FCCB
	63,07,368	6,30,73,680	Equity Shares allotted on 23/05/2007 upon conversion of FCCB



YEAR OF ISSUE	NO. OF EQUITY SHARES	PAID UP CAPITAL ₹	PARTICULARS
	7,88,421	78,84,210	Equity Shares allotted on 13/08/2007 upon conversion of FCCB
	78,84,210	7,88,42,100	Equity Shares allotted on 22/02/2008 upon conversion of FCCB
2008-2009	53,00,000	5,30,00,000	Equity Shares allotted to 2 promoter group Companies on 16/04/2008 upon conversion of Warrants
	80,42,860	8,04,28,600	Equity Shares allotted to 6 promoter group Companies on 30/09/2008.
2009-2010	1,31,22,400	13,12,24,000	Equity Shares allotted to promoter group Company on 01/04/2009 upon conversion of FCDs
2010-2011	2,89,43,750	28,94,37,500	Equity Shares allotted on 20/09/2010 under QIP
	1,24,25,000	12,42,50,000	Equity Shares allotted to promoter group Company on 03/03/2011 upon conversion of Warrants
	70,95,789	7,09,57,890	Equity Shares allotted on 11/03/2011 upon conversion of FCCB
2011-2012	1,24,25,000	12,42,50,000	Equity Shares allotted to promoter group Company on 13/12/2011 upon conversion of Warrants
<b>TOTAL</b>	<b>29,74,03,377</b>	<b>2,97,40,33,770</b>	

13) **Distribution of Equity Shareholding as on 31<sup>st</sup> March 2013:**

Description	No. of Shares	Voting Strength %age
Directors – Individuals	453	0.0002
Promoters – Companies	5,63,10,680	18.9341
Relatives / Friends of Directors	86,839	0.0292
Public – Individuals	9,24,71,014	31.0928
Public Bodies Corporate	8,30,15,106	27.9133
Mutual Funds & UTI	4,400	0.0015
Banks	1,60,33,807	5.3913
Financial Institutions	1,90,770	0.0641
NRIs	25,51,777	0.8580
Foreign Companies/ OCBs	421	0.0001
FII	4,41,58,969	14.8482
Clearing Members	25,37,891	0.8533
Trusts	41,250	0.0139
<b>Total</b>	<b>29,74,03,377</b>	<b>100.0000</b>

14) **Schedule of listed Securities of the Company:**

Kind of Security (Shares)	Number Listed as on 31 <sup>st</sup> March, 2013	Nominal Value Per Share ₹	Paid-up Value Per Share ₹	Total Nominal Value ₹	Total Paid up Value ₹
Equity Shares of ₹ 10/- each	29,74,03,377	10/-	10/-	297,40,33,770	297,40,33,770
6% Cumulative Redeemable Preference Shares of ₹ 100/- each	5,27,500	100/-	100/-	5,27,50,000	5,27,50,000

15) **Schedule of unlisted Securities of the Company:**

Kind of Security (Shares)	Number of Shares as on 31 <sup>st</sup> March 2013	Nominal Value Per Share ₹	Paid-up Value Per Share ₹	Total Nominal Value ₹	Total Paid up Value ₹
0.01% Redeemable Preference Shares of ₹ 100/- each	47,05,947	100/-	100/-	47,05,94,700	47,05,94,700

16) **Financial Calendar: (Tentative and subject to change)**

Board Meeting for consideration of Audited Accounts for the year ended 31 <sup>st</sup> March, 2013	16 <sup>th</sup> July, 2013
Posting of Annual Reports	On or before 4 <sup>th</sup> April, 2014
Book Closure Dates	From 23 <sup>rd</sup> April, 2014 to 28 <sup>th</sup> April, 2014 (Both days inclusive)
Last date for receipt of proxy forms	26 <sup>th</sup> April, 2014
Date, Time and Venue of 23 <sup>rd</sup> Annual General Meeting	Date : 28 <sup>th</sup> April, 2014 Time : 10.00 a.m. Venue : Hall of Harmony, Nehru Centre Conference Hall, Dr. Annie Besant Road, Worli, Mumbai 400 018
Board Meeting for consideration of unaudited results with limited review for the first three quarters of the current financial year viz. 1 <sup>st</sup> April, 2013 to 31 <sup>st</sup> December, 2013	Within 45 days from the end of each quarter as stipulated under the Listing Agreement with the Stock Exchanges.
Audited Results for the last quarter ending 31 <sup>st</sup> March, 2014	Within 60 days from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchanges.

17) **Address for Correspondence:**

The shareholders may address their communications / suggestions / grievances / queries to:

Shri Pulak Banerjee  
Sr. Vice President – Legal & Company Secretary  
S. Kumars Nationwide Limited  
B2, 5<sup>th</sup> Floor, Marathon Nextgen,  
Off Ganpatrao Kadam Marg,  
Lower Parel, Mumbai 400013, (India)  
Tel No. 24930180/24965700/24824500  
Fax No. 24931685  
E - mail id: pulak.b@sknl.co.in

**DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 1(D) OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE COMPANY'S CODE OF CONDUCT**

This is to confirm in accordance with Clause 49 1(D) of the Listing Agreement with the Stock Exchanges that all Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct laid down by the Company as applicable to them for the Financial Year ended on 31<sup>st</sup> March, 2013.

**For S. Kumars Nationwide Limited**  
**Nitin S. Kasliwal**  
**Chairman & Managing Director**

**Practising Company Secretary's Certificate in Compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreement**

To,  
The Members of  
**S Kumars Nationwide Limited**

We have examined the compliance of conditions of Corporate Governance by S Kumars Nationwide Limited for the financial year ended 31<sup>st</sup> March 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our 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 our opinion and to the best of our information and according to the explanation given to us and subject to the statements made by the management in the Corporate Governance report, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

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 Pramod S. Shah & Associates**  
Practising Company Secretaries

**Pramod S. Shah- Partner**  
Membership No. F334,  
C.P. No. 3804

Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

## INDEPENDENT AUDITORS' REPORT

To The Members of S. Kumars Nationwide Limited

### Report on the Financial Statements

We have audited the accompanying Financial Statements of S. Kumars Nationwide Limited ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss and also the Cash Flow Statement for the year then ended and a summary of Significant Accounting Policies and other explanatory information.

### Management 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 the 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 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 (ICAI). Those Standards require that we comply with the 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 Financial Statements. The procedures selected depend on the auditors' 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 auditors consider 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 qualified audit opinion.

### Basis for Qualified Opinion

1. *The outstanding balances of trade receivables, trade payables, loans & advances and capital advances are subject to confirmation and reconciliation. The consequential adjustments, if any, arising out of these are not quantifiable.*
2. *Inventories lying with third parties and fixed assets have not been physically verified completely and up to date position of records of fixed assets have not been compiled. The consequential impairment/write down, if any, is not quantifiable {Refer Note 33 (b)}.*

### Qualified Opinion

In our opinion and to the best of 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 31<sup>st</sup> March, 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 Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matter:**

We draw attention to –

1. Note 35 of the Financial Statements with regard to the Company facing mismatch in its cash flows and in case the required financial resources are not raised on a timely basis, the operations of the Company may get impacted, thereby affecting the assumption of 'going concern'.
2. Note 31 of the Financial Statements with regard to invocation of Shares in Reid & Taylor (India) Limited (unlisted Indian subsidiary of the Company) pledged by the Company with IL&FS and thereby adjusting its dues amounting to ₹ 11,691.51 Lacs. The Company has not accounted for the effect of such invocation and it continues to show the loan liability and the investments at cost of such pledged shares.

Our opinion is not qualified in respect of the above matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003, (as amended), 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 under the provisions of 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. *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e. Pursuant to Circular No. 8/2002 dated March 22, 2002 issued by the Department of Company Affairs, Ministry of Law, Justice & Company Affairs, Government of India, directors nominated by the Public Financial Institutions / Banks/ Central & State Government are not liable to be disqualified for appointment as directors under the provisions of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956. In respect of other directors, on the basis of the written representations received from the directors, as on 31<sup>st</sup> March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;

For **Haribhakti & Co**  
*Chartered Accountants*  
Firm Registration No. 103523W

**RAKESH RATHI**  
*Partner*  
Membership No.45228

Place : Mumbai

Date : 16<sup>th</sup> July, 2013

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of **S. Kumars Nationwide Limited** ('the Company') on the Financial Statements for the year ended 31<sup>st</sup> March, 2013].

- (i) (a) The Company is in the process of maintaining proper records of its fixed assets so as to show specific identification of the said assets, including its quantitative details and situation in respect of fixed assets capitalized after 31<sup>st</sup> March, 2011.
- (b) As per documents produced before us, the Company has a regular programme of verification of fixed assets wherein all fixed assets are verified once in a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) As per documents produced before us, the inventories has been physically verified by the Management during the year. In respect of inventories lying with third parties, these have substantially been confirmed by them along with certification of physical verification of such inventories from an independent Chartered Accountant firm. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures of physical verification of inventories as referred to in (a) above followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventories and no material discrepancies were noticed on physical verification carried out as mentioned in para (a) above during the year.
- (iii) (a) The Company has granted loan to a party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of loan granted to such party was ₹ 41.25 lacs.
- (b) In our opinion and according to the information and explanations given to us, the terms and conditions for such interest free loan are not, prima facie, prejudicial to the interest of the Company.
- (c) The said loans are repayable on demand.
- (d) There is no overdue amount of loan granted to the Company listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) The Company had taken loans (interest-bearing as well as interest-free) from a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 23,250 lacs and the year end balance of loans taken from such Company was ₹ 23,250 lacs, of which an amount of ₹ 4,000 lacs is interest free.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (g) The Company has not repaid the principal amount as stipulated and also not been regular in the payment of interest to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the internal control system prevailing in the Company needs to be strengthened so as to make it commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During

the course of audit, we have not observed continuing failure to correct any major weaknesses in internal control system of the Company.

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rs. five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not complied with the provisions of Section 58A or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) The Company has an internal audit system, which in our opinion, requires to be strengthened to make it commensurate with the size and nature of its business.
- (viii) We have not been made available the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-Section (1) of Section 209 of the Act and hence, we are unable to comment upon whether prescribed records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have not been regularly deposited with the appropriate authorities and there have been serious delays in many cases.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of the Statute	Nature of the Dues	Amount (₹ in lacs)
Income Tax Act, 1961	Income Tax	7,332.25
Income Tax Act, 1961	Tax Deducted at Source	1,170.55
Provident Fund Act, 1952	Provident Fund	121.40
Employees' State Insurance Act, 1948	ESIC	30.28
Madhya Pradesh Land Revenue Act, 1959	Property Tax	70.23
Value Added Tax Act, 2005	Value Added Tax	17.12
Entry Tax Act, 1976	Entry Tax	4.26
Central Sales Tax Act, 1956	Central Sales Tax	3.60
Income Tax Act, 1961	Tax Collected at Source	0.03



- c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been paid on account of disputes, are as follows:

Name of the Statute	Nature of the Dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	29.75	FY 2008-09	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Tax Deducted at Source	514.31	FY 2006-07 to 2008-09	Commissioner of Income Tax (Appeals)

- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to banks, financial institutions and debenture holder as mentioned below:

Defaults in payment of Interest and Principal:

Period of Default	Amount of Interest (₹ in lacs)	Amount of Principal (₹ in lacs)
0 – 3 Months	4,191.09 (Including interest of ₹ 2,317.54 lacs on borrowings recalled by lenders)	18,625.11 (Including borrowings of ₹ 16,861.16 lacs recalled by lenders)
3 – 6 Months	9,413.80 (Including borrowings of ₹ 9,385.63 lacs recalled by lenders)	33,509.97 (Including borrowings of ₹ 33,071.05 lacs recalled by lenders)
6 – 12 Months	11,094.87	4,947.82

The above defaults do not include repayments which have been rescheduled by one of the lender as explained in Note 38.

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company during the year, for loans taken by others from banks or financial institutions, are not prejudicial to the interest of the Company.
- (xvi) During the year, the Company has not obtained any term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has used funds raised on short term basis amounting to ₹ 3,937.22 lacs for long term investment.



- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures have been issued by the Company during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **Haribhakti & Co**  
*Chartered Accountants*  
Firm Registration No. 103523W

**RAKESH RATHI**  
*Partner*  
Membership No.45228

Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Note	Current Year As At 31.03.2013	Previous Year As At 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	2	34,498.99	34,973.79
Reserves & Surplus	3	82,630.69	120,769.72
		<b>117,129.68</b>	155,743.51
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	4	64,127.00	80,132.67
Deferred Tax Liabilities (Net)	5	4,231.62	3,960.20
Other Long Term Liabilities	6	-	41.51
Long Term Provisions	7	168.47	188.03
		<b>68,527.09</b>	84,322.41
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	8	133,432.48	162,435.14
Trade Payables	9	24,935.97	33,108.59
Other Current Liabilities	10	164,310.10	72,691.63
Short Term Provisions	11	4,804.27	8,279.86
		<b>327,482.82</b>	276,515.22
<b>Total</b>		<b>513,139.59</b>	<b>516,581.14</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	12		
(i) Tangible Assets		98,432.24	109,103.68
(ii) Intangible Assets		20.01	21.73
(iii) Capital Work-in-Progress		-	2,363.63
Non-Current Investments	13	21,991.63	51,686.58
Long Term Loans and Advances	14	55,402.15	58,479.53
Other Non-Current Assets	15	109.84	4,772.65
		<b>175,955.87</b>	226,427.80
<b>CURRENT ASSETS</b>			
Inventories	16	132,057.84	116,210.45
Trade Receivables	17	183,416.58	149,376.03
Cash and Bank Balances	18	311.83	1,080.00
Short Term Loans and Advances	19	21,374.61	20,667.39
Other Current Assets	20	22.86	2,819.47
		<b>337,183.72</b>	290,153.34
<b>Total</b>		<b>513,139.59</b>	<b>516,581.14</b>
<b>Significant Accounting Policies &amp; Notes to Financial Statements</b>	1-52		

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**RAKESH RATHI**  
Partner  
Membership No. 45228  
Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** *Chairman and Managing Director*  
**ANIL CHANNA** *Deputy Managing Director*  
**J. S. SHETTY** *Director - Finance and Group CFO*  
**PULAK BANERJEE** *Sr. Vice President - Legal & Company Secretary*  
Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Note	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
<b>INCOME</b>			
Revenue from Operations (Gross)	21	339,700.07	351,587.26
Less : Excise Duty		<u>111.80</u>	<u>441.21</u>
Revenue from Operations (Net)		339,588.27	351,146.05
Other Income	22	<u>160.56</u>	<u>137.57</u>
<b>Total Revenue</b>		<u><u>339,748.83</u></u>	<u><u>351,283.62</u></u>
<b>EXPENSES</b>			
Cost of Materials consumed	23	268,448.80	258,841.75
Changes in Inventories of Finished Goods and Work-in-Progress	24	(8,983.04)	(13,291.10)
Employee Benefits Expenses	25	5,925.77	8,844.64
Finance Costs	26	53,030.84	40,510.14
Depreciation and Amortization Expenses	12	12,877.17	9,221.93
Other Expenses	27	<u>17,179.78</u>	<u>19,233.63</u>
<b>Total Expenses</b>		<u><u>348,479.32</u></u>	<u><u>323,360.99</u></u>
<b>Profit/(Loss) before Tax and Exceptional Items</b>		(8,730.49)	27,922.63
<b><u>Exceptional Items</u></b>			
a) Provision for Diminution in the value of Overseas Investments (Net of Write Back)	28	(29,080.49)	-
b) Reversal of NPV Gain	29	<u>(3,334.14)</u>	-
<b>Profit/(Loss) before Tax</b>		(41,145.12)	27,922.63
<b>Tax expenses:</b>			
Current Tax	1 (xx)	-	8,463.92
Deferred Tax	5	271.43	1,267.84
Short/(Excess) Provision of Earlier Years		<u>-</u>	<u>234.00</u>
<b>Total Tax Expenses</b>		<u><u>271.43</u></u>	<u><u>9,965.76</u></u>
<b>Profit/(Loss) for the Year</b>		<u><u>(41,416.55)</u></u>	<u><u>17,956.87</u></u>
<b>Earnings per Equity Share:</b>			
	1 (xix) &		
- Basic	46	₹ (13.93)	₹ 6.21
- Diluted		₹ (13.92)	₹ 6.20

(Nominal Value of Share ₹ 10/- each)

**Significant Accounting Policies & Notes to Financial Statements** 1 - 52

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

 For **Haribhakti & Co.**  
 Chartered Accountants  
 Firm Registration No. 103523W

**NITIN S. KASLIWAL** *Chairman and Managing Director*  
**ANIL CHANNA** *Deputy Managing Director*
**RAKESH RATHI**  
 Partner  
 Membership No. 45228  
 Place : Mumbai  
 Date : 16<sup>th</sup> July, 2013

**J. S. SHETTY** *Director - Finance and Group CFO*  
**PULAK BANERJEE** *Sr. Vice President - Legal & Company Secretary*  
 Place : Mumbai  
 Date : 16<sup>th</sup> July, 2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

		<b>Current Year ended 31.03.2013</b>	<b>Previous Year ended 31.03.2012</b>
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	<i>Profit/ (Loss) before Tax</i>	<b>(41,145.12)</b>	27,922.63
	Adjustments for:		
	a) Depreciation and Amortisation Expenses	<b>12,877.17</b>	9,221.93
	b) Loss on Sale of Fixed Assets (net)	<b>130.76</b>	6.11
	c) Sundry Balances Written Back	<b>(94.59)</b>	(24.47)
	d) Balances not Recoverable Written Off (Refer Note 33)	<b>1,974.16</b>	0.01
	e) ESOP Compensation (Credited)/ Debited to Statement of Profit & Loss	<b>(209.69)</b>	(220.83)
	f) Provision for Doubtful Receivables / Amount not Recoverable (Refer Note 33)	<b>2,089.30</b>	50.67
	g) Finance Costs	<b>53,030.84</b>	40,510.14
	h) Interest Income	<b>(63.58)</b>	(63.08)
	i) Exchange Rate Fluctuation	<b>174.79</b>	397.19
	j) Provision for Diminution in the value of Overseas Investments	<b>32,257.16</b>	-
	k) Reversal of NPV Gain	<b>3,334.14</b>	-
	<b>Operating Profit before Working Capital Changes</b>	<b>64,355.34</b>	77,800.30
	Movements in Working Capital		
	a) (Increase) / Decrease in Inventories	<b>(15,847.39)</b>	(22,140.64)
	b) (Increase) / Decrease in Trade Receivables	<b>(36,129.85)</b>	(30,554.17)
	c) (Increase) / Decrease in Advances & Deposits	<b>7,755.10</b>	15,837.32
	d) Increase / (Decrease) in Trade Payables	<b>(8,172.62)</b>	24,941.93
	e) Increase / (Decrease) in Other Payables & Liabilities	<b>5,432.08</b>	(5,607.20)
	<b>Cash Generated From/ (Used in) Operating Activities</b>	<b>17,392.66</b>	60,277.54
	Direct Taxes Paid	<b>(18.61)</b>	(1,305.45)
	<b>Net Cash Flow From/ (Used in) Operating Activities</b>	<b>17,374.05</b>	58,972.09
	<b>Total (A)</b>		
<b>B</b>	<b>Cash Flow from Investing Activities</b>		
	a) Acquisition of Fixed Assets (Including CWIP & Capital Advances)	<b>(66.41)</b>	(49,223.53)
	b) Sale of Fixed Assets	<b>158.57</b>	6.08
	c) Non Current Investments	<b>(2,562.21)</b>	(1,269.00)
	d) Interest Income	<b>63.58</b>	63.08
	e) (Increase) / Decrease in Loans & Advances to Subsidiary Company	-	(41.35)
	<b>Net Cash Flow From/ (Used in) Investing Activities</b>	<b>(2,406.47)</b>	(50,464.72)
	<b>Total (B)</b>		

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013 (Contd.)**

(₹ in lacs)

		<b>Current Year ended 31.03.2013</b>	Previous Year ended 31.03.2012
<b>C</b>	<b>Cash Flow from Financing Activities</b>		
	a) Proceeds from Long Term Borrowings	133.64	2,213.92
	b) Changes in Long Term Borrowings due to Reschedulement (Refer Note 38)	7,429.37	5,034.70
	c) Repayment of Long Term Borrowings	(13,426.42)	(22,462.17)
	d) Changes in Short Term Borrowings (Net)	15,324.86	44,570.72
	e) Movement in Debt Service Reserve Account	577.50	860.00
	f) Advance against Share Application Money	9,748.81	4,763.39
	g) Redemption of Preference Shares	(474.80)	-
	h) Dividend Paid (excluding Dividend Tax)	-	(3,946.64)
	i) Interest Paid	(30,851.71)	(39,721.37)
	j) Reversal of NPV Gain	(3,334.14)	-
	<b>Net Cash Flow From / (Used in) Financing Activities Total (C)</b>	<b>(14,872.89)</b>	<b>(8,687.45)</b>
	<b>Net Increase/ (Decrease) in Cash and Cash Equivalents Total (A+B+C)</b>	<b>94.69</b>	<b>(180.08)</b>
	Cash & Cash Equivalents at the beginning of the year	51.67	231.75
	Cash & Cash Equivalents at the end of the year	146.36	51.67
	<b>Net Change in Cash &amp; Cash Equivalents</b>	<b>94.69</b>	<b>(180.08)</b>

**Notes :**

- 1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 (AS-3) "Cash Flow Statement".
- 2 Cash and cash equivalents comprise cash at bank, cash in hand and short- term investments with an original maturity of three months or less. (Refer Note 18).
- 3 Figures in brackets represent outflows.
- 4 Previous year figures have been recasted/restated wherever necessary.

As per our report of even date

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**RAKESH RATHI**  
Partner  
Membership No. 45228  
Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** Chairman and Managing Director  
**ANIL CHANNA** Deputy Managing Director  
**J. S. SHETTY** Director - Finance and Group CFO  
**PULAK BANERJEE** Sr. Vice President - Legal & Company Secretary  
Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**  
**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES****i. Corporate Information**

S. Kumars Nationwide Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Company's shares are listed on two stock exchanges in India. The Company is engaged in textile business and operates in several product categories including blended suitings, high value fine cotton ("HVFC"), uniform fabrics, work-wear, home textiles and furnishings and ready-to-wear garments and in all fiber categories (natural, blended and man-made fibers). The Company caters to both domestic and international markets.

**ii. Basis of Preparation of Financial Statements**

The Financial Statements of the Company have been prepared in accordance with generally accepted Accounting Principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all material respects 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 have been prepared on an accrual basis and under the historical cost convention, except for Freehold Land, Building and Plant & Machinery having revalued amount as disclosed in Note -12 of the Financial Statements. The accounting policies adopted in the preparation of Financial Statements are consistent with those of previous year.

**iii. Use of Estimates**

The presentation of Financial Statements requires estimates and assumptions to be made that affect the value of assets and liabilities as well as revenues and expenses as reported in the Financial Statements. The difference between the actual result and estimates are recognised during the period in which they are materialised / known.

**iv. Tangible Assets**

Tangible Assets are stated at their original cost, net of Cenvat/Value Added Tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost includes interest, financial charges, freight, taxes and other incidental expenses incurred for acquisition and installation of the assets. Tangible Assets revalued are stated at values determined by the independent valuers.

**v. Intangible Assets**

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

**vi. Depreciation and Amortisation**

- a) Depreciation on Tangible assets including revalued assets have been provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions to Tangible Assets is provided for on pro-rata basis from the date of addition/acquisition till the end of the year and on assets sold/discarded/demolished to the date of disposal. The depreciation on revalued portion of assets is adjusted against the revaluation reserve.
- b) Depreciation on assets whose actual cost does not exceed ₹ 5,000/- each is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- c) Computer Software/System Development: Amortized over a period of five years.

**vii. Capital Work-In-Progress**

Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses, interest and other financing costs payable on funds specifically borrowed to the extent they relate to the period till assets are ready for intended use.

**viii. Impairment of Assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013

### ix. Valuation of Inventories

- a) Raw materials (including goods-in-transit) are valued at cost, on first-in-first-out basis.
- b) Work-in-process is valued at cost. Cost for this purpose includes direct cost and attributable overheads.
- c) Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct cost, attributable overheads and excise duty.
- d) Stores, fuel, dyes, chemicals and packing materials are valued at cost on first-in-first-out basis.

### x. Cash & Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at bank, cash on hand and short-term investments with an original maturity of three months or less.

### xi. Recognition of Income and Expenditure

- a) Domestic sales are recognised on transfer of risk and reward which generally coincides with dispatch of goods to the customers.
- b) Export sales are accounted on transfer of risk and reward which generally coincides on the date of bill of lading.
- c) Sales are inclusive of dyeing charges, conversion charges and are net of shortage and discounts, excluding value added tax.
- d) Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- e) Cost/expenditure is recognised on accrual, as they are incurred except payments of leave travel allowances and reimbursement of medical expenses to the staff, being immaterial, are accounted for on cash basis.
- f) The claims against the company are accounted for on acceptance basis.

### xii. Foreign Exchange Transactions

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the Statement of Profit and Loss. In case of forward contracts (non speculative), the exchange differences are dealt with in the statement of Profit and Loss over the period of contracts.

### xiii. Employee Benefits

- a) Employee benefits comprise both defined contribution and defined benefit plans.

#### **Defined contribution plan :**

Contribution to defined contribution plans are recognised as expenses in the Statement of Profit and Loss, as they are incurred.

#### **Defined benefit plan :**

The Company's liability towards Gratuity & Leave Encashment is accounted for on the basis of an actuarial valuation, applying Projected Unit Credit Method done at the year end and is charged to Statement of Profit and Loss.

- b) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.

### xiv. Research & Development

Revenue expenditure, including overheads on Research and Development, is charged off as an expense in the year in which incurred. Expenditure which results in the creation of capital assets during development stage is taken as Fixed assets.

### xv. Investments

Investments are classified into Current and Non Current Investments. Current Investments are stated at lower of cost and fair value. Non Current Investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of Non Current Investments.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013****xvi. Borrowing costs**

Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalized as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.

**xvii. Operating Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease rentals are recognised as an expense, as applicable, over the lease period.

**xviii. Segment**

The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments and home textiles. Considering the overall nature, the Management is of the opinion that the entire operation of the Company falls under one business segment i.e. Textiles and as such there are no separate reportable business segments for the purpose of disclosures as required under Accounting Standard-17 "Segment Reporting".

**xix. Earnings per share**

Basic earnings per share are calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating Diluted Earnings per Share, the Net Profit or Loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**xx. Income Tax**

Tax expense comprises of Current tax and Deferred tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard - 22 "Accounting For Taxes on Income", notified under the Companies (Accounting Standards) Rules 2006. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred Tax is measure based on the Tax rate and Tax Laws, enacted or substantively enacted at the Balance Sheet date.

**xxi. Employee Stock Option Scheme**

The Company has granted Stock Options to its employees under Employees Stock Option Scheme, 2007 - Series 'A' ("ESOP, 2007"). In respect of Options granted under the Employees Stock Options Plan, in accordance with guidelines issued by the SEBI and in compliance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India in the year 2005 and applicable for the period on or after 1<sup>st</sup> April, 2005, the cost of stock options granted to employees are accounted by the Company using the intrinsic value method and the cost based on excess of market value over the exercise price is recognized in Statement of Profit & Loss, over vesting period on time proportion basis and included in the 'Employee Benefits Expenses' in Note 25 of the Financial Statements. Should any employee leave in the subsequent year, before exercise of the Option, the value of Option accrued in their favour is written back to the General Reserve.

**xxii. Provisions and Contingent Liabilities**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

**Current Year**  
As at 31.03.2013

**Previous Year**  
As at 31.03.2012

**NOTE 2 - SHARE CAPITAL**

	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised Capital</b>				
Equity Shares of ₹ 10 each	370,000,000	37,000.00	370,000,000	37,000.00
Preference Shares of ₹ 100 each	9,000,000	9,000.00	9,000,000	9,000.00
<b>Total</b>	<b>379,000,000</b>	<b>46,000.00</b>	<b>379,000,000</b>	<b>46,000.00</b>
<b>Issued, Subscribed &amp; Paid up Capital</b>				
Equity Shares of ₹ 10 each, fully Paid up	297,403,377	29,740.34	297,403,377	29,740.34
6% Cumulative Redeemable Preference Shares of ₹ 100 each, fully Paid up	372,500	372.50	527,500	527.50
0.01% Redeemable Preference Shares of ₹ 100 each, fully Paid up	4,386,147	4,386.15	4,705,947	4,705.95
<b>Total</b>	<b>302,162,024</b>	<b>34,498.99</b>	<b>302,636,824</b>	<b>34,973.79</b>

**Note 2.1 - Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

(₹ in lacs)

Particulars	Equity Shares			
	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	297,403,377	29,740.34	284,978,377	28,497.84
Shares Issued during the year upon conversion of warrants	-	-	12,425,000	1,242.50
Shares outstanding at the end of the year	297,403,377	29,740.34	297,403,377	29,740.34

(₹ in lacs)

Particulars	6% Cumulative Redeemable Preference Shares			
	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	527,500	527.50	527,500	527.50
Shares redeemed during the year	155,000	155.00	-	-
Shares outstanding at the end of the year	372,500	372.50	527,500	527.50

(₹ in lacs)

Particulars	0.01% Redeemable Preference Shares			
	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	4,705,947	4,705.95	4,705,947	4,705.95
Shares redeemed during the year	319,800	319.80	-	-
Shares outstanding at the end of the year	4,386,147	4,386.15	4,705,947	4,705.95

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**Note 2.2 - Details of Preference shareholders holding more than 5% in 6% Cumulative Redeemable Preference Shares of the Company**

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Anjaneya Holdings Private Limited	372,500	100.00	372,500	70.62
SICOM Limited	-	-	155,000	29.38

**Details of Preference shareholders holding more than 5% in 0.01% Redeemable Preference Shares of the Company**

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IDBI Bank Limited	4,306,627	98.19	4,306,627	91.51
Indian Bank	-	-	319,800	6.80

**Details of Equity shareholders holding more than 5% shares of the Company**

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Anjaneya Holdings Private Limited	25,416,031	8.55	102,515,168	34.49
Cophall Mauritius Investment Limited	24,034,445	8.08	17,359,445	5.84
IDBI Bank Limited	15,827,419	5.32	-	-
IL&FS Financial Services Limited	22,467,505	7.55	-	-
Finquest Financial Solutions Private Limited	14,966,000	5.03	-	-

**Note 2.3 - Terms/rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Dividend, if and when declared, is declared and paid in Indian rupees. The Board of Directors have neither declared nor proposed any Dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.

**Note 2.4 - Terms of Redemption of Preference Shares**

During the year, the Company has redeemed 6% Redeemable Preference Shares aggregating to ₹ 155.00 lacs. (Previous Year ₹ Nil).

Outstanding 6% Cumulative Redeemable Preference Shares are redeemable by 1<sup>st</sup> October, 2013.

During the year, the Company has redeemed 0.01% Redeemable Preference Shares aggregating to ₹ 319.80 lacs. (Previous Year ₹ Nil).

Outstanding 0.01% Redeemable Preference Shares are to be redeemed @ 25% in each year between October 2016 to September 2020.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**
**NOTE 2.5 - Shares reserved for issue under Options {Refer Note 1(xxi)}**

The Company has issued stock options to the permanent employees exercisable into 19,11,000 numbers of equity shares of the Company under 'Employees Stock Option Scheme 2007 – Series A' ("ESOP 2007"). Each option when exercised would be convertible into one equity share of a face value of ₹ 10 each fully paid-up. The important features of the ESOP scheme are as follows:

	<b>Parameters/Terms</b>	<b>Explanation</b>		
I	Vesting period	Minimum period of one year and a maximum period of five years from the date of grant i.e. 31.10.2007.		
II	Vesting schedule	The actual Vesting Schedule of Options will be as follows:		
		Year	Period and Date	% of Vesting
		1 <sup>st</sup> Year	31.10.2007 to 30.10.2008	30%
		2 <sup>nd</sup> Year	31.10.2008 to 30.10.2009	30%
		3 <sup>rd</sup> Year	31.10.2009 to 30.10.2010	40%
III	Exercise price	30% discount on the prevailing market price of ₹ 128/- of the shares as on the date prior to the date of the Compensation Committee resolution.		
IV	Exercise Period	Exercise period will be three years from the date of vesting.		
V	ESOP Price per share	₹ 89.60		

	<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
a)	Number of Options outstanding at the beginning of the Year	<b>911,820</b>	1,486,900
b)	Options exercised	<b>NIL</b>	NIL
c)	Total number of shares arising as a result of exercise of Options	<b>NIL</b>	NIL
d)	Options Lapsed/cancelled	<b>546,060</b>	575,080
e)	Money realised by exercise of options	<b>NIL</b>	NIL
f)	Total number of options in force at the end of the year	<b>365,760</b>	911,820

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
<b>NOTE 3 - RESERVES &amp; SURPLUS</b>		
<b>a. Capital Reserve</b>		
Opening Balance	2,206.25	2,206.25
Closing Balance	2,206.25	2,206.25
<b>b. Capital Redemption Reserve</b>		
Opening Balance	13,267.49	13,267.49
(+) Current Year Transfer	474.80	-
Closing Balance	13,742.29	13,267.49
<b>c. Securities Premium Account</b>		
Opening Balance	81,750.34	75,142.64
(+) Securities Premium credited on Share Issue	-	6,775.35
(-) Premium on Redemption of Debentures	-	167.65
Closing Balance	81,750.34	81,750.34
<b>d. Debenture Redemption Reserve</b>		
Opening Balance	4,752.80	4,550.60
(+) Current Year Transfer	-	202.20
Closing Balance	4,752.80	4,752.80
<b>e. Revaluation Reserve</b>		
Opening Balance	1,082.00	1,099.68
(-) Written Back on account of depreciation on revalued portion of Fixed Assets (Refer Note 12)	17.68	17.68
Closing Balance	1,064.32	1,082.00
<b>f. Employees Stock Options Outstanding Account</b>		
Opening Balance	350.14	570.97
(-) Written Back due to lapse/ cancellation of employee shared based payment plan	209.69	220.83
Closing Balance	140.45	350.14
<b>h. Surplus</b>		
Opening Balance	17,360.70	17,421.23
(+) Profit/(Loss) for the Year	(41,416.55)	17,956.87
(+) Reversal of Proposed Preference & Equity Dividend and Tax thereon*	3,504.89	-
(-) Balance in Restructured Financial Cost written off	-	14,310.31
(-) Proposed Preference Dividend	-	31.65
(-) Tax on Proposed Preference Dividend	-	5.26
(-) Proposed Equity Dividend	-	2,974.03
(-) Tax on Proposed Equity Dividend	-	493.95
(-) Transfer to Capital Redemption Reserve	474.80	-
(-) Transfer to Debenture Redemption Reserve	-	202.20
Closing Balance	(21,025.76)	17,360.70
<b>Total</b>	<b>82,630.69</b>	<b>120,769.72</b>

\* Proposed Dividend on Equity and Preference Shares and Tax thereon is reversed in the Current year as the payment of dividend was not approved in the adjourned Annual General Meeting held on 20<sup>th</sup> December, 2012.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
<b>NOTE 4 - LONG TERM BORROWINGS</b>		
<b>SECURED</b>		
<b>(a) Term Loans</b>		
Term Loans under Technology Upgradation Fund Scheme (Refer Note 4.1)	29,783.65	33,659.66
Term Loans under Overseas Investment Finance Programme (Refer Note 4.2)	11,764.16	13,085.56
Rupee Term Loans from Banks & Institutions (Refer Note 4.3)	10,596.24	14,674.13
Funded Interest Term Loans (Refer Note 4.4 & 38)	5,219.37	-
Equipment Finance (Refer Note 4.5)	13.58	100.31
<b>(b) Loans and Advances from Related Party (Refer Note 4.6)</b>	<u>2,750.00</u>	<u>13,750.00</u>
	<b>60,127.00</b>	<b>75,269.66</b>
<b>UNSECURED</b>		
<b>(a) Term Loans</b>		
from Banks (in Foreign Currency) (Refer Note 4.7)	-	289.59
<b>(b) Funded Interest Term Loans</b>		
from Banks (in Foreign Currency) (Refer Note 4.8)	-	573.42
<b>(c) Loans and Advances from Related Party (Refer Note 4.9)</b>	<u>4,000.00</u>	<u>4,000.00</u>
	<u>4,000.00</u>	<u>4,863.01</u>
<b>Total</b>	<u><b>64,127.00</b></u>	<u><b>80,132.67</b></u>

Notes :

**Nature of Security and Terms of Repayment for Long Term Borrowings:**

(₹ in lacs)

Nature of Security / Terms of Repayment / Applicable Rate of Interest	Current Year As at 31.03.2013		Previous Year As at 31.03.2012	
	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities
<b>4.1 Term Loans Under Technology Upgradation Fund Scheme</b>				
<b>(a)</b> Secured by first <i>pari passu</i> charge on the Fixed Assets of existing Jhagadia Unit, second <i>pari passu</i> charge on all other Fixed Assets and Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd.			-	
32 Equal Quarterly Installment (EQI) starting from April 2010 to January 2018. The applicable interest rate is in the range of 13.3%-15.0% p.a.	6,907.35	2,255.63	8,469.85	1,718.75
61 Equal Monthly Installment (EMI) starting from April 2014 to April 2019. The applicable interest rate is 14.75% p.a.	5,961.54	-	5,384.62	1,250.00
42 EMI starting from April 2014 to September 2017. The applicable interest rate is 14.75% p.a.	971.46	-	833.00	300.00
23 EQI starting from July 2011 to June 2017. The applicable interest rate is 14.25% p.a.	622.78	222.83	831.47	208.70
78 EMI starting from June 2011 to December 2017. The applicable interest rate is 15.00% p.a.	3,497.44	1,669.23	4,451.28	1,351.28

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

Nature of Security / Terms of Repayment / Applicable Rate of Interest		Current Year As at 31.03.2013		Previous Year As at 31.03.2012	
		Long Term Borrowings	Current Maturities grouped under Other Current Liabilities	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities
(b)	Secured by specific charge on the Fixed Assets of the Weaving Unit at Dewas, Process House and Stitching Unit at Jhagadia, first <i>pari passu</i> charge on all other Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit), second <i>pari passu</i> charge on Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd. 32 EQI starting from June 2012 to March 2020. The applicable interest rate is in the range of 14.00% - 14.25% p.a. There is delay in repayment of loan amounting to ₹ 3,111.57 lacs for a period of three to nine months, for the above mentioned (a) & (b) categories. (Previous year ₹ 672.92 lacs)	11,823.08	3,688.92	13,689.44	2,000.00
<b>Total</b>		<b>29,783.65</b>	<b>7,836.61</b>	33,659.66	6,828.73
<b>4.2</b>	<b>Term Loans Under Overseas Investment Finance Programme</b>				
(a)	Secured by first <i>pari passu</i> charge on the Fixed Assets (excluding fixed assets of existing Jhagadia Unit) of the Company, both present and future, pledge of promoter's shares held in the Company, pledge of shares of overseas subsidiary Company and personal guarantee of Chairman & Managing Director. The Loan is repayable in 24 EQI starting from December 2010 to September 2016. The applicable interest rate is 13.0% p.a.	6,375.00	5,093.68	9,125.00	3,437.50
(b)	Secured by first <i>pari passu</i> charge on the Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit) of the Company, second <i>pari passu</i> charge on the Fixed Assets of existing Jhagadia Unit, second <i>pari passu</i> charge on Current Assets of the Company, both present and future, pledge of promoter's shares held in the Company, pledge of shares of overseas subsidiary Company and personal guarantee of Chairman & Managing Director. The Loan is repayable in 19 EMI starting from April 2014 to November 2015. The applicable interest rate is 14.75% p.a. There is delay in repayment of loan amounting to ₹ 2,343.68 lacs for a period of nine months, for the above mentioned (a) & (b) categories (Previous year ₹ 973.22 lacs).	5,389.16	-	3,960.56	3,714.36
<b>Total</b>		<b>11,764.16</b>	<b>5,093.68</b>	13,085.56	7,151.86
<b>4.3</b>	<b>Rupee Term Loans from Banks &amp; Institutions</b>				
(a)	Secured by first <i>pari passu</i> charge on the Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit) of the Company, second <i>pari passu</i> charge on the Fixed Assets of existing Jhagadia Unit, second <i>pari passu</i> charge on Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Reid & Taylor (India) Ltd., first <i>pari passu</i> charge on the Fixed Assets of the guarantor Company, second <i>pari passu</i> charge on Current Assets of the guarantor Company and pledge of promoter's shares held in guarantor Company. The Loan is repayable in 20 unequal quarterly installments starting from December 2009 to September 2014. The applicable interest rate is 15.25% p.a.	3,480.00	8,540.00	10,336.00	5,510.41

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

Nature of Security / Terms of Repayment / Applicable Rate of Interest	Current Year As at 31.03.2013		Previous Year As at 31.03.2012	
	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities
(b) Secured by specific first charge on Office property, second <i>pari passu</i> charge on Current Assets of the Company, both present and future, and personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd. The Loan is repayable in 20 EQI starting from January 2010 to October 2014. The applicable interest rate is 14.25% p.a.	-	502.54	500.87	590.00
(c) Secured by first <i>pari passu</i> charge on the Fixed Assets of the Company and second <i>pari passu</i> charge on Current Assets of the Company, both present and future. The Loan is repayable in 101 EMI starting from November 2005 to March 2014. The applicable interest rate is 10.0% p.a.	-	13.76	7.74	30.00
(d) Secured by first <i>pari passu</i> charge on the Fixed Assets of the Company and second <i>pari passu</i> charge on Current Assets of the Company, both present and future. The Loan is repayable in 36 EMI starting from October 2013 to September 2016.	67.59	11.93	79.52	-
(e) Secured by first <i>pari passu</i> charge on the Fixed Assets of the Company and second <i>pari passu</i> charge on Current Assets of the Company, both present and future. The Loan is repayable during November 2014. (Refer Note 29)	6,506.20	-	-	4,880.02
(f) Secured by first <i>pari passu</i> charge on the Current Assets, second <i>pari passu</i> charge on the Fixed Assets of the Company, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd. The Loan is repayable in 12 EMI starting from April 2014 to March 2015. The applicable interest rate is 18.25% p.a. There is delay in repayment of loan amounting to ₹ 1,695.44 lacs for a period of one to eleven months, for the above mentioned (a), (b) & (c) categories. (Previous year ₹ Nil).	542.45	-	-	-
(g) Secured by first <i>pari passu</i> charge on the Fixed Assets (excluding assets having specific charge) of the Company, and second <i>pari passu</i> charge on Current Assets of the Company, both present and future. The Loan repayable in 6 EQI starting from September 2013 to December 2014. The applicable interest rate is 14.6% p.a. There is delay in interest payment for a period of three months. Further this facility has been recalled by lender on 16 <sup>th</sup> May, 2013 (Refer Note 10.3). (Previous year ₹ Nil)	-	-	3,750.00	6,250.00
<b>Total</b>	<b>10,596.24</b>	<b>9,068.23</b>	<b>14,674.13</b>	<b>17,260.43</b>
<b>4.4 Funded Interest Term Loans</b> Secured by first <i>pari passu</i> charge on the Current Assets, second <i>pari passu</i> charge on the Fixed Assets of the Company, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd. The Loan is repayable in 36 EMI starting from April 2014 to March 2017. The applicable interest rate is 15.25% p.a.	<b>5,219.37</b>	-	-	-
<b>Total</b>	<b>5,219.37</b>	-	-	-



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

Nature of Security / Terms of Repayment / Applicable Rate of Interest	Current Year As at 31.03.2013		Previous Year As at 31.03.2012	
	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities
<b>4.5 Equipment Finance</b> Secured by hypothecation of specific equipments / assets. These Loans are repayable in 36 EMI starting from commencement of every new Loan. The applicable interest rate is in the range of 6.75%-15.0% p.a.	13.58	75.01	100.31	94.62
<b>Total</b>	<b>13.58</b>	<b>75.01</b>	100.31	94.62
<b>4.6 Loans and advances from Related Party</b> Secured by second <i>pari passu</i> charge on the Fixed Assets of the Company, both present and future. The Loan is repayable in 16 EQI starting from September 2009 to June 2013, further extended to June, 2014. The applicable interest rate is 12.0% p.a. There is delay in repayment of loan amounting to ₹ 5,500.00 lacs for a period of three months. (Previous year ₹ Nil)	2,750.00	16,500.00	13,750.00	5,500.00
<b>Total</b>	<b>2,750.00</b>	<b>16,500.00</b>	13,750.00	5,500.00
<b>4.7 Unsecured Term Loans</b> The Loan was repayable in 10 EQI starting from December 2012 to December 2014. The applicable interest rate is 0.50% p.a. This loan has been recalled refer note 10.4 and 35. (In previous year, there was delay in payment of principal amounting to ₹ 751.98 lacs for a period of one to six months)	-	-	289.59	1,256.78
<b>4.8 Unsecured Funded Interest Term Loans</b> The Loan was repayable in 10 EQI starting from December 2012 to December 2014. The applicable interest rate is Zero % p.a. This loan has been recalled refer to note 10.4 and 35. (Previous year ₹ Nil)	-	-	573.42	-
<b>4.9 Unsecured Loans and advances from Related Party</b> Unsecured Interest Free Loan from Company's Indian Subsidiary is repayable after complete repayment of Secured Loan from Subsidiary. (Refer note 4.6)	4,000.00	-	4,000.00	-
<b>Total</b>	<b>4,000.00</b>	-	4,863.01	1,256.78

(₹ in lacs)

<b>Current Year</b>	Previous Year
<b>As at 31.03.2013</b>	As at 31.03.2012

**NOTE 5 - DEFERRED TAX LIABILITIES (NET)**
**Deferred Tax Liabilities [Refer Note 1 (xx)]**

Impact of Difference between Tax depreciation & Depreciation/ Amortisation charged as per Companies Act	4,231.62	4,144.91
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**Deferred Tax Assets [Refer Note 1 (xx)]**

Disallowance under Section 43B of Income Tax Act for Employee Benefits	-	(184.71)
<b>Deferred Tax Liabilities (Net)</b>	<b>4,231.62</b>	<b>3,960.20</b>

**NOTE 6 - OTHER LONG TERM LIABILITIES**

Deposits received from Customers/dealers	-	41.51
<b>Total</b>	<b>-</b>	<b>41.51</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
<b>NOTE 7 - LONG TERM PROVISIONS</b>		
<b>(a) Provision for Employee Benefits [Refer Note 1 (xiii) &amp; 48]</b>		
Gratuity (Unfunded)	53.63	39.77
Leave Encashment (Unfunded)	114.84	148.26
<b>Total</b>	<b>168.47</b>	<b>188.03</b>
<b>NOTE 8 - SHORT TERM BORROWINGS</b>		
<b>SECURED</b>		
<b>(a) Repayable on Demand</b>		
<b>Working Capital Loans from Banks</b>		
Cash Credit Loan (Refer Note 8.1)	131,890.37	148,328.14
<b>(b) Other Short Term Loans from Banks and Financial Institutions</b> [Refer Note 10.5 (b)]	-	13,333.00
<b>(c) Short Term Loan from Others</b> (Refer Note 8.2)	1,542.11	-
	<u>133,432.48</u>	<u>161,661.14</u>
<b>UNSECURED</b>		
Loans and Advances from Related Party	-	774.00
	-	774.00
<b>Total</b>	<b>133,432.48</b>	<b>162,435.14</b>

**Notes:**
**Nature of Security/Applicable Rate of Interest for Short Term Borrowings:**
**8.1 Working Capital Loans from Banks**

Secured primarily by first *pari passu* charge on Current Assets and second *pari passu* charge on Company's all movable and immovable properties. In addition to above, corporate guarantee from Anjaneya Holding Pvt. Ltd. and personal guarantee of Chairman & Managing Director have also been provided. Average Interest rate on above Working Capital Loan is in the range of 12% to 15.75% p.a.

**8.2 Short Term Loans from Others**

Secured by pledge of shares held by promoters in the Company. The weighted average interest rate is 19.22% p.a.

**NOTE 9 - TRADE PAYABLES**
**Trade Payables for Goods Purchased & Services Received**
**[Refer Note 33(a) & 36]**

Due to Micro, Small and Medium Enterprises (Refer Note 9.1)	-	-
Due to Others	24,935.97	33,108.59
<b>Total</b>	<b>24,935.97</b>	<b>33,108.59</b>

**Note 9.1**

Payment against supplies from Micro, Small and Medium Enterprises (MSME) and ancillary undertakings are made in accordance with the agreed credit terms and to the extent ascertained from available information, the Company does not have any MSME creditors.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

**Current Year**      **Previous Year**  
**As at 31.03.2013**   **As at 31.03.2012**

**NOTE 10 - OTHER CURRENT LIABILITIES**

**Current Maturities of Long Term Borrowings**

**SECURED**

Term Loans under Technology Upgradation Fund Scheme (Refer Note 4.1)	<b>7,836.61</b>	6,828.73
Term Loans under Overseas Investment Finance Programme (Refer Note 4.2)	<b>5,093.68</b>	7,151.86
Rupee Term Loans from Banks & Institutions (Refer Note 4.3)	<b>9,068.23</b>	17,260.44
Equipment Finance (Refer Note 4.5)	<b>75.01</b>	94.62
Unpaid matured Debentures (Refer Note 10.1, 30 & 35)	<b>15,078.81</b>	15,078.81
Loans and Advances from Subsidiary Company (Refer Note 4.6)	<b>16,500.00</b>	5,500.00

**UNSECURED**

Unsecured Term Loan from Bank (in Foreign Currency)	-	1,256.78
Advance against Share Application Money (Refer Note 10.2 & 35)	<b>9,748.81</b>	-
Recalled Long Term Borrowings including Interest (Secured) (Refer Note 10.3, 35 & 36)	<b>7,813.87</b>	-
Recalled Unsecured Term Loan from Bank (in Foreign Currency) (Refer Note 10.4, 35 & 36)	<b>2,168.69</b>	-
Recalled Short Term Borrowings including Interest (Secured) (Refer Note 10.5,35 & 36)	<b>50,490.65</b>	-
Short Term Loan from Others (Refer Note 8.2)	<b>150.00</b>	-
Interest accrued but not due on Borrowings	<b>205.20</b>	1,915.77
Interest accrued and due on Borrowings (Refer Note 10.6 & 35)	<b>20,465.55</b>	3,340.29
Unclaimed Dividends	<b>7.42</b>	7.53
Advances received from Related Party	<b>10,062.07</b>	7,207.05
Debentures Redemption Premium Payable (Refer Note 10.1, 30 & 35)	<b>3,932.73</b>	3,932.73
Payables for Expenses	<b>920.95</b>	314.47
Payables for Capital Goods	<b>245.58</b>	305.52
Other Liabilities		
Statutory Dues Payable (Refer Note 35)	<b>3,101.43</b>	1,369.34
Other payables*	<b>1,344.81</b>	1,127.69
<b>Total</b>	<b>164,310.10</b>	<b>72,691.63</b>

\*Other Payables include Advances/deposits received from customers/dealers and an amount payable to employees.

**Notes :**

**Nature of Security and Terms of Repayment for Long Term Borrowings:**

(₹ in lacs)

Nature of Security / Terms of Repayment / Applicable Rate of Interest		Current Year As at 31.03.2013	Previous Year As at 31.03.2012
<b>10.1</b>	<b>Redeemable Debentures</b>		
	Non-Convertible Debentures (NCDs) amounting to ₹ 26,406.06 lacs (including redemption premium) payable on 31 <sup>st</sup> March, 2013 issued to India Debt Management Pvt. Ltd. are secured by first <i>pari passu</i> charge on all the Fixed Assets of the Company and on all the Fixed Assets of Reid & Taylor (India) Ltd., simple mortgage on the property situated at Mehsana, Gujarat, pledge of promoter's shares held in the Company, pledge on entire shareholding (present and future) held by Sansar Holding Inc. in the Company, non-disposal undertaking for "Reid & Taylor" trade mark and first <i>pari passu</i> charge on brands held by Company except "S.Kumars" brand. Current interest rate is 19.0% p.a. There is delay in repayment of NCDs and interest thereon for a period of six months. The NCDs are recalled on 3 <sup>rd</sup> January, 2013. (Previous Year ₹ Nil).	<b>15,078.81</b>	15,078.81
	<b>Total</b>	<b>15,078.81</b>	15,078.81

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

Nature of Security / Terms of Repayment / Applicable Rate of Interest		Current Year As at 31.03.2013	Previous Year As at 31.03.2012
<b>10.2</b>	<b>Advance against Share Application Money</b> During the year the lenders of the Company to whom equity shares of the Company were pledged by the promoters as a collateral security (in addition to the security of Fixed and Current Assets of the Company) have invoked and/or sold the shares pledged to them and adjusted the proceeds amounting to ₹ 9,748.81 lacs against the dues owed by the Company. The amount of funds so realized by them by the invocation/sale of shares has been treated as amount advanced by the promoters to the Company as advance against share application money for the issue of equity shares to the promoters after due completion of the required formalities and approvals.	<b>9,748.81</b>	-
	<b>Total</b>	<b>9,748.81</b>	-
<b>10.3</b>	<b>Recalled Long Term Borrowings including Interest (Secured)</b> Secured by first <i>pari passu</i> charge on the Fixed Assets (excluding assets having specific charge) of the Company, and second <i>pari passu</i> charge on Current Assets of the Company, both present and future. The Loan was repayable in 6 EQI starting from September 2013 to December 2014. The applicable interest rate is 14.6% p.a. There is delay in interest payment for a period of three months. Further this facility has been recalled by lender on 16 <sup>th</sup> May, 2013. (Previous Year ₹ Nil)	<b>7,813.87</b>	-
	<b>Total</b>	<b>7,813.87</b>	-
<b>10.4</b>	<b>Recalled Unsecured Term Loan from Bank (in foreign currency)</b> This loan has been recalled by lender on 31 <sup>st</sup> December 2012. The applicable interest rate is 0.50% p.a.	<b>2,168.69</b>	-
	<b>Total</b>	<b>2,168.69</b>	-
<b>10.5</b>	<b>Recalled Short Term Borrowings including Interest (Secured)</b>		
(a)	Working Capital loans from bank including interest accrued thereon of ₹ 4,921.63 lacs, are Secured primarily by first <i>pari passu</i> charge on Current Assets and second <i>pari passu</i> charge on Company's all movable and immovable properties. In addition to above, corporate guarantee from Anjaneya Holding Pvt. Ltd. and personal guarantee of Chairman & Managing Director have also been provided. Average Interest rate on above Working Capital loan is in the range of 15.20% to 16.45% p.a. There is delay in interest payment for a period of nine to ten months. This facility has been recalled by lender on 16 <sup>th</sup> May, 2013.	<b>1,633.59</b>	-
	This facility has been recalled by lender on 13 <sup>th</sup> May, 2013.	<b>4,404.92</b>	-
	This facility has been recalled by lender on 28 <sup>th</sup> December, 2012.	<b>16,050.62</b>	-
	This facility has been recalled by lender on 6 <sup>th</sup> March, 2013.	<b>17,010.01</b>	-
(b)	Short Term Loan including interest accrued thereon of ₹ 1,391.51 lacs, is secured by first <i>pari passu</i> charge on all Fixed Assets of the Company (excluding exclusively charged Fixed Assets), second <i>pari passu</i> charge on exclusively charged Fixed Assets, second <i>pari passu</i> on all Current Assets, both present and future, Demand Promissory Note, personal guarantee of Chairman & Managing Director along with pledge of Equity shares held by the Company in Reid & Taylor (India) Ltd. The applicable interest rate is 15% p.a. There is delay in interest payment for a period of nine months. Further this facility has been recalled by lender on 5 <sup>th</sup> November, 2012. (Previous Year ₹ Nil)	<b>11,391.51</b>	-
	<b>Total</b>	<b>50,490.65</b>	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

Nature of Security / Terms of Repayment / Applicable Rate of Interest		Current Year As at 31.03.2013	Previous Year As at 31.03.2012
<b>10.6</b>	<b>Interest accrued and due on all borrowings including debentures</b>		
	There is delay in Interest payment of ₹ 20,465.55 lacs for a period of one to eleven months (Previous year ₹ 3,340.29 lacs for a period of one to three months, out of which ₹ 1,659.04 lacs have since been paid), out of which ₹ 365.45 Lacs have since been paid.	<b>20,465.55</b>	3,340.29
	<b>Total</b>	<b>20,465.55</b>	<b>3,340.29</b>

(₹ in lacs)

Current Year As at 31.03.2013	Previous Year As at 31.03.2012
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**NOTE 11 - SHORT TERM PROVISIONS**
**(a) Provision for Employee Benefits [Refer Note 1 (xiii) & 48]**

Gratuity (Funded)	<b>227.38</b>	175.80
Leave Encashment (Unfunded)	<b>60.33</b>	64.00

**(b) Others**

Provision for Taxation (Net of Advance Tax and MAT Credit utilised ₹ 12,247.74 lacs, Previous Year ₹ 14,003.45 lacs) [Refer Note 1 (xx)]	<b>4,515.01</b>	4,533.62
Provision for FBT (Net of Advance Tax ₹ 69.21 lacs, Previous Year ₹ 69.21 lacs)	<b>1.55</b>	1.55
Proposed Preference Dividend	-	31.65
Tax on Proposed Preference Dividend	-	5.26
Proposed Equity Dividend	-	2,974.03
Tax on Proposed Equity Dividend	-	493.95
<b>Total</b>	<b>4,804.27</b>	<b>8,279.86</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**
**NOTE 12 - FIXED ASSETS**

[Refer Note 1(iv), 1(v), 1(vi), 1(vii), 1(viii), 1(xvi) and 33(b)]

(₹ in lacs)

Particulars	Gross Block			Accumulated Depreciation					Net Block		
	Balance as at 01.04.2012	Additions	(Disposals)	Balance as at 31.03.2013	Balance as at 01.04.2012	Depreciation/Amortisation Charge for the year	Adjustment due to Revaluations	On Disposals/Adjustments	Balance as at 31.03.2013	Balance as at 31.03.2013	Balance as at 31.03.2012
<b>Not under lease, unless stated otherwise</b>											
<b>a Tangible Assets</b>											
Land											
Freehold	777.07	-	-	777.07	-	-	-	-	-	777.07	777.07
Leasehold	826.53	-	-	826.53	2.93	0.16	-	-	3.09	823.44	823.60
Buildings	14,658.45	17.03	(9.79)	14,665.69	1,863.53	435.42	17.68	(0.41)	2,316.22	12,349.47	12,794.92
Plant and Equipment	126,508.18	2,216.98	(159.58)	128,565.58	35,903.28	11,652.42	-	(156.07)	47,399.63	81,165.95	90,604.90
Furniture and Fixtures	2,457.44	159.87	(464.26)	2,153.05	511.07	357.73	-	(460.62)	408.18	1,744.87	1,946.37
Vehicles	1,408.21	-	(492.18)	916.03	519.06	106.28	-	(223.69)	401.65	514.38	889.15
Office Equipment	502.23	29.09	(1.29)	530.03	92.28	23.57	-	(0.84)	115.01	415.02	409.95
Leasehold Improvements	1,006.53	79.33	-	1,085.86	313.37	235.61	-	-	548.98	536.88	693.16
Computers	515.33	4.37	(13.69)	506.01	350.77	59.91	-	(9.83)	400.85	105.16	164.56
<b>Total</b>	<b>148,659.97</b>	<b>2,506.67</b>	<b>(1,140.79)</b>	<b>150,025.85</b>	<b>39,556.29</b>	<b>12,871.10</b>	<b>17.68</b>	<b>(851.46)</b>	<b>51,593.61</b>	<b>98,432.24</b>	<b>109,103.68</b>
<i>Previous year Total</i>	<i>106,725.00</i>	<i>41,958.26</i>	<i>(23.29)</i>	<i>148,659.97</i>	<i>30,333.33</i>	<i>9,216.38</i>	<i>17.68</i>	<i>(11.10)</i>	<i>39,556.29</i>	<i>109,103.68</i>	
<b>b Intangible Assets</b>											
Computer Software	68.30	4.35	-	72.65	46.57	6.07	-	-	52.64	20.01	21.73
<b>Total</b>	<b>68.30</b>	<b>4.35</b>	<b>-</b>	<b>72.65</b>	<b>46.57</b>	<b>6.07</b>	<b>-</b>	<b>-</b>	<b>52.64</b>	<b>20.01</b>	<b>21.73</b>
<i>Previous year Total</i>	<i>68.30</i>	<i>-</i>	<i>-</i>	<i>68.30</i>	<i>41.02</i>	<i>5.55</i>	<i>-</i>	<i>-</i>	<i>46.57</i>	<i>21.73</i>	
<b>c Capital Work in Progress</b>											
											2,363.63

**Notes :-**

1 Gross Block includes certain fixed assets for which revaluation was carried out as on 30<sup>th</sup> September, 1997, by the valuer. The amounts of revalued fixed assets are as under :-

	Current Year	Previous Year
a) Freehold Land	₹ 695.58 lacs	₹ 695.58 lacs
b) Building	₹ 642.83 lacs	₹ 642.83 lacs
c) Plant & Machinery	₹ 2,484.50 lacs	₹ 2,484.50 lacs

2 Based on the internal estimates and assessments, the management is of the opinion that there is no impairment in relation to its assets and hence no provision is considered necessary.

3 During the year the Company has capitalized interest of ₹ 2,167.54 (Previous Year ₹ 1,415.41 Lacs) which has been paid to TUFs Lenders. The borrowing was exclusively used for the HVFC/HT project, process house & stitching unit at Jhagadia and weaving unit at Dewas.

4 Out of the above leasehold improvements, no lease agreement has been renewed for an amount to ₹ 536.88 lacs (Net WDV). These assets have been depreciated on the basis of previous lease period. The management is of the view that the lease agreement would be renewed soon. (Previous year ₹ Nil)

(₹ in lacs)

	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
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**NOTE 13 - NON CURRENT INVESTMENTS**
**Trade Investments [Refer Note 13.1 and 1(xv)]**

Investment in Equity instruments	54,243.85	51,681.63
(-) Provision for Diminution in the value of Investments (Refer note 28 and 35)	32,257.17	-
<b>Total (A)</b>	<b>21,986.68</b>	<b>51,681.63</b>

**Other Non-Trade Investments [Refer Note 13.2 and 1(xv)]**

Investment in Equity instruments	4.95	4.95
(-) Provision for Diminution in the value of Investments	-	-
<b>Total (B)</b>	<b>4.95</b>	<b>4.95</b>
<b>Total (A+B)</b>	<b>21,991.63</b>	<b>51,686.58</b>

Aggregate amount of quoted investments (Market value of ₹ 41 lacs)  
(Previous Year ₹ 120 Lacs)

Aggregate amount of unquoted investments

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**
**13.1 Details of Trade Investments**

(₹ in lacs)

Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (Rs.)			Whether stated at Cost Yes / No	If Answer to Column (13) is 'No' - Basis of Valuation	
		2013	2012			2013	2012	2013					2012
								Investment at Cost	Provision (if any)	Net Investment			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(9)-(10)=11	(12)	(13)	(14)
<b>Investment in Equity Instruments</b>													
Reid & Taylor (India ) Ltd., Equity Shares of ₹ 10 each (Refer Note 31)	Subsidiary	75,601,344	100,125,000	Unquoted	Fully Paid	56.17	74.39	4,005.00	-	4,005.00	4,005.00	Yes	NA
SKNL Italy S.p.A, Equity shares of Euro 1 each	Wholly owned foreign Subsidiary	18,200,000	18,200,000	Unquoted	Fully Paid	100.00	100.00	12,719.67	-	12,719.67	12,147.64	Yes	NA
SKNL International B.V, Equity shares of Euro 1 each	Wholly owned foreign Subsidiary	4,964,910	4,964,910	Unquoted	Fully Paid	100.00	100.00	35,612.87	32,257.17	3,355.70	33,622.68	No	Refer Note 28
SKNL Europe B.V, Equity shares of Euro 1 each	Wholly owned foreign Subsidiary	2,573,604	2,573,604	Unquoted	Fully Paid	100.00	100.00	1,801.31	-	1,801.31	1,801.31	Yes	NA
Brandhouse Retails Ltd., Equity Shares of ₹ 10 each	Having Significant influence	1,000,000	1,000,000	Quoted	Fully Paid	0.19	0.19	100.00	-	100.00	100.00	Yes	NA
Belmonte Retails Ltd., Equity Shares of ₹ 10 each	Subsidiary	50,000	50,000	Unquoted	Fully Paid	100.00	100.00	5.00	-	5.00	5.00	Yes	NA
<b>Total</b>								<b>54,243.85</b>	<b>32,257.17</b>	<b>21,986.68</b>	<b>51,681.63</b>		

**13.2 Details of Other Non-Trade Investments**

(₹ in lacs)

Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)			Whether stated at Cost Yes / No	If Answer to Column (13) is 'No' - Basis of Valuation	
		2013	2012			2013	2012	2013					2012
								Investment at Cost	Provision (if any)	Net Investment			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(9)-(10)=11	(12)	(13)	(14)
<b>Investment in Equity Instruments</b>													
Anjaneya Foundation, Equity Shares of ₹ 10 each	Subsidiary	49,500	49,500	Unquoted	Fully Paid	99.00	99.00	4.95	-	4.95	4.95	Yes	NA
<b>Total</b>								<b>4.95</b>	<b>-</b>	<b>4.95</b>	<b>4.95</b>		

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**
*(₹ in lacs)*

	<b>Current Year As at 31.03.2013</b>	Previous Year As at 31.03.2012
<b>NOTE 14 - LONG TERM LOANS AND ADVANCES</b>		
Unsecured, considered good, unless stated otherwise		
a. Capital Advances [Refer Note 33(a) and 35]	<b>54,725.89</b>	56,661.53
b. Security Deposits	<b>322.05</b>	644.61
c. <b>Other Loans and Advances</b>		
Loan and Advances to Staff	<b>33.71</b>	70.44
Advance Recoverable in Cash or Kind for value to be received	<b>97.65</b>	620.58
Prepaid Expenses	<b>60.60</b>	209.56
Service Tax Receivable	<b>162.25</b>	203.52
VAT Receivable	<b>-</b>	69.29
<b>Total</b>	<b><u>55,402.15</u></b>	<b><u>58,479.53</u></b>

**NOTE 15 - OTHER NON CURRENT ASSETS**

Unsecured, considered good, unless stated otherwise

**Others**

Fixed Deposits (assigned against 0.01% Redeemable Preference Shares) (Refer Note 29)	-	2,693.29	
Interest Receivable on Fixed deposits (assigned against 0.01% Redeemable Preference Shares) (Refer Note 29)	-	-	<u>1,933.13</u>
Bank Deposits against Margin Money	<b>80.97</b>		125.27
Interest Receivable on Fixed Deposit with Banks	<b>28.87</b>		<u>20.96</u>
<b>Total</b>	<b><u>109.84</u></b>		<b><u>4,772.65</u></b>

**NOTE 16 - INVENTORIES**
**(As taken, valued and certified by the Management)**
**Valued at Lower of Cost and Net Realisable Value [Refer Note 1 (ix) and 33(b)]**

a. Raw Materials and Components		<b>52,099.21</b>	45,283.41
b. Work-in-Progress		<b>23,906.16</b>	22,179.78
c. Finished Goods	<b>55,727.26</b>		48,323.10
Goods-in transit	-	<b>55,727.26</b>	<u>147.50</u>
d. Stores and Spares, Fuel and Packing Materials		<b>325.21</b>	<u>276.66</u>
<b>Total</b>		<b><u>132,057.84</u></b>	<b><u>116,210.45</u></b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	<b>Current Year</b>		<b>Previous Year</b>
	<b>As at 31.03.2013</b>		<b>As at 31.03.2012</b>
<b>NOTE 16.1</b>			
<b>Raw Material</b>			
Grey Fabrics	43,361.47		37,071.58
Fabric for Garments	8,391.03		7,607.21
Yarn	346.71		578.59
Fibre	-	52099.21	26.03
			45,283.41
<b>Work-in-Progress</b>			
Fabrics		23,906.16	22,179.78
<b>Finished Goods</b>			
Fabrics	55,367.44		46,610.62
Garments/Made-ups	359.82	55,727.26	1,859.98
			48,470.60
<b>Stores and spares, fuel and packing materials</b>		325.21	276.66
<b>Total</b>		<b>132,057.84</b>	<b>116,210.45</b>

**NOTE 17 - TRADE RECEIVABLES**

Trade Receivables outstanding for a period less than six months from the date they are due for payment [Refer Note 33(a) &amp; 40]

[Refer Note 33(a) &amp; 40]

Unsecured, considered good

164,030.15

141,635.64

164,030.15

141,635.64

Trade Receivables outstanding for a period exceeding six months from the date they are due for payment [Refer Note 33(a) &amp; 40]

[Refer Note 33(a) &amp; 40]

Unsecured, considered good

19,386.43

7,740.39

Unsecured, considered doubtful

743.63

157.21

Less: Provision for Doubtful Receivables

(743.63)

(157.21)

19,386.43

7,740.39

19,386.43

7,740.39

**Total**
**183,416.58**
**149,376.03**
**NOTE 18 - CASH AND BANK BALANCES**
**a. Cash and Cash Equivalents [Refer Note 1(x)]**

Cash on Hand

4.45

4.19

With Banks

in Current Accounts

141.91

146.36

47.48

51.67

**b. Other Bank Balances**

Bank Deposit against Margin Money (with maturities more than 3 months and less than 12 months)

87.13

204.50

Bank Deposits against Bank Guarantees (with maturities more than 3 months and less than 12 months)

70.92

238.80

with Bank (Earmarked for Dividend)

7.42

7.53

Earmarked Balances (DSRA)\*

-

577.50

1,028.33

**Total**
**311.83**
**1,080.00**

\*Earmarked Balances (DSRA) with EXIM bank are fully utilised for servicing of interest on Secured Term Loan during the year.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	<b>Current Year</b>		<b>Previous Year</b>
	<b>As at 31.03.2013</b>		<b>As at 31.03.2012</b>
<b>NOTE 19 - SHORT TERM LOANS AND ADVANCES</b>			
Unsecured, considered good, unless stated otherwise			
Advances to Related Party			
Subsidiary - Anjaneya Foundation (Section 25 Company)	41.35		41.35
Advances Recoverable in Cash or Kind for value to be received [Refer Note 33 (a) and 35]			
Unsecured, considered good	20,691.52		19,870.24
Unsecured, considered doubtful	1,502.88		31.19
(-) Provision for Doubtful Advances	<u>(1,502.88)</u>	20,691.52	<u>(31.19)</u>
<b>Others</b>			
Deposits	158.90		9.64
Prepaid Expenses	253.46		476.11
Loan and Advances to Staff	31.96		51.96
Cenvat Receivable	114.36		154.33
VAT Receivable	68.57		-
Export Incentives	14.49	641.74	63.76
<b>Total</b>	<u>21,374.61</u>		<u>20,667.39</u>

**NOTE 20 - OTHER CURRENT ASSETS**

Interest Receivable on TUF Loan	22.86		2,759.98
Interest Receivable on Fixed Deposit with Banks	-		59.49
<b>Total</b>	<u>22.86</u>		<u>2,819.47</u>

(₹ in lacs)

	<b>Current Year</b>		<b>Previous Year</b>
	<b>ended 31.03.2013</b>		<b>ended 31.03.2012</b>
<b>NOTE 21 - REVENUE FROM OPERATIONS</b>			
Sale of Products [Refer Note 1(xi)(a)&(b)]	338,262.52		350,779.62
Sale of Services [Refer Note 1(xi)(c)]	1,367.58		657.25
Other Operating Revenue			
Export Benefits	27.09		87.28
Sale of Scrap	42.88		63.11
<b>Revenue from Operations (Gross)</b>	<u>339,700.07</u>		<u>351,587.26</u>
(-) Excise Duty	111.80		441.21
<b>Revenue from Operations (Net)</b>	<u>339,588.27</u>		<u>351,146.05</u>

**NOTE 21.1 - SALE OF PRODUCTS AND SERVICES**
**a) Sale of Products [Refer Note 1(xi)(a) & (b)]**

Fabrics	287,997.68		301,689.10
Grey	102.96		148.50
Yarn	36.78		1,769.42
Fibre	17.41		-
Garments/Made-ups	50,107.69		47,172.60
	<u>338,262.52</u>		<u>350,779.62</u>

**b) Sale of Services [Refer Note 1(xi) (c)]**

Conversion Charges	1,367.58		657.25
<b>Total</b>	<u>339,630.10</u>		<u>351,436.87</u>

Note : Excise Duty on Sales amounting to ₹ 111.80 lacs (Previous year ₹ 441.21 lacs) has been reduced from Sales in Statement of Profit & Loss and Excise Duty on Increase or Decrease in Inventories has been charged to Manufacturing Expenses.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013***(₹ in lacs)*

	<b>Current Year ended 31.03.2013</b>	Previous Year ended 31.03.2012
<b>NOTE 22 - OTHER INCOME</b>		
Interest Income [Refer Note 1(xi) (d)]	63.58	63.08
Other Non Operating Income	2.39	50.02
Liability no longer required	94.59	24.47
<b>Total</b>	<b>160.56</b>	<b>137.57</b>

**NOTE 23 - COST OF MATERIALS CONSUMED**

Opening Inventory	45,283.41	36,477.67
(+) Purchases	275,264.60	267,647.49
(-) Closing Inventory	52,099.21	45,283.41
<b>Total</b>	<b>268,448.80</b>	<b>258,841.75</b>

**NOTE 23.1 - DETAILS OF MATERIALS CONSUMED**

Fibre	39.07	1,363.90
Yarn	5,634.75	4,701.63
Grey Fabric	228,386.82	225,637.09
Fabric for Garments	34,388.16	27,139.13
<b>Total</b>	<b>268,448.80</b>	<b>258,841.75</b>

**NOTE 24 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

Closing Inventory of :			
- Semi-finished Fabrics	23,906.16	22,179.78	
- Finished Fabrics	55,367.44	46,610.62	
- Garments and Made-ups	359.82	1,859.98	70,650.38
Opening Inventory of :			
- Semi-finished Fabrics	22,179.78	17,935.19	
- Finished Fabrics	46,610.62	37,317.67	
- Garments and Made-ups	1,859.98	2,106.42	57,359.28
<b>(Increase)/Decrease inventories</b>	<b>(8,983.04)</b>	<b>(13,291.10)</b>	

**NOTE 25 - EMPLOYEE BENEFITS EXPENSES**

Salaries and Incentives	5,419.68	8,276.03
Contributions to -		
(i) Provident Fund	337.91	381.27
(ii) ESIC Fund	54.57	56.55
Gratuity Expenses	76.14	64.29
Staff Welfare Expenses	37.47	66.50
<b>Total</b>	<b>5,925.77</b>	<b>8,844.64</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
<b>NOTE 26 - FINANCE COSTS</b>		
Interest Expenses	52,400.06	39,239.94
Other Borrowing costs	589.23	1,115.56
Net (Gain)/Loss on Foreign Currency transactions and translation	41.55	154.64
<b>Total</b>	<b>53,030.84</b>	<b>40,510.14</b>
<b>NOTE 27 - OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Conversion Charges	2,193.08	2,110.02
Freight and Octroi	249.79	377.58
Water, Power & Fuel	2,734.87	2,054.24
Stores and Spares	287.67	266.51
Excise and Entry Tax	119.78	337.09
Other Materials/ Expenses	484.48	628.18
Insurance	38.05	25.36
<b>Total (A)</b>	<b>6,107.72</b>	<b>5,798.98</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Rent (Refer Note 32)	452.45	778.12
Rates & Taxes	92.60	149.76
Repairs and Maintenance		
- to Buildings	34.04	37.41
- to Machinery	7.06	12.28
- to Others	45.87	54.68
Travelling Expenses	190.72	388.89
Electricity Charges	63.26	71.14
Vehicles Maintenance	166.94	176.80
Directors' Sitting Fees	12.37	15.50
Remuneration to Auditors		
- Audit Fees	47.91	38.61
- Other Services	23.98	35.68
- Reimbursement of Expenses	2.53	2.59
Bank Charges	592.95	660.28
Conveyance Expenses	50.36	55.16

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	<b>Current Year ended 31.03.2013</b>	Previous Year ended 31.03.2012
Legal & Professional Charges	386.50	571.57
Listing Fees	6.29	6.15
Printing and Stationery	44.65	116.30
Telephone Expenses	62.07	109.51
Postage and Telegrams	35.64	53.61
Sales Tax	4.26	1.64
License and Registration Fees	140.09	101.34
Balances not Recoverable Written Off [Refer Note 33 (a)]	1,974.16	0.01
Provision for Doubtful Receivables / Amounts not Recoverable [Refer Note 33 (a)]	2,089.30	-
Loss on Sale of Assets (Net)	130.76	6.11
Service Tax	13.67	2.80
Exchange Rate Fluctuation (Net)	174.79	397.19
Other Miscellaneous Expenses	23.40	615.25
<b>Total (B)</b>	<u>6,868.62</u>	<u>4,458.38</u>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Dealers Incentives	270.12	522.34
Discounts, Rebates and Allowances	2,489.80	3,641.28
Commission and Brokerage	441.54	897.10
Conference/Publicity and Business Promotion Expenses	374.34	3,102.08
Other Selling Expenses	627.64	813.47
<b>Total (C)</b>	<u>4,203.44</u>	<u>8,976.27</u>
<b>Total (A + B + C)</b>	<u>17,179.78</u>	<u>19,233.63</u>

28. (a) On 19<sup>th</sup> October, 2012 HMX Poland sp. Z.o.o., and its subsidiary, HMX Acquisition Corp., alongwith step down subsidiaries have filed Voluntary Petition under Chapter 11 with the United States Bankruptcy Court. Consequent to the above, the assets, brands and business of HMX Acquisition Corp. were sold through a bidding process motion filed with the Bankruptcy Court.

(b) SKNL (UK) Ltd., a subsidiary of the Company has, subsequent to the cessation of the Licence Agreement for the usage of DKNY Brand with Donna Karan Studio LLC., New York, filed a winding up petition in the High Court of Justice, Chancery Division, Companies Court, UK.

The Company has therefore, made a provision for diminution in the value of the investments amounting to ₹ 32,257.17 lacs in respect of the investments earlier made through a structure of holding companies and written back amount payable to SKNL (UK) Ltd. of ₹ 3,176.68 lacs.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

29. The Company, as per the approval for exit from Corporate Debt Restructuring (CDR), had kept in Fixed Deposits ₹ 5,554.37 lacs with a Bank which was equivalent to the Net Present Value (NPV) of 0.01% Redeemable Preference Shares and Funded Interest Term Loan (FITL) redeemable/payable in the future. During the year the Bank has withdrawn prematurely the above Fixed Deposits and utilized the proceeds to adjust their current dues. Hence, the proportionate gain (between the NPV and the face value of Preference Shares and FITL) amounting to ₹ 3,334.14 lacs booked at the time of CDR exit has been reversed during the year and accounted as an Exceptional Expense.
30. (a) India Debt Management Private Ltd. and IDBI Trusteeship Services Ltd. (Security Agents) have filed an interlocutory application No. 3 before the Hon'ble Vacation Court at Mysore, and the Hon'ble Vacation Judge has granted an ex-parte order for temporary injunction, restraining Reid & Taylor (India) Ltd. (RTIL) & the Company from selling, transferring, alienating, encumbering, creating any third party rights on the mortgaged properties of RTIL till 8<sup>th</sup> August, 2013. The above matter is being challenged and defended by the Company and other lenders.
- (b) The Company had given a corporate guarantee for the purpose of loan taken by Brandhouse Retails Ltd. (BHRL) and the same has been invoked on 26<sup>th</sup> March, 2013. The outstanding balance of the loan in the books of BHRL as on 31<sup>st</sup> March, 2013 stands at ₹ 10,237.99 lacs.
31. The Company has availed a Short Term Loan facility of ₹ 10,000 Lacs from IL&FS Financial Services Ltd. (IL&FS) as per the sanction letter dated 24<sup>th</sup> August, 2011 against the security of 26% (3,49,95,838 shares) Unquoted Equity Shares held by the Company in its subsidiary Reid & Taylor (India) Ltd. (RTIL). The lender has, on 31<sup>st</sup> March, 2013 invoked 2,45,23,656 shares pledged to them and adjusted the proceeds, calculated by them, towards the principal and interest due on the above Short Term Loan facility, amounting to ₹ 11,691.51 lacs. IL&FS, vide their letter dated 15<sup>th</sup> April, 2013 has intimated to the Company to pay holding cost on the Loan so adjusted by them @ 15% p.a. The Company, therefore, continues to show the full liability of the Short Term Loan availed from the Lender. Consequently, the investment in the equity shares of RTIL is shown at cost on the asset side without giving impact to the invocation.
32. As per Accounting Standard – 19 “Leases”, the total of future minimum lease payment commitments under operating non cancellable operating lease agreements for a period of 1 to 5 years to use offices, warehouses and guest house, are as under:

(₹ in lacs)

Period	As at 31.03.2013	As at 31.03.2012
i) not later than one year	130.01	Nil
ii) later than one year but not later than five years	Nil	Nil
iii) later than five years	Nil	Nil

The above amounts are exclusive of taxes and duties. During the year, the Company has incurred an expense of ₹ 502.10 lacs (Previous year ₹ 778.12 lacs) as rent in respect of cancellable leases.

33. (a) The confirmation, reconciliation and adjustment of balances pertaining to trade receivables and payables through the accounts of collecting agents, loans & advances and capital advances is an ongoing process and additionally, to the extent possible, significant portion of the outstanding balances as at the Balance Sheet date are independently confirmed. Based on the above, during the year, the Company has identified and made provision amounting to ₹ 4,063.46 lacs for unconfirmed/ non-recoverable balances. As regards the outstanding trade receivables, loans & advances and capital advances, the Company is of the opinion that the same are fully recoverable and consequential adjustments and provisioning, if any, are not likely to be material given the nature and size of its operations.
- (b) The Company has a regular programme of verification of fixed assets including capital work in progress, wherein all fixed assets are verified once in a period of three years. The Company maintains proper records of fixed assets and the same are in the process of being updated for the period after 31<sup>st</sup> March, 2011. Based on the verification of fixed assets during the year vis-à-vis the underlying records, the Company has impaired assets amounting to ₹ 226.25 lacs. Further, the inventories, including those lying with third parties aggregating ₹ 129,352.30 lacs are physically verified

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

by the Management. Based on such verification during the year, the Company has written down inventories amounting to ₹ 344.26 lacs. In view of the verification process consistently followed, as regards the fixed assets, capital work in progress and inventories as at the Balance Sheet date, the Company is of the opinion that the same are fully realizable and consequential adjustments and write down/ impairment, if any, are not likely to be material given the nature and size of its operations.

34. The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments and home textiles. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one business segment i.e. Textiles and as such there are no separate reportable segments for the purpose of disclosures as required under Accounting Standard - 17 “Segment Reporting”.
35. The Company is facing a mismatch in its cash flows mainly on account of the delay in the planned Initial Public Offer of shares of Reid & Taylor (India) Ltd. (RTIL) and offer for sale of shares held by the Company in RTIL. The Company had invested in Overseas Businesses - HMX in the US and joint venture with DKNY in the UK, mainly from debt funds and during the year the Company had to make provisions of ₹ 32,257.17 lacs for write off of these overseas investments as well as receivables due from them. (Refer to Note 28 in this regard). Considering the expansion plan for projects and business operations, the Company has extended advances to suppliers for capital goods amounting to ₹ 54,725.89 lacs and suppliers of goods amounting to ₹ 20,627.62 lacs, however, due to cash flow constraints expansion plans have been kept on hold till further cash flows are augmented. The Company has not been able to raise the assessed working capital limits thereby creating further constraints in the cash flows of the Company. The above reasons have affected the timely servicing of dues to the lenders and resulted in some delays in the payment of statutory dues. Consequently, loans aggregating ₹ 82,946.55 lacs have been recalled and the related securities have been invoked by the concerned lenders. The Company is in the process of making necessary arrangements to obtain adequate financial resources for managing its day to day operations and discharging its liabilities as and when due. In the event, the required financial resources are not raised on a timely basis and/ or the debts of the Company are not restructured in tune with cash flows, the operations of the Company may get impacted thereby, affecting the assumptions of going concern.
36. Few of the creditors/ lenders of the Company have sent legal notices or recalled their loans or filed legal cases for recovery of the money due to them. The liabilities due to these creditors/ lenders have been fully reflected in the financial accounts and the Company does not anticipate any additional liability in this respect.
37. The Garment Factory situated at Bengaluru has temporarily been shut down since February 2013, due to labour unrest. Consequently, the books of accounts of the said factory couldn't be accessed. The financial statements include assets, liabilities, income and expenditure for the said factory amounting to ₹ 435.42 lacs, ₹ 379.37 lacs, ₹ 162.60 lacs and ₹ 594.23 lacs respectively, prepared by the Management on the best estimate basis as per the financial results subjected to Ltd. review till 31<sup>st</sup> December, 2012. These amounts have not been subjected to audit. The Company is of the opinion that the consequential adjustments, if any, are not likely to be material given the nature and size of its operations.
38. IDBI Bank Ltd. has rescheduled, the Term Loans and Working Capital Facilities given by them with cut-off-date, 1<sup>st</sup> October, 2012 and converted the outstanding dues into Funded Interest Term Loan (FITL) and Working Capital Term Loan (WCTL). The Bank has also rescheduled the repayment of the principal and servicing of interest thereon with a moratorium of one year. The effect of the same has been carried out in the books.

**39. Disclosure as per clause 32 of the Listing agreement:**

Loans and Advances in the nature of loans given to Subsidiaries, Associates and Others :

Name of the Company	:	Anjaneya Foundation
Relationship	:	Subsidiary (Sec 25) Company
Amount outstanding as at 31.03.2013	:	₹ 41.35 lacs (Previous Year ₹ 41.35 lacs)
Maximum balance outstanding during the year	:	₹ 41.35 lacs (Previous Year ₹ 41.35 lacs)
Investment in Shares of the Company (No. of Shares)	:	49,500 Shares (Previous Year 49,500 Shares)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**40. Trade receivables and advances due from firms and companies in which Directors are/ were interested:**

(₹ in lacs)

Name of the Company	As at 31.03.2013	As at 31.03.2012
<b>(A) Trade Receivables:</b>		
Brandhouse Retails Ltd.	Nil	1,735.46
Leggiuno S.p.A.	693.93	550.51
HMX LLC	273.36	218.08
<b>Total</b>	<b>967.29</b>	<b>2,504.05</b>
<b>(B) Loans &amp; Advances:</b>		
Anjaneya Foundation	41.35	41.35
<b>Total</b>	<b>41.35</b>	<b>41.35</b>
<b>Grand Total</b>	<b>1,008.64</b>	<b>2,545.40</b>

**41. Related parties Disclosures required under Accounting Standard 18 -“Related Party Transactions”**

**(a) Related parties**

Sr. No.	Name of the Related Party	Relationship
1	Reid & Taylor (India) Ltd.	Subsidiary
2	Anjaneya Foundation	
3	Brandhouse Retails Ltd.	Enterprises over which Key Managerial Personnel are able to exercise significant influence
4	Brandhouse Oviessie Ltd.	
5	S. Kumars Enterprises (Synfabs) Ltd.	
6	S.Kumars Textiles Ltd.	
7	N’Essence Holdings Ltd.	
8	Rosewood Holdings Pvt. Ltd.	
9	Anjaneya Holdings Pvt. Ltd. (Formerly known as Anjani Finvest Pvt. Ltd.)	
10	Verve Properties & Investment Pvt. Ltd.	
11	Ingenious Finance & Investment Pvt. Ltd.	
12	Natty Finance & Investment Pvt. Ltd.	
13	S. K. Worsteds Pvt. Ltd.	
14	Tulja Enterprises Pvt. Ltd.	
15	Sansar Exim Pvt. Ltd.	
16	Chamundeshwari Mercantile Pvt. Ltd.	
17	Maverick Mercantile Pvt. Ltd.	
18	Chamundeshwari Trading & Finance Pvt. Ltd.	
19	SKNL Foundation	



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

Sr. No.	Name of the Related Party	Relationship
20	Belmonte Retails Ltd.	Wholly Owned Subsidiary
21	SKNL International B.V.	
22	SKNL Europe B.V.	
23	SKNL Italy S.p.A.	
24	SKNL Global Holdings B.V.	Wholly Owned Subsidiary of SKNL International B.V.
25	SKNL North America B.V.	Wholly Owned Subsidiary of SKNL Global Holdings B.V.
26	SKNL (UK) Ltd.	Subsidiary of SKNL Global Holdings B.V.
27	Global Apparel (US) Ltd.	Wholly Owned Subsidiary of SKNL (UK) Ltd.
28	Global Apparel (France) Ltd.	
29	7172931 Canada Ltd.	
30	Global Apparel (Hong Kong) Ltd.	
31	Leggiuno S.p.A.	Wholly Owned Subsidiary of SKNL Italy S.p.A.
32	Marling & Evans Ltd.	Subsidiary of Leggiuno S.p.A.
33	Remala Trading B.V.	Subsidiary of SKNL North America B.V.
34	Coppley Corp.	Wholly Owned Subsidiary of Remala Trading B.V.
35	HMX Poland sp. Z.o.o	
36	HMX Acquisition Corp.	Wholly Owned Subsidiary of HMX Poland sp Z.o.o
37	HMX Des Plaines LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
38	Quartet Real Estate LLC	
39	HMX LLC	
40	HMX DTC Co.	

**(b) Key Management Personnel**

Shri Nitin S. Kasliwal - Chairman and Managing Director

Shri Anil Channa - Deputy Managing Director

Shri Jagadeesh S. Shetty - Director - Finance and Group CFO

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**(c) Details of Transactions**

(₹ in lacs)

Nature of Transactions	As at 31.03.2013	As at 31.03.2012
<b>Purchases</b>		
Goods		
Reid & Taylor (India) Ltd.	516.93	116.03
<b>Total</b>	<b>516.93</b>	<b>116.03</b>
<b>Interest Expense on Term Loan</b>		
Reid & Taylor (India) Ltd.	2,323.56	2,690.01
<b>Total</b>	<b>2,323.56</b>	<b>2,690.01</b>
<b>Sales</b>		
Goods		
Leggiuno S.p.A.	130.35	509.58
Reid & Taylor (India) Ltd.	74.93	1,204.18
Brandhouse Retails Ltd. (Net of returns and discount)	26,858.94	23,255.31
HMX LLC	227.91	700.01
<b>Total</b>	<b>27,292.13</b>	<b>25,669.08</b>
Services		
Reid & Taylor (India) Ltd.	186.30	Nil
<b>Total</b>	<b>186.30</b>	<b>Nil</b>
Shared services		
Reid & Taylor (India) Ltd.	137.09	124.88
<b>Total</b>	<b>137.09</b>	<b>124.88</b>
<b>Investment</b>		
SKNL International B.V.	1,990.18	1,269.00
SKNL Itlay S.p.A.	572.03	Nil
<b>Total</b>	<b>2,562.21</b>	<b>1,269.00</b>
<b>Fixed Assets Sold</b>		
S. Kumars Textiles Ltd.	29.32	Nil
<b>Total</b>	<b>29.32</b>	<b>Nil</b>
<b>Advances given and received back</b>		
Anjaneya Holdings Pvt. Ltd.	Nil	1,190.00
S. Kumars Textiles Ltd.	Nil	50.00
<b>Total</b>	<b>Nil</b>	<b>1,240.00</b>
<b>Advances given</b>		
HMX LLC	Nil	507.22
<b>Total</b>	<b>Nil</b>	<b>507.22</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

<b>Nature of Transactions</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Advances Taken</b>		
Anjaneya Holdings Pvt. Ltd.	<b>9,079.47</b>	1,714.00
Chamundeshwari Mercantile Pvt. Ltd	<b>77.76</b>	Nil
Tulja Enterprises Pvt. Ltd.	<b>206.68</b>	Nil
Ingenious Finance & Investment Pvt. Ltd	<b>93.74</b>	Nil
Chamundeshwari Trading & Finance Pvt. Ltd.	<b>52.48</b>	Nil
Nitin S. Kasliwal	<b>150.24</b>	Nil
<b>Total</b>	<b>9,660.37</b>	1714.00
<b>Advances Repaid</b>		
Anjaneya Holdings Pvt. Ltd.	<b>629.69</b>	940.00
Nitin S. Kasliwal	<b>55.85</b>	Nil
<b>Total</b>	<b>685.54</b>	940.00
<b>Loan Repaid</b>		
Reid & Taylor (India) Ltd.	<b>Nil</b>	8,250.00
<b>Total</b>	<b>Nil</b>	8,250.00
<b>Balances Written Back</b>		
SKNL (UK) Ltd.	<b>3,176.68</b>	Nil
<b>Total</b>	<b>3,176.68</b>	Nil
<b>Outstanding at the year end</b>		
Trade Receivables – Refer Note 40 (A)	<b>967.29</b>	2,504.05
Trade Payable – SKNL (UK) Ltd.	<b>Nil</b>	4,225.15
– Brandhouse Retails Ltd.	<b>13.40</b>	Nil
Advances Receivable – Refer Note 40 (B)	<b>41.35</b>	41.35
Loan Taken – Reid & Taylor (India) Ltd.	<b>23,250.00</b>	23,250.00
Interest on Loan Taken – Reid & Taylor (India) Ltd.	<b>1,048.86</b>	Nil
Advances Payable – Reid & Taylor (India) Ltd.	<b>10,062.07</b>	7,207.05
Advances against Share Application Money -		
– Anjaneya Holdings Pvt. Ltd.	<b>9,223.78</b>	774.00
– Chamundeshwari Mercantile Pvt. Ltd.	<b>77.76</b>	Nil
– Tulja Enterprises Pvt. Ltd.	<b>206.68</b>	Nil
– Ingenious Finance & Investment Pvt. Ltd.	<b>93.74</b>	Nil
– Chamundeshwari Trading & Finance Pvt. Ltd.	<b>52.48</b>	Nil
– Nitin S. Kasliwal	<b>94.39</b>	Nil

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

Nature of Transactions	As at 31.03.2013	As at 31.03.2012
Investments		
– Reid & Taylor (India) Ltd.	4005.00	4005.00
– SKNL Italy S.p.A.	12,719.67	12,147.64
– SKNL Internationals B.V.*	3,355.70	33,622.68
– SKNL Europe B.V.	1,801.31	1,801.31
– Brandhouse Retails Ltd.	100.00	100.00
– Belmonte Retails Ltd.	5.00	5.00
– Anajaneya Foundation	4.95	4.95
<b>Managerial Remuneration</b>		
Nitin S. Kasliwal – Chairman and Managing Director	Nil	459.91
Anil Channa – Deputy Managing Director	Nil	140.35

\* Net of provision for Diminution in the value of Overseas Investments.

(Related party relationships are as identified by the Management and have been relied upon by the Auditor.

During the year, a Provision for Doubtful Receivables has been made for debts recoverable from HMX LLC amounting to ₹ 273.36 lacs).

**42. Value of Raw Materials, Spares and Components Consumed:**

(₹ in lacs)

Particulars	Current Year ended 31.03.2013		Previous Year ended 31.03.2012	
	%	Amount	%	Amount
<b>Raw Material / Fabric Purchases</b>				
Indigenous	99.98	2,68,389.46	100.00	2,58,818.63
Imported	0.02	59.34	0.00	23.12
<b>Total</b>	<b>100.00</b>	<b>2,68,448.80</b>	<b>100.00</b>	<b>2,58,841.75</b>

**43. Value of Imports on CIF Basis:**

(₹ in lacs)

Particulars	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
i) Raw Material	9.62	22.86
ii) Stores & Spares, Dyes and Chemicals	49.73	23.83
iii) Finished Fabrics	-	5,229.38
iv) Capital Goods	-	13.30

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**44. Expenditure in Foreign Currency (Accrual Basis):**

(₹ in lacs)

Particulars	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
Foreign Travelling	44.75	339.44
Interest	7.53	19.18
Professional Fees	28.92	107.34
Commission and Brokerage	-	124.81

**45. Earnings in Foreign Currency (Accrual Basis):**

(₹ in lacs)

Particulars	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
Exports (FOB Value)	436.48	6,692.53

**46. Computation of Earnings per share:**

Basic	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
Net Profit attributable to Equity Shareholders (Net of Preference Dividend and Tax on Preference Dividend) (₹ in lacs)	(41,416.55)	17,919.97
Weighted average number of Equity Shares of ₹ 10 each outstanding during the year (Nos. in lacs)	2,974.03	2,887.13
Basic Earnings per Share	₹ (13.93)	₹ 6.21

Diluted	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
Net Profit attributable to Equity Shareholders (Net of Preference Dividend and Tax on Preference Dividend) (₹ in lacs)	(41,416.55)	17,919.97
		(Nos. in lacs)
Number of shares outstanding on the beginning of the year	2,974.03	2,849.78
Add : Weighted average number of potential equity shares on conversion of Equity Warrants	Nil	37.35
Add : Weighted average number of potential equity shares on account of Employee Stock Options	1.10	2.73
Weighted average number of shares outstanding at the year end	2,975.13	2,889.86
Diluted Earnings per Share	₹ (13.92)	₹ 6.20

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**47. Particulars of Derivative Instruments**

- a. No derivative instruments are acquired for hedging purposes
- b. No derivative instruments are acquired for speculation purposes
- c. Foreign Currency exposures that are not hedged by derivative instruments or otherwise are:

*(figures in lacs)*

Particulars / Currency	As at 31.03.2013	As at 31.03.2012
<b>Unsecured Foreign Currency Loan</b>		
- Euro	<b>30.98</b>	30.87
- Equivalent to INR	<b>2,168.69</b>	2,119.79
<b>Receivables</b>		
- Euro	<b>9.92</b>	8.02
- Equivalent to INR	<b>694.13</b>	550.51
- USD	<b>0.01</b>	4.25
- Equivalent to INR	<b>0.59</b>	218.08
<b>Payables</b>		
- Euro	<b>0.00</b>	0.05
- Equivalent to INR	<b>0.09</b>	3.64

**48. The Company has adopted the Accounting Standard - 15 (Revised 2005) “Employee Benefits” effective from 1<sup>st</sup> April, 2007.**

The Company has classified the various benefits provided to employees as under:

**I. Defined Contribution Plans:**

- a. Provident Fund & Employees’ Pension Scheme 1995
- b. Employers’ Contribution to Employees’ State Insurance

The Company has recognised the following amounts in the Statement of Profit and Loss account:

*(₹ in lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
Employer’s contribution to Provident Fund & Pension Scheme	<b>337.91</b>	381.27
Employer’s contribution to Employees’ State Insurance	<b>54.57</b>	56.55

**II. Defined Benefit Plans:**

- a. Contribution to Gratuity Fund (Funded Scheme)
- b. Leave Encashment (Un-Funded Scheme)

In accordance with the Accounting Standard - 15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:

Particulars	As at 31.03.2013	As at 31.03.2012
Discount Rate (% per annum)	<b>8.25</b>	8.75
Rate of increase in compensation levels (% per annum)	<b>5</b>	5
% Rate of return on Plan Assets (for Funded Scheme)	<b>8.70</b>	8.60
Expected Average remaining working lives of the employees (years)	<b>17</b>	18

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**A. Change in the Present Value of Obligation:**

(₹ in lacs)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the beginning of the period	704.96	212.26	639.11	225.45
Interest Cost	61.68	-	59.14	-
Current Service Cost	66.76	64.38	94.28	75.28
Past Service Cost (Vested Benefit)	-	-	32.01	-
Benefits Paid	(94.18)	(101.48)	(33.18)	(88.47)
Actuarial (gain) / loss on Obligations	(11.94)	-	(86.40)	-
Present Value of Defined Benefit Obligation as at the end of the period	727.28	175.16	704.96	212.26

**B. Changes in the Fair Value of Plan Assets (For Funded Scheme):**

(₹ in lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Present Value of Plan Assets as at the beginning of the period	489.39	435.70
Expected Return on Plan Assets	42.08	37.70
Contributions	10.40	52.13
Benefits Paid	(93.88)	(33.18)
Actuarial gains / (losses)	(1.72)	(2.95)
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	446.27	489.39

**C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets:**

(₹ in lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Present Value of Funded Obligation as at the end of the period	727.28	704.96
Fair Value of Plan Assets as at the end of the period	446.27	489.39
Funded Asset recognised in the Balance Sheet included in provisions	-	-
Present Value of Unfunded Obligation as at the end of the period	281.01	215.57
Unrecognized Actuarial gains / (losses)	-	-
Unfunded Liability recognized in the Balance Sheet, included in provisions	281.01	215.57



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**D. Amount recognised in the Balance Sheet:**

(₹ in lacs)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the end of the period	727.28	175.16	704.96	212.26
Fair Value of Plan Assets as at the end of the period	446.27	-	489.39	-
Liability/ (Net Asset) recognised in the Balance Sheet	281.01	175.16	215.57	212.26
Current Liability	227.38	60.33	175.80	64.00
Non Current Liability	53.63	114.84	39.77	148.26

**E. Expenses recognized in the Statement of Profit and Loss:**

(₹ in lacs)

Particulars	Current Year ended 31.03.2013		Previous Year ended 31.03.2012	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Current Service Cost	66.76	64.38	94.28	75.28
Past Service Cost	-	-	32.01	-
Interest Cost	61.68	-	59.14	-
Expected Return on Plan Assets	(42.08)	-	(37.70)	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	(10.22)	-	(83.44)	-
Total Expenses recognised in the Statement of Profit and Loss	76.14	64.38	64.29	75.28

**F. Actual Return on Plan Assets :**

(₹ in lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Expected Return on Plan Assets	42.08	37.70
Actuarial gain / (losses) on Plan Assets	(1.72)	(2.96)
<b>Actual Return on Plan Assets</b>	<b>40.36</b>	<b>34.74</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013****G. Recognition of Actuarial (Gain) / Loss***(₹ in lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
Actuarial (Gain) / Loss on Obligation	<b>(11.94)</b>	(86.40)
Actuarial (Gain) / Loss on Asset	<b>1.72</b>	2.96
<b>Actuarial (Gain) / Loss in Statement of Profit &amp; Loss</b>	<b>(10.22)</b>	(83.44)

**H. Experience Adjustment***(₹ in lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
On Plan Liability (Gain) / Loss	<b>38.56</b>	(43.55)	(1.56)	(122.44)	21.33
On Plan Liability (Loss) / Gain	<b>(1.72)</b>	(2.96)	2.73	(11.19)	(1.11)

The Company has own managed funds as well as insurer managed funds for certain divisions and hence it is not possible to give a breakup of investments in debt instruments and bank deposits.

The expected rate of return on plan assets is based on market expectations at the beginning of the period. The rate of return on long term government bonds is taken as reference for this purpose.

It is estimated that the contribution during financial year 2013-14 would be ₹ 227.40 lacs (Previous year: ₹ 277.85 lacs) on account of the funded benefits.

**49. Contingent Liabilities:****a) Guarantees:***(₹ in lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
i) In respect of concessional custom duty availed under EPCG Scheme (Covered by Bank Guarantee)	<b>22.50</b>	22.50
ii) In respect of concessional custom duty availed under EPCG Scheme (Covered by Bond)	<b>44.89</b>	44.89
iii) Guarantees extended by the banks based on the Company's counter guarantees	<b>414.62</b>	2,836.74
iv) Corporate Guarantee extended by the Company to the lenders of Shree Maheshwar Hydel Power Corporation Ltd.	<b>30,752.00</b>	28,294.00
v) Corporate Guarantees given to the lenders of Reid & Taylor (India) Ltd. & SKNL International B.V. – Subsidiary Companies	<b>118,053.83</b>	96,681.69
vi) Corporate Guarantees given to the lenders of Brandhouse Retails Ltd.	<b>15,215.92</b>	9,494.19

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013****b. Claims not acknowledged as debts:***(₹ in lacs)*

<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
i) Income Tax, Sales Tax, Service Tax and Entry Tax demand – disputed in appeal	<b>3,326.03</b>	3,326.03
ii) Demand Order of Central Excise Authorities disputed by the Company	<b>137.87</b>	137.87
iii) Labour matter pending in court	<b>164.84</b>	144.90
iv) Civil matter pending in court	<b>Nil</b>	2.56
v) Writ petition filed before Hon'ble High Court, Indore against the order of Industrial Court	<b>Nil</b>	14.19
vi) Matter in respect of Gratuity pending before controlling authorities	<b>3.20</b>	3.20

c. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance), as certified by the Management is ₹ 1,267.10 lacs (Previous Year ₹ 1,367.09 lacs).

d. Arrears of Dividend on 6% Cumulative Redeemable Preference Shares are ₹ 44.70 Lacs (Previous Year ₹ 31.65 Lacs).

50. In the opinion of the Management the current & non current assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

51. In view of the inadequacy of profit for the year no dividend is being proposed to be paid.

52. Previous year figures have been reclassified to conform to the current year classification.

As per our report of even date

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL**

*Chairman and Managing Director*

**ANIL CHANNA**

*Deputy Managing Director*

**J. S. SHETTY**

*Director - Finance and Group CFO*

**PULAK BANERJEE**

*Sr. Vice President - Legal & Company Secretary*

Place : Mumbai

Date : 16<sup>th</sup> July, 2013

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATED TO SUBSIDIARY COMPANIES AS AT 31ST MARCH 2013**

Sr. No.	Name of the Subsidiary Company	Financial year of the Subsidiary Companies ended on	Reid & Taylor (India) Ltd.	Anjaneya Foundation #	Belmonte Retail Limited	SKNL International B.V.	SKNL Europe B.V.	SKNL Italy S.p.A.	Leggiano S.p.A. @	Marlings & Evans Ltd. @ @	SKNL Global Holdings B.V. *	SKNL North America B.V. **	(₹ in Lacs unless otherwise stated)	
1	Financial year of the Subsidiary Companies ended on		3/31/2013	3/31/2013	3/31/2013	3/31/2013	3/31/2013	12/31/2012	12/31/2012	12/31/2012	3/31/2013	3/31/2013		
2	Shares of the Subsidiary held by SKNL on the above date													
	(a) Number of Shares Fully Paid Face Value	75,601,344	Equity Shares of ₹ 10/- each	49,500	Equity Shares of ₹ 10/- each	50,000	Equity Shares of ₹ 10/- each	4,964,910	Equity Shares of Euro 1 each	2,573,604	Equity Shares of Euro 1 each	18,200,000	Equity Shares of Euro 1 each	
	(b) % shares held by SKNL and its subsidiaries	56.17%	##	99%	100%	100%	100%	100%	100%	65%	100%	100%	100%	
3	Net aggregate amount of the profits / (Losses) of the Subsidiary Company so far as it concerns the members of the SKNL													
I	For the Financial Year of Subsidiary ended on March 31, 2013 and December 31, 2012													
	(a) Dealt with Accounts of SKNL amounted to	-	-	-	-	-	-	-	-	-	-	-	-	
	(b) Not dealt with Accounts of SKNL amounted to	6,081.71	#	(0.24)	(12.81)	(5.58)	(61.53)	41.88	20.25	(34.89)	(6.78)			
II	For the previous financial year of the Subsidiary since it became subsidiary of SKNL													
	(a) Dealt with Accounts of SKNL amounted to	-	-	-	-	-	-	-	-	-	-	-	-	
	(b) Not dealt with Accounts of SKNL amounted to	-	-	-	-	-	-	-	-	-	-	-	-	
4	Changes in the interest of the SKNL between the end of the Subsidiary's financial year and 31st March, 2013		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
	Number of shares acquired													

Sr. No.	Name of the Subsidiary Company	Reid & Taylor (India) Ltd.	Anjaneya Foundation #	Belmonte Retails Limited	SKNL International B.V.	SKNL Europe B.V.	SKNL Italy S.p.A.	Leggiano S.p.A. @	Marlings & Evans Ltd. @@	SKNL Global Holdings B.V. *	SKNL North America B.V. **
	Material changes between the end of the Subsidiary's financial year and 31st March, 2013										
	(a) Fixed Assets (net additions)	-	-	-	-	-	-	-	-	-	-
	(b) Investments (net)	-	-	-	-	-	-	-	-	-	-
	(c) Money's lent by the Subsidiary	-	-	-	-	-	-	-	-	-	-
	(d) Moneys borrowed by the Subsidiary Company other than for the meeting current liabilities	-	-	-	-	-	-	-	-	-	-

Notes:

1. The Ministry of Company Affairs, Government of India, New Delhi, vide its order no.51/12/2007-CL-III dated 08.02.2011, issued under Section 212(8) of the Companies Act, 1956, has exempted the Company from attaching the accounts of subsidiaries of the Company. However, annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the Company and the subsidiaries of the Company seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any investor at the Registered Office of the Company and of the concerned subsidiary of the Company.

\* Subsidiary Company of SKNL International B.V.

\*\* Subsidiary Company of SKNL Global Holdings B.V.

@ Subsidiary Company of SKNL Italy S.p.A.

@@ Subsidiary Company of Leggiano S.p.A.

# Anjaneya Foundation is Company u/s. 25 of the Companies Act, 1956 and its financials are not consolidated with the Company's financial statements.

## Refer note 31 of notes to Financial Statements

For and on behalf of the Board

**Nitin S. Kasliwal**

*Chairman & Managing Director*

**Anil Channa**

*Deputy Managing Director*

**J. S. Shetty**

*Director Finance & Group CFO*

**Pulak Banerjee**

*Sr. Vice President Legal & Company Secretary*

Place: Mumbai

Date : 16th July, 2013

Particulars of Subsidiary Companies as required by order no.51/12/2007-CL-III dated 08.02.2011, of Ministry of Corporate Affairs, Government of India issued under Section 212(8) of the Companies Act, 1956 for the financial year 2012-13 are as follows:

(₹ in Lacs unless otherwise stated)

Name of the Subsidiary Company	Reid & Taylor (India) Ltd.	Anjaneya Foundation #	Belmonte Retails Limited	SKNL International B.V.	SKNL Europe B.V.	SKNL Italy S.p.A.	Leggimo S.p.A. @	Marlings & Evans Ltd. (@@)	SKNL Global Holdings B.V. *	SKNL North America B.V. **
Financial year of the Subsidiary Companies ended on	3/31/2013	3/31/2013	3/31/2013	3/31/2013	3/31/2013	12/31/2012	12/31/2012	12/31/2012	3/31/2013	3/31/2013
Exchange rate as on 31st March 2013	N.A.	N.A.	N.A.	1 Euro = ₹ 70	1 Euro = ₹ 70	1 Euro = ₹ 72.92	1 Euro = ₹ 72.92	1 Euro = ₹ 72.92	1 Euro = ₹ 70	1 Euro = ₹ 70
(a) Share Capital (including share application money pending allotment)	13,459.75	5.00	5.00	37,805.57	1,959.02	13,271.44	2,154.79	267.48	12.60	12.60
(b) Share Capital Suspense	-	-	-	-	-	-	-	-	-	-
(c) Reserves and Surplus (net of debit balance of Profit and Loss Account)	175,909.55	(46.03)	(0.71)	(263.57)	(884.10)	293.94	467.72	(419.45)	17,588.93	(485.27)
(d) Total Assets (Fixed Assets + Current Assets)	388,000.28	0.48	4.69	3,317.03	2,338.23	1,298.71	16,985.57	359.45	2,289.46	113.47
(e) Total Liabilities (Debts + Current Liabilities and Provisions)	198,631.08	41.52	0.40	26.69	3,496.76	3,312.70	14,616.00	511.42	711.93	586.14
(f) Details of Investments (excluding investments in the subsidiary companies)										
- Equity / Preference Shares	-	-	-	34,251.66	2,233.45	15,579.37	252.94	-	16,024.00	-
- Government Securities	0.10	-	-	-	-	-	-	-	-	-
- Bonds / Mutual Fund Units	-	-	-	-	-	-	-	-	-	-
(g) Turnover	143,586.25	-	-	-	-	-	16,833.03	47.03	-	-
(h) Profit / (Loss) before Taxation	9,270.52	(0.44)	(0.24)	(12.81)	(5.58)	(61.53)	41.88	20.25	(34.89)	(6.78)
(i) Provision for Taxation	3,188.81	-	-	-	-	-	-	-	-	-
(j) Profit / (Loss) after Taxation	6,081.71	(0.44)	(0.24)	(12.81)	(5.58)	(61.53)	41.88	20.25	(34.89)	(6.78)
(k) Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-	-

**SKNL**  

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*S. Kumars Nationwide Limited*  
**Consolidated Financial Statements**



**INDEPENDENT AUDITORS' REPORT****ON THE CONSOLIDATED FINANCIAL STATEMENTS OF S. KUMARS NATIONWIDE LIMITED****To the Board of Directors of S. Kumars Nationwide Limited**

We have audited the accompanying Consolidated Financial Statements of S. Kumars Nationwide Limited ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a Summary of Significant Accounting Policies and Other Explanatory Information.

**Management Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these Consolidated Financial Statements on the basis of separate Financial Statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with Accounting Principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these Consolidated 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 (ICAI). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated 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 presentation of the Consolidated Financial Statements that give a true and fair view 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 Consolidated Financial Statements.

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

**Basis for Qualified Opinion**

- In case of the Company, outstanding balances of trade receivables, trade payables, loans & advances and capital advances are subject to confirmation and reconciliation. The consequential adjustments, if any, arising out of these are not quantifiable.*
- In case of the Company, inventories lying with third parties and fixed assets have not been physically verified and up to date position of records of fixed assets have not been compiled. The consequential impairment/write down, if any, is not quantifiable {Refer Note 33 (b)}.*
- We have relied on the unaudited Financial Statements with respect to 3 subsidiaries, included in Consolidated Financial Statements, whose financial year ended on 31<sup>st</sup> December, 2012. These Financial Statements reflect total assets of ₹ 34,476.05 lacs as at 31<sup>st</sup> December, 2012, total revenues of ₹ 17,130.15 lacs and cash inflows amounting to ₹ 211.57 lacs for the year then ended. Further, we have also relied on the unaudited Financial Statements with respect to 4 subsidiaries, included in the Consolidated Financial Statements, whose financial year ended on 31<sup>st</sup> March, 2013. These Financial Statements reflect total assets of ₹ 60,567.30 lacs as at 31<sup>st</sup> March, 2013, total revenues of ₹ 1.40 lacs and cash outflows amounting to ₹ 6.66 lacs for the year then ended. The information with respect to disclosures to be made in the Notes to Account as required under various statutes / Accounting Standards in relation to the above subsidiaries are not available.*

*The aforesaid Financial Statements have been furnished to us by the Management and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on such approved Financial Statements by the Board of Directors of the respective Companies.*

- 7 out of 13 overseas subsidiaries are not included in consolidation since complete financial information with regard to these subsidiaries is not available. The information with respect to disclosures to be done in the Notes to Financial Statements as required under various statutes / Accounting Standards are not available.*

5. Goodwill amounting to ₹ 12,010 lacs arising on account of acquisition of 2 subsidiaries in earlier years has not been amortised which is not in accordance with para 63 of Accounting Standard (AS) 26 'Intangible Assets'.

We are unable to ascertain the consequential financial impact of the above on the loss, assets and liabilities of the Consolidated Financial Statements of the Group as at 31<sup>st</sup> March, 2013.

**Qualified Opinion**

We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate Financial Statements of the Company and its Subsidiaries (including subsidiaries of subsidiaries).

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph*, the Consolidated Financial Statements give a true and fair view in conformity with the Accounting Principles generally accepted in India:

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

**Emphasis of Matter:**

We draw attention to-

1. Note 35 of the Consolidated Financial Statements with regard to the Company and one of its unlisted Indian Subsidiary facing mismatch in its cash flows and in case the required financial resources are not raised on a timely basis, their operations may get impacted, thereby affecting the assumption of 'going concern.'
2. In case of unlisted Indian Subsidiary, Note 33(a) of the Consolidated Financial Statements which indicate that in respect of the outstanding trade receivables, loans & advances and capital advances, which are pending for confirmation, reconciliation and consequential adjustments, if any, its Management is of the opinion that the same are not likely to be material, given the nature and size of its operations.
3. Note 31 of the Consolidated Financial Statements with regard to invocation of shares in Reid & Taylor (India) Limited (unlisted Indian subsidiary of the Company) pledged by the Company with IL&FS and thereby adjusting its dues amounting to ₹ 11,691.51 Lacs. The Company has not accounted for the effect of such invocation and it continues to show the loan liability and the investments at cost of such pledged shares.
4. Note 37(b) of the Consolidated Financial Statements which includes unaudited amounts of ₹ 6,789.90 lacs, ₹ 198.10 lacs, ₹ 54.60 lacs and ₹ 542.15 lacs for assets, liabilities, income and expenditure respectively for the Bengaluru suit factory of one of its unlisted Indian subsidiary, which has temporarily been shut down.
5. Note 32 of the Consolidated Financial Statements which mentions that, 6 subsidiaries are not considered for the purposes of consolidation as these subsidiaries are under liquidation. Consequently intercompany sales, purchases, expenses, receivables, payables, investments etc. have not been squared up.

Our opinion is not qualified in respect of the above matters.

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**Rakesh Rathi**  
Partner  
Membership No. 45228

Place : Mumbai

Date : 16<sup>th</sup> July, 2013

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2013**

	Note	Current Year As at 31.03.2013	(₹ in lacs) Previous Year As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	2	34,498.99	34,973.79
Reserves and Surplus	3	<u>216,255.89</u>	<u>267,350.91</u>
		<b>250,754.88</b>	302,324.70
<b>MINORITY INTEREST</b>			
		<b>48,500.41</b>	48,691.23
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	4	74,438.71	127,109.40
Deferred Tax Liabilities (Net)	5	6,642.06	11,231.85
Other Long Term Liabilities	6	328.83	41.51
Long Term Provisions	7	<u>271.84</u>	<u>329.24</u>
		<b>81,681.44</b>	138,712.00
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	8	197,690.67	252,420.61
Trade Payables	9	46,898.55	40,433.38
Other Current Liabilities	10	215,642.32	86,241.99
Short Term Provisions	11	<u>32,639.22</u>	<u>37,980.86</u>
		<b>492,870.76</b>	417,076.84
	<b>Total</b>	<b><u>873,807.49</u></b>	<b><u>906,804.77</u></b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	12		
(i) Tangible Assets		132,420.63	160,252.61
(ii) Intangible Assets		12,213.93	49,885.53
(iii) Capital Work-in-Progress		22,413.50	24,737.61
Non-Current Investments	13	108.77	108.59
Deferred Tax Assets (Net)	5	1,078.89	973.13
Long Term Loans and Advances	14	94,390.27	93,077.14
Other Non-Current Assets	15	<u>141.77</u>	<u>4,960.13</u>
		<b>262,767.76</b>	333,994.74
<b>CURRENT ASSETS</b>			
Inventories	16	206,151.29	202,269.48
Trade Receivables	17	271,207.42	245,889.50
Cash and Cash Equivalents	18	1,239.81	3,191.29
Short Term Loans and Advances	19	132,404.05	117,573.51
Other Current Assets	20	<u>37.16</u>	<u>3,886.25</u>
		<b>611,039.73</b>	572,810.03
	<b>Total</b>	<b><u>873,807.49</u></b>	<b><u>906,804.77</u></b>
<b>Significant Accounting Policies &amp; Notes to Financial Statements</b>		<b>1 - 50</b>	

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**RAKESH RATHI**  
Partner  
Membership No. 45228

Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** Chairman and Managing Director  
**ANIL CHANNA** Deputy Managing Director

**J. S. SHETTY** Director - Finance and Group CFO  
**PULAK BANERJEE** Sr. Vice President - Legal & Company Secretary

Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**
*(₹ in lacs)*

	Note	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
<b>INCOME</b>			
Revenue from Operations (Gross)	21	499,271.53	636,213.20
(-) Excise Duty		262.46	687.61
Revenue from Operations (Net)		499,009.07	635,525.59
Other income	22	963.96	903.69
<b>Total Revenue</b>		<b>499,973.03</b>	<b>636,429.28</b>
<b>EXPENSES</b>			
Cost of Materials consumed	23	371,798.45	394,882.24
Changes in Inventories of Finished Goods and Work-in-Progress	24	(23,451.83)	(21,076.57)
Employee Benefits Expenses	25	16,026.44	58,372.15
Finance Costs	26	73,609.10	53,485.73
Depreciation and Amortization Expenses	12	16,922.30	14,777.08
Other Expenses	27	44,589.41	69,396.51
<b>Total Expenses</b>		<b>499,493.87</b>	<b>569,837.14</b>
<b>Profit/(Loss) before Tax and Exceptional Items</b>		<b>479.16</b>	<b>66,592.14</b>
<b>Exceptional Items</b>			
a) Provision for Diminution in the value of Overseas Investments (Net of Write Back)	28	(29,080.49)	-
b) Reversal of NPV Gain	29	(3,334.14)	-
<b>Profit/(Loss) before Tax</b>		<b>(31,935.47)</b>	<b>66,592.14</b>
<b>Tax expense:</b>			
Current Tax	1(xx)	3,001.85	19,515.62
Deferred Tax	5	457.23	2,558.29
Short/(Excess) Provision of Earlier Years		-	(2,566.08)
<b>Total Tax Expenses</b>		<b>3,459.08</b>	<b>19,507.83</b>
<b>Profit /(Loss) for the Year</b>		<b>(35,394.55)</b>	<b>47,084.31</b>
(-) Minority Interest		1,557.62	7,590.60
<b>Profit/(Loss) for the year after Minority Interest</b>		<b>(36,952.17)</b>	<b>39,493.71</b>
<b>Earnings per Equity Share:</b>			
- Basic	1(xix)& 43	₹ (12.42)	₹ 13.67
- Diluted		₹ (12.42)	₹ 13.65
<b>(Nominal Value of Share ₹ 10/- each)</b>			
<b>Significant Accounting Policies &amp; Notes to Financial Statements</b>	<b>1 - 50</b>		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date  
For **Haribhakti & Co.**  
*Chartered Accountants*  
Firm Registration No. 103523W  
**RAKESH RATHI**  
*Partner*  
Membership No. 45228

Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

For and on behalf of the Board of Directors  
**NITIN S. KASLIWAL** *Chairman and Managing Director*  
**ANIL CHANNA** *Deputy Managing Director*  
**J. S. SHETTY** *Director - Finance and Group CFO*  
**PULAK BANERJEE** *Sr. Vice President - Legal & Company Secretary*

Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

		<b>Current Year ended 31.03.2013</b>	<b>Previous Year ended 31.03.2012</b>
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	<i>Profits/(Loss) before Tax</i>	<b>(31,935.47)</b>	66,592.14
	Adjustments for:		
	a) Depreciation and Amortisation Expenses	<b>16,922.30</b>	14,777.08
	b) Loss on Sale of Fixed Assets(net)	<b>198.28</b>	6.69
	c) Sundry Balances Written Back	<b>(105.54)</b>	(122.99)
	d) Sundry balances Written Off	<b>60.85</b>	61.48
	e) IPO Expenses Charged Off	<b>426.98</b>	-
	f) ESOP Compensation (Credited)/Debited to Statement of Profit & Loss	<b>(209.69)</b>	(220.83)
	g) Balances not Recoverable Written Off [Refer Note 33 (a)]	<b>4,691.75</b>	50.67
	h) Provision for Doubtful Receivables/Amount not Recoverable [Refer Note 33 (a)]	<b>3,022.04</b>	-
	i) Finance Costs	<b>73,609.11</b>	53,485.73
	j) Interest Income	<b>(91.12)</b>	(76.24)
	k) Exchange Rate Fluctuation	<b>213.35</b>	(120.11)
	l) Provision for Diminution in the value of Overseas Investments	<b>32,257.16</b>	-
	m) Reduction in Goodwill	<b>260.35</b>	-
	n) Reversal of NPV Gain	<b>3,334.14</b>	-
	<b>Operating Profit before Working Capital Changes</b>	<b>102,654.49</b>	134,433.62
	Movements in Working Capital		
	a) (Increase) / Decrease in Inventories	<b>(30,575.34)</b>	(43,716.96)
	b) (Increase) / Decrease in Trade Receivables	<b>(45,166.22)</b>	(51,706.08)
	c) (Increase) / Decrease in Advances & Deposits	<b>(13,747.33)</b>	(5,034.70)
	d) Increase / (Decrease) in Trade Payables	<b>(3,622.50)</b>	31,820.67
	e) Increase / (Decrease) in Other Payables & Liabilities	<b>2,524.74</b>	19,873.17
	<b>Cash Generated From /(Used in) Operating Activities</b>	<b>12,067.84</b>	85,669.72
	Direct Taxes Paid	<b>(605.98)</b>	(2,827.61)
	<b>Net Cash Flow From /(Used in) Operating Activities</b>	<b>11,461.86</b>	82,842.11
	<i>Total (A)</i>		
<b>B</b>	<b>Cash Flow from Investing Activities</b>		
	a) Acquisition of Fixed assets (Including CWIP & Capital Advances)	<b>(4,872.79)</b>	(112,844.70)
	b) Sale of Fixed Assets	<b>327.78</b>	204.53
	c) Non Current Investments	<b>(2,322.80)</b>	-
	d) Proceeds/(Investments) from/to Fixed Deposits	-	(237.10)
	e) Interest Income	<b>91.14</b>	63.51
	<b>Net Cash Flow From /(Used in) Investing Activities</b>	<b>(6,776.67)</b>	(112,813.76)
	<i>Total (B)</i>		

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

		<b>Current Year ended 31.03.2013</b>	Previous Year ended 31.03.2012
<b>C</b>	<b>Cash Flow from Financing Activities</b>		
	a) Proceeds from Long Term Borrowings	<b>6,525.64</b>	30,143.09
	b) Changes in Long Term Borrowings due to Reschedulement (Refer Note 38)	<b>7,429.37</b>	5,034.70
	c) Repayment of Long Term Borrowings	<b>(20,118.55)</b>	(26,476.58)
	d) Changes in Short Term Borrowings (Net)	<b>35,083.38</b>	68,406.37
	e) Movement in Debt Service Reserve Account	<b>935.58</b>	444.42
	f) Advance against Share Application Money	<b>9,748.81</b>	4,763.39
	g) Redemption of Preference Shares	<b>(474.80)</b>	-
	h) Dividend Paid (excluding Dividend Tax)	-	(3,946.64)
	i) Interest Paid	<b>(40,157.88)</b>	(53,318.14)
	j) Reversal of NPV Gain	<b>(3,334.14)</b>	-
	<b>Net Cash Flow From/ (Used in) Financing Activities</b>	<b>Total (C)</b>	
		<b>(4,362.59)</b>	25,050.61
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>Total (A+B+C)</b>	
		<b>322.60</b>	(4,921.04)
	Cash & Cash Equivalents at the beginning of the year	<b>417.01</b>	6,239.56
	Cash & Cash Equivalents at the end of the year	<b>739.61</b>	1,318.52
	<b>Net Change in Cash &amp; Cash Equivalents</b>	<b>322.60</b>	(4,921.04)

**Notes :**

- 1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 (AS-3) "Cash Flow Statement".
- 2 Cash and Cash Equivalents comprise cash at bank, cash in hand and short-term investments with an original maturity of three months or less. (Refer Note 18).
- 3 Figures in brackets represent outflows.
- 4 Previous year figures have been recasted/restated wherever necessary.

As per our report of even date

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**RAKESH RATHI**  
Partner  
Membership No. 45228

Place : Mumbai  
Date : 16<sup>th</sup> July, 2013

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** Chairman and Managing Director  
**ANIL CHANNA** Deputy Managing Director

**J. S. SHETTY** Director - Finance and Group CFO

**PULAK BANERJEE** Sr. Vice President - Legal & Company Secretary

Place : Mumbai  
Date : 16<sup>th</sup> July, 2013



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**i) Basis of Preparation of Consolidated Financial Statements**

The Consolidated Financial Statements relate to S. Kumars Nationwide Limited (“the Company”) and its Subsidiary Companies. The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating the intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21- “Consolidated Financial Statements” notified by Companies (Accounting Standards) Rules, 2006.
- The Consolidated Financial Statements are prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented in the same manner as holding Company’s separate Financial Statements, as far as possible, except as specifically mentioned in Notes to Financial Statements.
- In case of Foreign Subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.
- The difference between the cost of investment in the subsidiaries and the Company’s share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statement as Goodwill or Capital Reserve.
- Minority interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and the equity of the company’s shareholders.

Minority interest in the net assets of consolidated subsidiaries consists of:

- (a) The amount of equity attributable to the minorities at the date on which investment in subsidiaries is made; and
- (b) The minorities’ share of movements in the equity since the date the parent subsidiary relationship comes into existence.
- Minority interest in the net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- The Financial Statements of the subsidiaries used into the consolidation are drawn up to the same reporting date as that of the company i.e. 31<sup>st</sup> March, 2013, except for certain subsidiaries (indicated as #) for which Financial Statements as on reporting dates are not available. These have been consolidated based on Financial Statement drawn by the Management as on 31<sup>st</sup> December, 2012.

List of Subsidiary Companies which are included in the consolidation and the Company’s holdings therein are as under:

Sr. No.	Name of Subsidiary Companies	Ownership in % either directly or through Subsidiaries		Country of Incorporation
		2012-13	2011-12	
1	Reid & Taylor (India) Limited	56.17	74.39	India
2	Belmonte Retails Limited	100.00	100.00	India
3	SKNL International B.V.	100.00	100.00	Netherlands
4	SKNL Europe B.V.	100.00	100.00	Netherlands
5	SKNL Italy S.p.A#	100.00	100.00	Italy
6	Leggiuno S.p.A#	100.00	100.00	Italy
7	SKNL North America B.V.	100.00	100.00	Netherlands
8	SKNL Global Holdings B.V.	100.00	100.00	Netherlands
9	Marling & Evans Ltd, UK#	65.00	65.00	Netherlands



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013

List of Subsidiary Companies which are not included in the consolidation during the year and the Company's holdings therein are as under:

Sr. No.	Name of Subsidiary Companies	Ownership in % either directly or through Subsidiaries		Country of Incorporation
		2012-13	2011-12	
1.	SKNL (UK) Ltd.	80	80	UK
2.	Global Apparel (US) Ltd.	80	80	USA
3.	Global Apparel (France) Ltd.	80	80	France
4.	7172931 Canada Ltd.	80	80	Canada
5.	Global Apparel (Hong Kong) Ltd.	80	80	Hong Kong
6.	Remala Trading B.V.	95	95	Netherlands
7.	HMX Poland Sp. Z.o.o.	95	95	Poland
8.	Coppley Corp.	95	95	Canada
9.	HMX Acquisition Corp.	95	95	USA
10.	HMX LLC	95	95	USA
11.	HMX Des Plaines LLC	95	95	USA
12.	Quartet Real Estate LLC	95	95	USA
13.	HMX DTC Co.	95	95	USA

The Consolidated Financial Statements are prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented in the same manner as holding company's separate Financial Statements, as far as possible, except as provided under Significant Accounting Policies v (e), (f), xii (c), xvii (b) and xx (b).

### ii) Use of Estimates

The presentation of Financial Statements requires estimates and assumptions to be made that affect the value of assets and liabilities as well as revenues and expenses as reported in the Financial Statements. The difference between the actual result and estimates are recognised during the period in which they are materialised/ known.

### iii) Tangible Assets

Tangible Assets are stated at their original cost, net of cenvat/ Value Added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost includes interest, financial charges, freight, taxes and other incidental expenses incurred for acquisition and installation of the assets. Tangible Assets revalued are stated at values determined by the Independent valuers.

### iv) Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

### v) Depreciation and Amortisation

- Depreciation on Tangible assets including revalued assets have been provided on Straight Line Method (SLM) at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956. Depreciation on additions to Tangible Assets is provided for on pro-rata basis from the date of addition/ acquisition till the end of the year and on assets sold/ discarded/ demolished to the date of disposal. The depreciation on revalued portion of assets is adjusted against the revaluation reserve.
- Depreciation on assets whose actual cost does not exceed ₹ 5,000/- each is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- Computer Software/ System Development: Amortised Over a period of five years.
- Leasehold Improvements are amortised over the terms of the respective leases or useful lives, whichever is shorter.
- In case of Leggiuno S.p.A., Intangible assets comprised of Start-up and expansion costs, Industrial patent rights and right for the use of know-how are amortised over five years and licences, concessions, trademarks and other tangible assets are amortised over ten years.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

- (f) In case of Foreign Subsidiaries, the depreciation on Tangible assets is provided for on SLM basis over the estimated useful life at rates permissible under applicable local laws.

**vi) Capital Work-In-Progress**

Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses, interest and other financing costs payable on funds specifically borrowed to the extent they relate to the period till assets are ready for intended use.

**vii) Impairment of Assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**viii) Valuation of Inventories**

- (a) Raw materials (including goods-in-transit) are valued at cost, on first-in-first-out basis.
- (b) Work-in-process is valued at cost. Cost for this purpose includes direct cost and attributable overheads.
- (c) Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct cost, attributable overheads and excise duty.
- (d) Stores, fuel, dyes, chemicals and packing materials are valued at cost on first-in-first-out basis.

**ix) Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at bank, cash in hand and short-term investments with an original maturity of three months or less.

**x) Recognition of Income and Expenditure**

- (a) Domestic sales are recognised on transfer of risk and reward which generally coincides with dispatch of goods to the customers.
- (b) Export sales are accounted on transfer of risk and reward which generally coincides on the date of bill of lading.
- (c) Sales are inclusive of dyeing charges, conversion charges and are net of shortage and discounts excluding value added tax.
- (d) Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- (e) Cost/expenditure is recognised on accrual, as they are incurred except payments of leave travel allowances and reimbursement of medical expenses to the staff, being immaterial, are accounted on cash basis.
- (f) The claims against the company are accounted on acceptance basis.

**xi) Foreign Exchange Transactions**

Transactions in foreign currencies are accounted at the exchange rate prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in Statement of Profit and Loss. In case of forward contracts (non speculative), the exchange differences are dealt with in Statement of Profit and Loss account over the period of contracts.

**xii) Employee Benefits**

- (a) Employee benefits comprise both defined contribution and defined benefit plans.

**Defined contribution plan:**

Contribution to defined contribution plans are recognised as expenses in Statement of Profit and Loss, as they are incurred.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013****Defined benefit plan:**

The Company's liability towards Gratuity & Leave Encashment is accounted for on the basis of an actuarial valuation, applying Projected Unit Credit method done at the year end and is charged to the Statement of Profit and Loss.

- (b) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.
- (c) In case of Foreign Subsidiary companies the provision for liability is provided in accordance with Law of Country in which Company is operating.

**xiii) Research & Development**

Revenue expenditure, including overheads on Research and Development, is charged off as an expense in the year in which incurred. Expenditure which results in the creation of capital assets is taken as Fixed assets.

**xiv) Investments**

Investments are classified into Current and Non Current Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of Non Current Investments.

**xv) Borrowing costs**

Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalized as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.

**xvi) Debt issue costs**

Debt issue costs are charged to the Statement of Profit & Loss under administration expenses during the year in which incurred.

**xvii) Lease****(a) Operating Lease:**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease rentals are recognised as an expense, as applicable, over the lease period.

**(b) Finance Lease:**

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

**xviii) Segment Reporting**

The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments and home textiles. Considering the overall nature, the Management is of the opinion that the entire operation of the Company falls under one reportable business segment i.e. Textiles and as such there are no separate reportable business segments for the purpose of disclosures as required under Accounting Standard-17 "Segment Reporting".

**xix) Earnings per share**

Basic earnings per share are calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating Diluted Earnings per Share, the net Profit or Loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**xx) Income Tax**

- (a) Tax expense comprises of Current tax and Deferred tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", notified under the Companies (Accounting Standards) Rules, 2006. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred Tax is measure based on the tax rate and tax laws, enacted or substantively enacted at the Balance Sheet date.
- (b) In case of Foreign Subsidiaries and Step Down Subsidiary Companies Income Tax / Deferred Tax have been provided in accordance with Laws of Country in which Company is operating.

**xxi) Employee Stock Option Schemes**

The Company has granted Stock Options to its employees under Employees Stock Option Scheme, 2007 - Series 'A' ("ESOP, 2007"). In respect of Options granted under the Employees Stock Options Plan, in accordance with guidelines issued by the SEBI and in compliance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India in the year 2005 and applicable for the period on or after 1<sup>st</sup> April 2005, the cost of stock options granted to employees are accounted by the Company using the intrinsic value method and the cost based on excess of market value over the exercise price is recognised in the Statement of Profit & Loss, over vesting period on time proportion basis and included in the 'Employee benefits expenses' in Note 25 of the Financial Statements. Should any employee leave in the subsequent year, before exercise of the Option, the value of Option accrued in their favour is written back to the General Reserve.

**xxii) Provisions and Contingent Liabilities**

A provision is recognised when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

(₹ in lacs)

	Current Year As at 31.03.2013		Previous Year As at 31.03.2012	
	No. of Shares	Amount	No. of Shares	Amount
<b>NOTE 2 - SHARE CAPITAL</b>				
<b>Authorised Capital</b>				
Equity Shares of ₹10 each	370,000,000	37,000.00	370,000,000	37,000.00
Preference shares of ₹100 each	9,000,000	9,000.00	9,000,000	9,000.00
<b>Total</b>	<b>379,000,000</b>	<b>46,000.00</b>	<b>379,000,000</b>	<b>46,000.00</b>
<b>Issued Subscribed &amp; Paid-up Capital</b>				
Equity Shares of ₹10 each, fully paid up	297,403,377	29,740.34	297,403,377	29,740.34
6% Cumulative Redeemable Preference Shares of ₹ 100 each, fully paid up	372,500	372.50	527,500	527.50
0.01% Redeemable Preference Shares of ₹ 100 each, fully paid up	4,386,147	4,386.15	4,705,947	4,705.95
<b>Total</b>	<b>302,162,024</b>	<b>34,498.99</b>	<b>302,636,824</b>	<b>34,973.79</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**
**Note 2.1 - Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

(₹ in lacs)

Particulars	Equity Shares			
	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	297,403,377	29,740.34	284,978,377	28,497.84
Shares issued during the year upon conversion of warrants	-	-	12,425,000	1,242.50
Shares outstanding at the end of the year	297,403,377	29,740.34	297,403,377	29,740.34

(₹ in lacs)

Particulars	6% Cumulative Redeemable Preference Shares			
	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	527,500	527.50	527,500	527.50
Shares redeemed during the year	155,000	155.00	-	-
Shares outstanding at the end of the year	372,500	372.50	527,500	527.50

(₹ in lacs)

Particulars	0.01% Redeemable Preference Shares			
	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	4,705,947	4,705.95	4,705,947	4,705.95
Shares redeemed during the year	319,800	319.80	-	-
Shares outstanding at the end of the year	4,386,147	4,386.15	4,705,947	4,705.95

**Note 2.2 - Details of Preference shareholders holding more than 5% in 6% Cumulative Redeemable Preference shares of the Company**

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Anjaneya Holdings Private Limited	327,500	100.00	372,500	70.62
SICOM Limited	-	-	155,000	29.38

**Details of Preference shareholders holding more than 5% in 0.01% Redeemable Preference shares of the Company**

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IDBI Bank Limited	4,306,627	98.19	4,306,627	91.51
Indian Bank	-	-	319,800	6.80

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**Details of Equity shareholders holding more than 5% shares of the Company:**

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Anjaneya Holdings Private Limited	25,416,031	8.55	102,515,168	34.49
Cophall Mauritius Investment Limited	24,034,445	8.08	17,359,445	5.84
IDBI Bank Limited	15,827,419	5.32	-	-
IL&FS Financial Services Limited	22,467,505	7.55	-	-
Finquest Financial Solutions Private Limited	14,966,000	5.03	-	-

**Note 2.3 - Terms/rights attached to equity shares:**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Dividend, if and when declared, is declared and paid in Indian rupees. The Board of Directors have neither declared nor proposed any Dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.

**Note 2.4 - Terms of Redemption of Preference shares:**

During the year, the Company has redeemed 6% Redeemable Preference Shares aggregating to ₹ 155.00 lacs. (Previous Year ₹ Nil). Outstanding 6% Cumulative Redeemable Preference Shares are redeemable by 1<sup>st</sup> October 2013.

During the year, the Company has redeemed 0.01% Redeemable Preference Shares aggregating to ₹ 319.80 lacs. (Previous Year ₹ Nil).

Outstanding 0.01% Redeemable Preference Shares are to be redeemed @ 25% in each year between October 2016 to September 2020.

**Note 2.5 - Shares reserved for issue under options: [Refer Note 1(xxi)]**

The Company has issued stock options to the permanent employees exercisable into 19,11,000 numbers of equity shares of the Company under 'Employees Stock Option Scheme 2007 – Series A' ("ESOP 2007"). Each option when exercised would be convertible into one equity share of a face value of ₹10 each fully paid-up. The important features of the ESOP scheme are as follows:

	Parameters/Terms	Explanation		
I	Vesting period	Minimum period of one year and a maximum period of five years from the date of grant i.e. 31.10.2007.		
II	Vesting schedule	The actual Vesting Schedule of Options will be as follows:		
		Year	Period and Date	% of Vesting
		1 <sup>st</sup> Year	31.10.2007 to 30.10.2008	30%
		2 <sup>nd</sup> Year	31.10.2008 to 30.10.2009	30%
		3 <sup>rd</sup> Year	31.10.2009 to 30.10.2010	40%
III	Exercise price	30% discount on the prevailing market price of ₹128/- of the shares as on the date prior to the date of the Compensation Committee resolution.		
IV	Exercise Period	Exercise period will be three years from the date of vesting.		
V	ESOP Price per share	₹ 89.60		



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

	Particulars	As at 31.03.2013	As at 31.03.2012
a)	Number of Options outstanding at the beginning of the Year	911,820	1,486,900
b)	Options exercised	NIL	NIL
c)	Total number of shares arising as a result of exercise of Options	NIL	NIL
d)	Options Lapsed/cancelled	546,060	575,080
e)	Money realised by exercise of options	NIL	NIL
f)	Total number of options in force at the end of the year	365,760	911,820

(₹ in lacs)

	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
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**NOTE 3 - RESERVES & SURPLUS**
**a. Capital Reserve**

Opening Balance	2,810.78	28,317.33
(+) Current Year Transfer	-	259.33
Closing Balance	2,810.78	28,576.66

**b. Capital Redemption Reserve**

Opening Balance	13,267.49	13,267.49
(+) Current Year Transfer	474.80	-
Closing Balance	13,742.29	13,267.49

**c. Legal Reserve**

	-	151.67
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**d. Securities Premium Account**

Opening Balance	147,601.02	140,993.32
(+) Securities premium credited on Share Issue	-	6,775.35
(-) Premium on Redemption of Debentures	-	167.65
Closing Balance	147,601.02	147,601.02

**e. Debenture Redemption Reserve**

Opening Balance	4,752.80	4,550.60
(+) Current Year Transfer	-	202.20
Closing Balance	4,752.80	4,752.80

**f. Revaluation Reserve**

Opening Balance	1,082.00	1,099.68
(-) Written Back on account of depreciation on revalued portion of Fixed Assets (Refer Note 12)	17.68	17.68
Closing Balance	1,064.32	1,082.00

**g. Employee Stock Options Outstanding Account**

Opening Balance	350.14	570.96
(-) Written Back due to lapse/cancellation of employee shared based payment plan	209.69	220.82
Closing Balance	140.45	350.14

**h. Foreign Currency Translation Reserve**

	(622.31)	(5,330.17)
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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
<b>NOTE 3 - RESERVES &amp; SURPLUS</b>		
<b>i. Surplus</b>		
Opening Balance	80,688.62	57,400.85
(+) Profit/(Loss) for the Year	(36,952.17)	39,493.71
(+) Reversal of Proposed Preference & Equity Dividend and Tax thereon *	3,504.89	-
(-) Balance in Restructured Financial Cost written off	-	16,288.17
(-) Proposed Preference Dividend	-	31.65
(-) Tax on Proposed Preference Dividend	-	5.26
(-) Proposed Equity Dividend	-	2,974.03
(-) Tax on Proposed Equity Dividend	-	493.95
(-) Transfer to Capital Redemption Reserve	474.80	-
(-) Transfer to Debenture Redemption Reserve	-	202.20
Closing Balance	<u>46,766.54</u>	<u>76,899.30</u>
<b>Total</b>	<u><u>216,255.89</u></u>	<u><u>267,350.91</u></u>

\* Proposed Dividend on Equity and Preference shares and Tax thereon is reversed in the Current year as the payment of dividend was not approved in the adjourned Annual General Meeting held on 20<sup>th</sup> December, 2012.

**NOTE 4 - LONG TERM BORROWINGS**

**SECURED**

**(a) Term Loans**

Term Loans under Technology Upgradation Fund Scheme (Refer Note 4.1)	29,783.65	33,659.66
Term Loan under Overseas Investment Finance Programme (Refer Note 4.2)	11,764.16	13,085.56
Term Loans from Banks & Institutions (Refer Note 4.3)	27,657.95	75,320.07
Funded Interest Term Loans (Refer Note 4.4 & 38)	5,219.37	-
Mortgage Loan (Refer Note 4.5)	-	3,511.58
Equipment Finance (Refer Note 4.6)	13.58	100.31
	<u>74,438.71</u>	<u>125,677.18</u>

**UNSECURED**

**(a) Term Loans**

from Banks (Refer Note 4.7)	-	858.80
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**(b) Funded Interest Term Loans**

from Banks (in Foreign Currency) (Refer Note 4.8)	-	573.42
	-	<u>1,432.22</u>
<b>Total</b>	<u><u>74,438.71</u></u>	<u><u>127,109.40</u></u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**
**Notes :**
**Nature of Security and Terms of Repayment for Long Term Borrowings:**

(₹ in lacs)

	Nature of Security / Terms of Repayment / Applicable Rate of Interest	Current Year As at 31.03.2013		Previous Year As at 31.03.2012	
		Long Term Borrowings	Current Maturities grouped under Other Current Liabilities	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities
<b>4.1</b>	<b>Term Loans Under Technology Upgradation Fund Scheme</b>				
<b>(a)</b>	Secured by first <i>pari passu</i> charge on the Fixed Assets of existing Jhagadia Unit, second <i>pari passu</i> charge on all other Fixed Assets and Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd. 32 Equal Quarterly Installments (EQI) starting from April 2010 to January 2018. The applicable interest rate is in the range of 13.3% - 15.0% p.a. 61 Equal Monthly Installments (EMI) starting from April 2014 to April 2019. The applicable interest rate is 14.75% p.a. 42 EMI starting from April 2014 to September 2017. The applicable interest rate is 14.75% p.a. 23 EQI starting from July 2011 to June 2017. The applicable interest rate is 14.25% p.a. 78 EMI starting from June 2011 to December 2017. The applicable interest rate is 15.00% p.a.	<b>6,907.35</b>	<b>2,255.63</b>	8,469.85	1,718.75
		<b>5,961.54</b>	-	5,384.62	1,250.00
		<b>971.46</b>	-	833.00	300.00
		<b>622.78</b>	<b>222.83</b>	831.48	208.70
<b>(b)</b>	Secured by specific charge on the Fixed Assets of the Weaving Unit at Dewas, Process House and Sticking Unit at Jhagadia, first <i>pari passu</i> charge on all other Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit), second <i>pari passu</i> charge on Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd. 32 EQI starting from June 2012 to March 2020. The applicable interest rate is in the range of 14.00% -14.25% p.a. There is delay in repayment of loan amounting to ₹ 3,111.57 lacs for a period of three to nine months, for the above mentioned (a) & (b) categories. (Previous year ₹ 672.92 lacs)	<b>11,823.08</b>	<b>3,688.92</b>	13,689.43	2,000.00
	<b>Total</b>	<b>29,783.65</b>	<b>7,836.61</b>	33,659.66	6,828.73
<b>4.2</b>	<b>Term Loans Under Overseas Investment Finance Programme</b>				
<b>(a)</b>	Secured by first <i>pari passu</i> charge on the Fixed Assets (excluding fixed assets of existing Jhagadia Unit) of the Company, both present and future, pledge of promoter's shares held in the Company, pledge of shares of overseas subsidiary company and personal guarantee of Chairman & Managing Director. The Loan is repayable in 24 EQI starting from December 2010 to September 2016. The applicable interest rate is 13.0% p.a.	<b>6,375.00</b>	<b>5,093.68</b>	9,125.00	3,437.50

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Nature of Security / Terms of Repayment / Applicable Rate of Interest	Current Year As at 31.03.2013		Previous Year As at 31.03.2012	
		Long Term Borrowings	Current Maturities grouped under Other Current Liabilities	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities
(b)	Secured by first <i>pari passu</i> charge on the Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit) of the Company, second <i>pari passu</i> charge on the Fixed Assets of existing Jhagadia Unit, second <i>pari passu</i> charge on Current Assets of the Company, both present and future, pledge of promoter's shares held in the Company, pledge of shares of overseas subsidiary Company and personal guarantee of Chairman & Managing Director. The Loan is repayable in 19 EMI starting from April 2014 to November 2015. The applicable interest rate is 14.75% p.a There is delay in repayment of loan amounting to ₹ 2,343.68 lacs for a period of nine months, for the above mentioned (a) & (b) categories. (Previous year ₹ 973.22 lacs)	5,389.16	-	3,960.56	3,714.36
	<b>Total</b>	<b>11,764.16</b>	<b>5,093.68</b>	13,085.56	7151.86
<b>4.3</b>	<b>Term Loans from Banks &amp; Institutions</b>				
(a)	Secured by first <i>pari passu</i> charge on the Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit) of the Company, second <i>pari passu</i> charge on the Fixed Assets of existing Jhagadia Unit, second <i>pari passu</i> charge on Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Reid & Taylor (India) Ltd., first <i>pari passu</i> charge on the Fixed Assets of the guarantor Company, second <i>pari passu</i> charge on Current Assets of the guarantor Company and pledge of promoter's shares held in guarantor Company. The Loan is repayable in 20 unequal quarterly installments starting from December 2009 to September 2014. The applicable interest rate is 15.25% p.a.	3,480.00	8,540.00	10,336.00	5,510.42
(b)	Secured by specific first charge on Office property, second <i>pari passu</i> charge on Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd. The Loan is repayable in 20 EQI starting from January 2010 to October 2014. The applicable interest rate is 14.25% p.a.	-	502.54	500.87	590.00
(c)	Secured by first <i>pari passu</i> charge on the Fixed Assets of the Company and second <i>pari passu</i> charge on Current Assets of the Company, both present and future. The Loan is repayable in 101 EMI starting from November 2005 to March 2014. The applicable interest rate is 10.0% p.a.	-	13.76	7.74	30.00
(d)	Secured by first <i>pari passu</i> charge on the Fixed Assets of the Company and second <i>pari passu</i> charge on Current Assets of the Company, both present and future. The Loan is repayable in 36 EMI starting from October 2013 to September 2016.	67.59	11.93	79.52	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Nature of Security / Terms of Repayment / Applicable Rate of Interest	Current Year As at 31.03.2013		Previous Year As at 31.03.2012	
		Long Term Borrowings	Current Maturities grouped under Other Current Liabilities	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities
(e)	Secured by first <i>pari passu</i> charge on the Fixed Assets of the Company and second <i>pari passu</i> charge on Current Assets of the Company, both present and future. The Loan is repayable during November 2014. (Refer Note 29)	6,506.20	-	-	4,880.02
(f)	Secured by first <i>pari passu</i> charge on the Current Assets, second <i>pari passu</i> charge on the Fixed Assets of the Company, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd. The Loan is repayable in 12 EMI starting from April 2014 to March 2015. The applicable interest rate is 18.25% p.a. There is delay in repayment of loan amounting to ₹ 1,695.44 lacs for a period of one to eleven months for the above mentioned (a) (b) & (c) categories (Previous year ₹ Nil).	542.45	-	-	-
(g)	Secured by first <i>pari passu</i> charge on the Fixed Assets (excluding assets having specific charge) of the Company, and second <i>pari passu</i> charge on Current Assets of the Company, both present and future. The Loan is repayable in 6 EQI starting from September 2013 to December 2014. The applicable interest rate is 14.6% p.a. There is delay in interest payment for a period of three months. Further this facility has been recalled by lender on 16 <sup>th</sup> May 2013. (Refer Note 10.3 and 35 (Previous year ₹ Nil))	-	-	3,750.00	6,250.00
(h)	Secured by first <i>pari passu</i> charge on the Fixed Assets, second <i>pari passu</i> charge on Current Assets of the Company's Indian Subsidiary, both present and future, pledge of 26% of shares held by the Company in its Indian Subsidiary which will be on <i>pari passu</i> basis with the same lender for the Rupee Term Loan availed by S. Kumars Nationwide Ltd., specific charge on Debt Service Reserve Account (DSRA) opened for this Loan and personal guarantee of Chairman & Managing Director. The Loan is repayable in 48 EMI starting from January 2013 to December 2016. The applicable interest rate is 15.00% p.a. There is delay in repayment of Loan amounting to ₹ 118.75 lacs for a period of one month (Previous year ₹ Nil) and the entire amount of which have since been repaid.	9,758.21	2,096.29	5,343.75	356.26
(i)	Secured by first <i>pari passu</i> charge on the Fixed Assets, second <i>pari passu</i> charge on Current Assets of the Company's Indian Subsidiary, both present and future, pledge of 3,830,045 of shares held by the Company in its Indian Subsidiary, personal guarantee of Chairman & Managing Director and corporate guarantee of the Company. The Loan is repayable in 49 EMI starting from October 2012 to October 2016. The applicable interest rate is 13.5% p.a.	3,163.26	1,632.66	4,387.75	612.24

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Nature of Security / Terms of Repayment / Applicable Rate of Interest	Current Year As at 31.03.2013		Previous Year As at 31.03.2012	
		Long Term Borrowings	Current Maturities grouped under Other Current Liabilities	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities
(j)	There is delay in repayment of Loan amounting to ₹ 408.16 lacs for a period of one to four months. (Previous year ₹ Nil) Secured by first <i>pari passu</i> charge on the Fixed Assets, second <i>pari passu</i> charge on Current Assets of the Company's Indian Subsidiary, both present and future, and personal guarantee of Chairman & Managing Director.	-	7,485.55	7,500.00	-
(k)	The Loan is repayable in 3 EQI starting from June 2013 to December 2013. The applicable interest rate is 13.60% p.a. Secured by first <i>pari passu</i> charge on the Fixed Assets, second <i>pari passu</i> charge on Current Assets of the Company's Indian Subsidiary, both present and future and personal guarantee of Chairman & Managing Director. This loan has been recalled by lender on 8 <sup>th</sup> March, 2013. The applicable interest rate is 12.70% p.a. (Refer Note 10.3 and 35)	-	-	9,500.00	500.00
(l)	Secured by first <i>pari passu</i> charge on the Fixed Assets, second <i>pari passu</i> charge on Current Assets of the Company's Indian Subsidiary, both present and future and personal guarantee of Chairman & Managing Director. This Loan is repayable in 8 EQI starting from December 2010 to September 2012. The applicable interest rate is 15.25% p.a. There is delay in repayment of Loan amounting to ₹ Nil (Previous Year ₹ 1,000 lacs for a day) and the entire amount of which have since been repaid.	-	-	-	2,500.00
(m)	Secured by mortgage on building of the Company's Overseas Subsidiary. The Loan is repayable in 12 EQI starting from September 2011 to March 2017. The applicable interest rate is 8.1% p.a.	4,140.24	1,053.29	6,007.73	-
(n)	Secured by eligible receivables and inventories alongwith certain intangible assets of Overseas Subsidiary Company.	-	-	27,906.71	-
	<b>Total</b>	<b>27,657.95</b>	<b>21,336.02</b>	<b>75,320.07</b>	<b>21,228.94</b>
4.4	<b>Funded Interest Term Loans</b> Secured by first <i>pari passu</i> charge on the Current Assets, second <i>pari passu</i> charge on the Fixed Assets of the Company, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd. The Loan is repayable in 36 EMI starting from April 2014 to March 2017. The applicable interest rate is 15.25% p.a.	5,219.37	-	-	-
	<b>Total</b>	<b>5,219.37</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.5	<b>Mortgage Loan</b> Secured by mortgage on building at Company's Overseas Subsidiary. The Loan is repayable in 5 Unequal yearly installment starting from March 2012 to March 2016. The applicable interest rate is 6.4% p.a.	-	-	3,511.58	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,511.58</b>	<b>-</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Nature of Security / Terms of Repayment / Applicable Rate of Interest	Current Year As at 31.03.2013		Previous Year As at 31.03.2012	
		Long Term Borrowings	Current Maturities grouped under Other Current Liabilities	Long Term Borrowings	Current Maturities grouped under Other Current Liabilities
<b>4.6</b>	<b>Equipment Finance</b> Secured by hypothecation of specific equipments / assets. These Loans are repayable in 36 EMI starting from commencement of every new Loan. The applicable interest rate is in the range of 6.75% -15.0% p.a.	13.58	75.01	100.31	97.87
	<b>Total</b>	<b>13.58</b>	<b>75.01</b>	100.31	97.87
<b>4.7</b>	<b>Unsecured Term Loans</b>				
(a)	The Loan of Company was repayable in 10 EQI starting from December 2012 to December 2014. The applicable interest rate is 0.50% p.a. This loan has been recalled Refer Note 10.4 and 35. (In previous year there was delay in payment of principal amounting to ₹ 751.98 lacs for a period of one to six months)	-	-	289.59	1,256.78
(b)	The Loan of Company's Overseas Subsidiary was repayable in 9 EMI starting from October 2012 to June 2012. The applicable interest rate is 7.2% p.a.	-	-	135.64	-
(c)	The Loan of Company's Overseas Subsidiary was repayable in 12 EMI starting from February 2011 to January 2012. The applicable interest rate is 3.7% p.a.	-	-	86.65	-
(d)	The Loan of Company's Overseas Subsidiary was repayable in 12 EMI starting from February 2011 to January 2012. The applicable interest rate is 3.7% p.a.	-	-	346.92	-
	<b>Total</b>	-	-	858.80	1,256.78
<b>4.8</b>	<b>Unsecured Funded Interest Term Loans</b> The Loan of Company was repayable in 10 EQI starting from December 2012 to December 2014. The applicable interest rate is Zero % p.a. This loan has been recalled (Refer Note 10.4 and 35. ) (Previous year ₹ Nil)	-	-	573.42	-
	<b>Total</b>	-	-	573.42	-

(₹ in lacs)

**Current Year**  
As at 31.03.2013

Previous Year  
As at 31.03.2012

**NOTE 5 - DEFERRED TAX LIABILITIES (NET)**

**NOTE 5.1 - S. KUMARS NATIONWIDE LIMITED**

**Deferred Tax Liabilities [Refer note 1(xx)]**

Impact of Difference between Tax depreciation & Depreciation/ Amortisation charged as per Companies Act	4,231.62	4,144.91
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**Deferred Tax Assets [Refer note 1(xx)]**

Disallowance under Section 43B of Income Tax Act for Employee Benefits	-	(184.71)
<b>Deferred Tax Liabilities (Net)</b>	<b>4,231.62</b>	<b>3,960.20</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

**Current Year**  
As at 31.03.2013

**Previous Year**  
As at 31.03.2012

**NOTE 5.2 REID & TAYLOR (INDIA) LIMITED**

**Deferred Tax Liabilities [Refer note 1(xx)]**

Impact of Difference between Tax depreciation & Depreciation/ Amortisation charged as per Companies Act	<b>2,024.81</b>	1,813.40
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**Deferred Tax Assets [Refer note 1(xx)]**

Disallowance under Section 43B of Income Tax Act for Employee Benefits	<b>(319.91)</b>	(294.30)
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<b>Deferred Tax Liabilities (Net)</b>	<b>1,704.90</b>	1,519.10
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**Note 5.3 - Overseas Subsidiaries**

The Deferred Tax Assets of Legguino S.p.A. is Euro 13,78,849 equivalent to ₹ 1,005.45 lacs, SKNL Italy S.p.A. is Euro 1,00,709 equivalent to ₹ 73.44 lacs and Deferred Tax Liabilities of Legguino S.p.A. is Euro 9,67,560 equivalent to ₹ 705.54 lacs as on 31<sup>st</sup> March, 2013.

**NOTE 6 - OTHER LONG TERM LIABILITIES**

Deposit received from Customers/dealers	<b>266.50</b>	41.51
Other liabilities	<b>62.33</b>	-
<b>Total</b>	<b>328.83</b>	41.51

**NOTE 7 - LONG TERM PROVISIONS**

Provision for Employee Benefits [Refer Note 1(xii) & 44]

Gratuity (unfunded)	<b>53.63</b>	39.77
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Leave Encashment (unfunded)	<b>218.21</b>	289.47
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<b>Total</b>	<b>271.84</b>	329.24
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**NOTE 8 - SHORT TERM BORROWINGS  
SECURED**

**(a) Repayable on Demand**

**Working Capital Loans from banks**

Cash Credit Loan (Refer Note 8.1)	<b>195,833.37</b>	237,852.64
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<b>(b) Other Short Term Loans from Banks and Financial Institutions [Refer Note 10.5 (b)]</b>	-	13,333.00
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<b>(c) Short Term Loan from Others (Refer Note 8.2)</b>	<b>1,542.11</b>	-
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<b>197,375.48</b>	251,185.64
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**UNSECURED**

<b>(a) Loans and Advances from Related Party</b>	-	774.00
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**(b) Repayable on Demand**

from Others	<b>315.19</b>	460.97
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<b>315.19</b>	1,234.97
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<b>Total</b>	<b>197,690.67</b>	252,420.61
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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**Nature of Security / Applicable Rate of Interest**

**8.1 Working Capital Loans from banks**

Working Capital Loans of Parent Company, its Indian Subsidiary and Overseas Subsidiaries are secured primarily by first *pari passu* charge on Current Assets and second *pari passu* charge on all movable and immovable properties of the respective Company. In addition to above, corporate guarantee from Anjaneya Holding Pvt. Ltd. and personal guarantee of Chairman & Managing Director has also been provided. Average Interest rate on above Working Capital loan is in the range of 12% -16.75% p.a.

**8.2 Short Term Loans from others**

Secured by pledge of shares held by promoters in the Company. The weighted average interest rate is 19.22% p.a.

(₹ in lacs)

Current Year As at 31.03.2013	Previous Year As at 31.03.2012
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**NOTE 9 - TRADE PAYABLES**

**Trade Payables for Goods Purchased & Services Received [Refer Note 33 (a) & 36]**

Due to Micro, Small and Medium Enterprises (Refer note 41)	481.80	54.52
Due to Others	46,416.75	40,378.86
<b>Total</b>	<b>46,898.55</b>	<b>40,433.38</b>

**NOTE 10 - OTHER CURRENT LIABILITIES**

**Current Maturities of Long Term Debt**

**SECURED**

Term Loans under Technology Upgradation Fund Scheme (Refer Note 4.1)	7,836.61	6,828.73
Term Loan under Overseas Investment Finance Programme (Refer Note 4.2)	5,093.68	7,151.86
Term Loans from Banks & Institutions (Refer Note 4.3)	21,336.02	21,228.94
Equipment Finance (Refer Note 4.6)	75.01	97.87
Unpaid matured Debentures (Refer Note 10.1, 30 & 35)	15,078.81	15,078.81

**UNSECURED**

Unsecured Term Loan from Bank (Refer Note 4.7 (a))	-	1,256.78
Advance against Share Application Money (Refer Note 10.2)	9,748.81	-
Recalled Long Term Borrowings including Interest (Secured) (Refer Note 10.3, 35 & 36)	18,920.19	-
Recalled Unsecured Term Loan form Bank (Refer Note 10.4, 35 & 36)	2168.69	-
Recalled Short Term Borrowings including Interest (Secured) (Refer Note 10.5, 35 & 36)	95,860.89	-
Short Term Loan from Others	150.00	-
Interest accrued but not due on Borrowings	248.51	468.39
Interest accrued and due on Borrowings (Refer Note 10.6 & 35)	24,557.09	5,159.97
Unclaimed Dividends	7.42	7.53
Debentures Redemption Premium Payable (Refer Note 10.1, 30 & 35)	3,932.73	3,932.73
Payables for Expenses	3,553.05	21,015.75
Payables for Capital Goods	245.58	746.65
Other Liabilities		
Statutory Dues Payable (Refer Note 35)	3,101.43	1,369.34
Other Payables*	3,727.80	1,898.64
<b>Total</b>	<b>215,642.32</b>	<b>86,241.99</b>

\*Other Payables include Advances/deposits received from customers/dealers and an amount payable to employees.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

Notes :

**Nature of Security and Terms of Repayment for Long Term Borrowings:**

(₹ in lacs)

Nature of Security / Terms of Repayment / Applicable Rate of Interest		Current Year As at 31.03.2013	Previous Year As at 31.03.2012
<b>10.1</b>	<b>Redeemable Debentures</b> Non-Convertible Debentures (NCDs) amounting to ₹ 26,406.06 lacs (including redemption premium) payable on 31st March, 2013 issued to India Debt Management Pvt. Ltd. are secured by first <i>pari passu</i> charge on all the Fixed Assets of the Company and on all the Fixed Assets of Reid & Taylor (India) Limited, simple mortgage on the property situated at Mehsana, Gujarat, pledge of promoter's shares held in the Company, pledge on entire shareholding (present and future) held by Sansar Holding Inc. in the Company, non-disposal undertaking for "Reid & Taylor" trade mark and first <i>pari passu</i> charge on brands held by Company except "S. Kumars" brand. Current interest rate is 19.0% p.a.  There is delay in repayment of NCDs and interest thereon for a period of six months. The NCDs are recalled on 3rd January 2013. (Previous Year ₹ Nil)	<b>15,078.81</b>	15,078.81
	<b>Total</b>	<b>15,078.81</b>	15,078.81
<b>10.2</b>	<b>Advance against Share Application Money</b> During the year the lenders of the Company to whom equity shares of the Company were pledged by the promoters as collateral security (in addition to the security of Fixed and Current Assets of the Company) have invoked and/or sold the shares pledged to them and adjusted the proceeds amounting to ₹ 9,748.81 lacs against the dues owed by the Company. The amount of funds so realized by them by the invocation/sale of shares has been treated as amount advanced by the promoters to the Company as advance against share application money for the issue of equity shares to the promoters after due completion of the required formalities and approvals.	<b>9,748.81</b>	-
	<b>Total</b>	<b>9,748.81</b>	-
<b>10.3</b>	<b>Recalled Long Term Borrowings including Interest (Secured)</b> a) Secured by first <i>pari passu</i> charge on the Fixed Assets (excluding assets having specific charge) of the Company, and second <i>pari passu</i> charge on Current Assets of the Company, both present and future.  The Loan was repayable in 6 EQI starting from September 2013 to December 2014. The applicable interest rate is 14.6% p.a.  There is delay in interest payment for a period of three months. Further this facility has been recalled by lender on 16 <sup>th</sup> May, 2013. (Previous Year ₹ Nil)  b) Term Loan of the Indian Subsidiary including interest accrued thereon of ₹ 1,106.33 lacs, out of which ₹ 100.00 lacs have since been paid, is secured by first <i>pari passu</i> charge on the Fixed Assets, second <i>pari passu</i> charge on Current Assets of the Indian Subsidiary, both present and future and personal guarantee of Chairman & Managing Director. The applicable interest rate is 12.70% p.a.  There is delay in interest payment for a period of eight months. The loan has been recalled by lender on 8 <sup>th</sup> March, 2013. (Previous year ₹ Nil)	<b>7,813.87</b>	-
	<b>Total</b>	<b>11,106.32</b>	-
	<b>Total</b>	<b>18,920.19</b>	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

Nature of Security / Terms of Repayment / Applicable Rate of Interest		Current Year As at 31.03.2013	Previous Year As at 31.03.2012
<b>10.4</b>	<b>Recalled Unsecured Term Loan from Bank (in foreign currency)</b> This loan has been recalled by lender on 31 <sup>st</sup> December 2012. The applicable interest rate is 0.50% p.a.	<b>2,168.69</b>	-
	<b>Total</b>	<b>2,168.69</b>	-
<b>10.5</b>	<b>Recalled Short Term Borrowings including Interest (Secured)</b>		
<b>(a)</b>	Working Capital loans from Bank Including interest accrued thereon of ₹ 4,921.63 lacs of Parent Company are Secured primarily by first <i>pari passu</i> charge on Current Assets and second <i>pari passu</i> charge on Company's all movable and immovable properties. In addition to above, corporate guarantee from Anjaneya Holding Pvt. Ltd. and personal guarantee of Chairman & Managing Director has also been provided. Average Interest rate on above Working Capital loan is in the range of 15.20% -16.45% p.a. There is delay in interest payment for a period of nine to ten months. This facility has been recalled by lender on 16 <sup>th</sup> May 2013. This facility has been recalled by lender on 13 <sup>th</sup> May 2013. This facility has been recalled by lender on 28 <sup>th</sup> December 2012. This facility has been recalled by lender on 6 <sup>th</sup> March 2013.	<b>1,633.59</b> <b>4,404.92</b> <b>16,050.62</b> <b>17,010.01</b>	
<b>(b)</b>	Short Term Loan in Parent Company and its Indian Subsidiary including interest accrued thereon of ₹ 3,083.87 lacs, is secured by first <i>pari passu</i> charge on all Fixed Assets of the respective Company (excluding exclusively charged Fixed Assets), second <i>pari passu</i> charge on exclusively charged Fixed Assets, second <i>pari passu</i> on all Current Assets (both Present and future), Demand Promissory Note, personal guarantee of Chairman & Managing Director along with pledge of Equity shares held by the Company in Reid and Taylor (India) Ltd. The average interest rate is 15.50% p.a. There is delay in interest payment for a period of six to nine months. Further this facility has been recalled by lender on 5 <sup>th</sup> November 2012. (Previous Year ₹ Nil)	<b>27,783.87</b>	
<b>(c)</b>	Working Capital Loans from Banks including interest accrued thereon ₹ 3,669.76 lacs in Indian Subsidiary Company are secured by first <i>pari passu</i> charge on Current Assets of the Indian Subsidiary, including in particular the stock and receivables ranking <i>pari passu</i> with member bank, second <i>pari passu</i> charge on all the Immovable Properties including plant and machinery spares, tools and accessories and other movables, corporate guarantee of the Company and Anjaneya Holdings Pvt. Ltd. and personal guarantee of Chairman & Managing Director. The applicable interest rate is in the range of 15% -15.95% p.a. There is delay in interest payment for a period of nine to ten months. Further, these facilities amounting to ₹ 10,858.69 lacs and ₹ 18,119.19 lacs had been recalled on 6 <sup>th</sup> March, 2013 and 28 <sup>th</sup> December, 2012 respectively.	<b>28,977.88</b>	-
	<b>Total</b>	<b>95,860.89</b>	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

Nature of Security / Terms of Repayment / Applicable Rate of Interest		Current Year As at 31.03.2013	Previous Year As at 31.03.2012
<b>10.6</b>	<b>Interest accrued and due on borrowings</b>		
	There is delay in interest payment by the Company amounting to ₹ 19,416.70 lacs for a period of one to eleven months, out of which ₹ 365.45 Lacs have since been paid. (Previous year ₹ 3,340.29 lacs for a period ranging between one to three months by parent company, out of which ₹ 1,659.04 lacs have since been paid.) Further, there has been delay in Interest payment by Indian Subsidiary amounting to ₹ 5,140.39 lacs for a period of two to ten months, out of which ₹ 284.44 lacs have since been paid. (Previous year ₹ 87.03 lacs for a period of one to three months by Indian Subsidiary, which have since been paid.)	<b>24,557.09</b>	5,159.97
	<b>Total</b>	<b>24,557.09</b>	5,159.97

(₹ in lacs)

Current Year As at 31.03.2013	Previous Year As at 31.03.2012
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**NOTE 11 - SHORT TERM PROVISIONS**
**(a) Provision for Employee Benefits [Refer Note 1(xii) & 44]**

Salary & Reimbursements	<b>1,400.50</b>	5,287.88
Gratuity (Funded)	<b>612.24</b>	445.26
Leave Encashment (Unfunded)	<b>93.47</b>	105.82
Wage Tax	-	1.08

**(b) Others**

Provision for Taxation (Net of Advance Tax and MAT Credit utilised ₹ 30,475.30 lacs, Previous Year ₹ 31,643.65 lacs) [Refer Note 1(xx)]	<b>30,531.46</b>	28,634.38
Provision for FBT (Net of Advance Tax ₹ 69.21 lacs, Previous Year ₹ 69.21)	<b>1.55</b>	1.55
Proposed Preference Dividend	-	31.65
Tax on Proposed Preference Dividend	-	5.26
Proposed Equity Dividend	-	2,974.03
Tax on Proposed Equity Dividend	-	493.95
<b>Total</b>	<b>32,639.22</b>	37,980.86

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**NOTE 12 - FIXED ASSETS**

[Refer Note 1(iii), 1(iv), 1(v), 1(vi), 1(vii), 1(xv) and 33 (b)]

(₹ in lacs)

Particulars	Gross Block				Accumulated Depreciation					Net Block	
	Balance as at 01.04.2012	Additions	(Disposals)	Balance as at 31.03.2013	Balance as at 01.04.2012	Depreciation/ Amortisation charge for the year	Adjustment due to Revaluations	On Disposals/ Adjustments	Balance as at 31.03.2013	Balance as at 31.03.2013	Balance as at 31.03.2012
<b>Not under lease, unless stated otherwise</b>											
<b>a) Tangible Assets</b>											
Land											
Freehold	1,172.34	-	-	1,172.34	-	-	-	-	-	1,172.34	1,172.34
Leasehold	1,718.55	-	-	1,718.55	2.94	0.16	-	-	3.10	1,715.45	1,715.61
Buildings	20,568.20	60.39	(38.57)	20,590.02	3,311.04	689.77	-	(0.41)	4,000.40	16,589.62	17,257.16
Plant and Equipment	170,117.03	2,248.94	(300.81)	172,065.16	48,075.87	15,157.01	17.68	(287.31)	62,963.25	109,101.91	122,041.16
Furniture and Fixtures	3,736.69	243.36	(624.31)	3,355.74	1,538.14	412.19	-	(584.34)	1,365.99	1,989.75	2,198.55
Vehicles	1,715.26	90.82	(509.85)	1,296.23	644.58	143.66	-	(134.76)	653.48	642.75	1,070.68
Office Equipment	561.53	34.62	(1.29)	594.86	116.22	28.31	-	(0.84)	143.69	451.17	445.31
Leasehold Improvements	1,152.27	82.98	(63.58)	1,171.67	332.23	250.32	-	(14.30)	568.25	603.42	820.04
Computers	637.19	5.76	(14.87)	628.08	405.62	78.64	-	(10.40)	473.86	154.22	231.57
<b>Total</b>	<b>201,379.06</b>	<b>2,766.87</b>	<b>(1,553.28)</b>	<b>202,592.65</b>	<b>54,426.64</b>	<b>16,760.06</b>	<b>17.68</b>	<b>(1,032.36)</b>	<b>70,172.02</b>	<b>132,420.63</b>	<b>146,952.42</b>
<i>Previous year Total</i>	<i>150,668.62</i>	<i>68,732.96</i>	<i>(297.20)</i>	<i>219,104.38</i>	<i>46,078.66</i>	<i>12,832.20</i>	<i>(17.68)</i>	<i>(41.41)</i>	<i>58,851.77</i>	<i>160,252.61</i>	<i>104,589.96</i>
<b>b) Intangible Assets</b>											
Goodwill	12,476.00	-	(466.00)	12,010.00	-	-	-	-	-	12,010.00	12,476.00
Computer Software	1,025.05	155.83	-	1,180.88	814.70	162.25	-	-	976.95	203.93	210.35
<b>Total</b>	<b>13,501.05</b>	<b>155.83</b>	<b>(466.00)</b>	<b>13,190.88</b>	<b>814.70</b>	<b>162.25</b>	<b>-</b>	<b>-</b>	<b>976.95</b>	<b>12,213.93</b>	<b>12,686.35</b>
<i>Previous year Total</i>	<i>45,693.57</i>	<i>9,068.16</i>	<i>-</i>	<i>54,761.73</i>	<i>2,940.54</i>	<i>1,962.55</i>	<i>-</i>	<i>(26.89)</i>	<i>4,876.20</i>	<i>49,885.53</i>	<i>42,753.06</i>
<b>c) Capital Work-in-Progress</b>										<b>22,413.50</b>	<b>24,737.61</b>

**Notes :-**

12.1. Gross Block includes fixed assets for which revaluation was carried out as on 30<sup>th</sup> September, 1997 by the valuer. The amounts of revalued fixed assets are as under :-

	Current Year	Previous Year
a) Freehold Land	₹ 695.58 lacs	₹ 695.58 lacs
b) Building	₹ 642.83 lacs	₹ 642.83 lacs
c) Plant & Machinery	₹ 2,484.50 lacs	₹ 2,484.50 lacs

12.2 Based on the internal estimates and assessments, the management is of the opinion that there is no impairment in relation to its assets and hence no provision is considered necessary.

12.3 During the year the Company has capitalized interest of ₹ 2,167.54 lacs (Previous Year ₹ 1,415.41 lacs) which has been paid to TUFs Lenders. The borrowing was exclusively used for the HVFC/HT project, process house & stitching unit at Jhagadia and weaving unit at Dewas.

12.4 Out of the above leasehold improvements, lease agreement has not been renewed for an amount to ₹ 536.88 lacs (Net WDV). These assets have been depreciated on the basis of previous lease period. The management is of the view that the lease agreement would be renewed soon. (Previous year Nil).

12.5 Freehold land of Indian Subsidiary represents land originally leased out for 21 years (35.16 acres) by Karnataka Industrial Areas Development Board (KIADB) which has been converted to Freehold Land by virtue of an absolute sale deed executed on 28<sup>th</sup> September, 2008 between KIADB and the Company.

**12.6 Leasehold Land of Indian Subsidiary:**

- Leasehold Land amounting to ₹ 32.97 lacs (Previous Year ₹ 32.97 lacs) represents land meant for Industrial project (17.26 acres) for which Lease Deed has been executed on 23<sup>rd</sup> April, 2009 by KIADB for a period of 10 years in favour of the Indian Subsidiary. Management expects the said Leasehold land to be converted into Freehold based upon fulfillment of certain conditions. Hence cost of Leasehold land is not amortised over the lease period.
- Leasehold Land amounting to ₹ 859.06 lacs (Previous Year ₹ 859.06 lacs) represents the land allotted by KIADB at Plot No.55, Bidadi Industrial Area, Bangalore for setting up of Garment Manufacturing unit for a period of 10 years. Execution of lease deed is under process and cost of land will be amortised over lease period once legal formalities are completed.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
<b>NOTE 13 - NON CURRENT INVESTMENTS</b>		
<b>Trade Investments [Refer Note 13.1 &amp; 1(xiv)]</b>		
Investment in Equity Instruments	100.00	100.00
<b>Other NonTrade Investments [Refer Note 13.2 &amp; 1(xiv)]</b>		
Investment in Equity instruments	8.67	8.49
Investments in Government or Trust securities	0.10	0.10
<b>Total</b>	<b>108.77</b>	<b>108.59</b>
Aggregate amount of quoted investments (Market value of ₹ 41 lacs (Previous Year ₹ 120 lacs))	<b>100.00</b>	100.00
Aggregate amount of unquoted investments	<b>8.77</b>	8.59

**13.1 - Details of Trade Investments**

(₹ in lacs)

Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost Yes / No	If Answer to Column (1) is 'No' - Basis of Valuation
		2013	2012			2013	2012	2013	2012		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Investment in Equity Instruments</b>											
Brandhouse Retails Limited, Equity Shares of ₹ 10 each	Having Significant influence	1,000,000	1,000,000	Quoted	Fully paid	0.19	0.19	100.00	100.00	Yes	NA
<b>Total</b>								100.00	100.00		

**13.2 - Details of Other Non-Trade Investments**

(₹ in lacs)

Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost Yes / No	If Answer to Column (1) is 'No' - Basis of Valuation
		2013	2012			2013	2012	2013	2012		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Investment in Equity Instruments</b>											
Anjaneya Foundation	Subsidiary	49,500	49,500	Unquoted	Fully Paid	99.00	99.00	4.95	4.95	Yes	NA
Industria e Universita S.r.l.	Others	10,000	10,000	Unquoted	Fully paid	0.04	0.04	3.72	3.54	Yes	NA
<b>Investment in Government or Trust securities</b>								0.10	0.10		
<b>Total</b>								8.77	8.59		

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	Current Year As at 31 March 2013	Previous Year As at 31 March 2012
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**NOTE 14 - LONG TERM LOANS AND ADVANCES**

Unsecured, considered good, unless stated otherwise

a. Capital Advances [Refer Note 33 (a) & 35]	92,953.59	90,531.16
b. Security Deposits	992.40	1,282.55
c. Other Loans and Advances		
Loan and advances to Staff	33.71	70.44
Advance Recoverable in Cash or Kind for value to be received	97.65	620.58
Prepaid Expenses	60.60	209.53
Service Tax Receivable	162.25	203.52
VAT Receivable	-	69.29
Custom and Excise Duty paid under Protest	90.07	90.07
<b>Total</b>	<b>94,390.27</b>	<b>93,077.14</b>

**NOTE 15 - OTHER NON CURRENT ASSETS**
**Long Term Trade Receivables**

Unsecured, considered good, unless stated otherwise

Miscellaneous Expenditure	1.82	2.05
Fixed Deposits (assigned against 0.01% Redeemable Preference Shares) (Refer Note 29)	-	2,693.29
Interest Receivable on Fixed deposits (assigned against 0.01% Redeemable Preference Shares) (Refer Note 29)	-	1,933.14
Advance Tax and Tax Deducted at Source and MAT Credit availed (Net of Provisions of Tax of ₹ Nil, Previous Year ₹ Nil)	-	87.55
Bank Deposits against Margin Money	80.97	125.27
Interest Receivable on Fixed Deposit with Banks	28.87	20.97
Bank Deposit against Working Capital Loan	-	78.40
Interest Receivable on above Bank Deposit	-	19.46
<b>Total</b>	<b>141.77</b>	<b>4,960.13</b>

**NOTE 16 - INVENTORIES**

(As taken, valued &amp; certified by the Management)

Valued at lower of cost and Net Realisable Value

[Refer Note 1(viii) and 33(b)]

a. Raw Materials and Components	76,348.72	73,727.31
Goods-in transit	-	329.62
	<b>76,348.72</b>	<b>74,056.93</b>
b. Work-in-Progress	35,318.36	34,112.55
Goods-in-transit	6.30	65.91
	<b>35,324.66</b>	<b>34,178.46</b>
c. Finished Goods	93,926.95	93,255.45
Goods-in-transit	16.83	282.48
	<b>93,943.78</b>	<b>93,537.93</b>
d. Stores and Spares, Fuel and Packing Materials	534.13	496.16
<b>Total</b>	<b>206,151.29</b>	<b>202,269.48</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

<b>Current Year</b>	<b>Previous Year</b>
<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>

**NOTE 17 - TRADE RECEIVABLES**

Trade Receivables outstanding for a period less than six months from the date they are due for payment [Refer Note 33(a) &amp; 40]

Unsecured, considered good	233,738.26	224,073.41
Unsecured, considered doubtful	156.24	4,906.72
(-) Provision for doubtful debts	(156.24)	(4,906.72)
	<b>233,738.26</b>	<b>224,073.41</b>

Trade Receivables outstanding for a period exceeding six months from the date they are due for payment [Refer Note 33(a) &amp; 40]

Unsecured, considered good	37,469.16	21,816.09
Unsecured, considered doubtful	1,768.78	249.62
(-) Provision for Doubtful Receivables	(1,768.78)	(249.62)
	<b>37,469.16</b>	<b>21,816.09</b>
<b>Total</b>	<b>271,207.42</b>	<b>245,889.50</b>

**NOTE 18 - CASH AND BANK BALANCES**
**A Cash and Cash Equivalents [Refer Note 1 (ix)]**

Cash on Hand	7.93	17.58
With Banks		
in Current Accounts	731.70	325.33
Balances with Other Banks	-	975.61
	<b>739.63</b>	<b>1,318.52</b>

**B Other Bank Balances**

Bank Deposit against Margin Money (with maturities more than 3 months and less than 12 months)	350.77	633.36
Bank Deposits against Bank Guarantees (with maturities more than 3 months and less than 12 months)	70.92	238.80
with Bank (Earmarked for Dividend)	7.42	7.53
Earmarked Balances (DSRA)*	57.50	993.08
With Scheduled Banks - in current accounts #	13.57	-
	<b>500.18</b>	<b>1,872.77</b>
<b>Total</b>	<b>1,239.81</b>	<b>3,191.29</b>

\*Earmarked Balances (DSRA) with EXIM bank of ₹ Nil (Previous Year ₹ 577.50 lacs) and with ICICI Bank of ₹ 57.50 lacs (Previous Year ₹ 415.58 lacs), are fully utilised for servicing of interest on Secured Term Loan during the year.

# Represents bank balances attached by Income Tax Department for non payment of TDS.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

	<b>Current Year</b>		<b>Previous Year</b>
	<b>As at 31.03.2013</b>		<b>As at 31.03.2012</b>
<b>NOTE 19 - SHORT-TERM LOANS AND ADVANCES</b>			
Unsecured, considered good, unless stated otherwise			
Advances to Related Party			
Subsidiary - Anjaneya Foundation (Section 25 Company)	<b>41.35</b>		41.35
Advances Recoverable in Cash or Kind for value to be received [Refer note 33(a) and 35]			
Unsecured, considered good	<b>129,477.30</b>	112,021.41	
Unsecured, considered doubtful	<b>1,576.65</b>	31.19	
(-) Provision for Doubtful Advances	<b>(1,576.65)</b>	(31.19)	112,021.41
<b>Others</b>			
Deposits	<b>185.64</b>	9.64	
Wool Duty Refund	-	2,338.92	
Prepaid Expenses	<b>298.27</b>	902.83	
Loan and Advances to Staff	<b>72.33</b>	114.65	
Custom Deposits/ Modvat/ Vat Receivable	<b>508.54</b>	561.93	
Loans and Advances to Franchisees and Others	<b>369.65</b>	276.06	
Cenvat Receivable	<b>114.36</b>	154.33	
Tax Receivables	<b>278.51</b>	126.17	
Other Receivables	-	(10.95)	
Others	<b>1,002.54</b>	895.83	
Export Incentives	<b>55.56</b>	141.34	5,510.75
<b>Total</b>	<b>132,404.05</b>	<b>117,573.51</b>	

**NOTE 20 - OTHER CURRENT ASSETS**

Interest Receivable on TUF Loan	<b>22.86</b>	2,759.98
Interest Receivable on Fixed Deposit with Banks	<b>14.30</b>	59.49
Assets held for Sale	-	640.92
IPO Related Expenses	-	425.86
<b>Total</b>	<b>37.16</b>	<b>3,886.25</b>

(₹ in lacs)

	<b>Current year</b>		<b>Previous year</b>
	<b>ended 31.03.2013</b>		<b>ended 31.03.2012</b>
<b>NOTE 21 - REVENUE FROM OPERATIONS</b>			
Sale of Products [Refer Note 1(x)(a) & (b)]	<b>498,042.55</b>	631,848.00	
Sale of Services [Refer Note 1(x) (c)]	<b>1,097.11</b>	749.13	
Other Operating Revenue	-	3,274.85	
Export Benefits	<b>88.99</b>	278.11	
Sale of Scrap	<b>42.88</b>	63.11	
<b>Revenue from Operations (Gross)</b>	<b>499,271.53</b>	<b>636,213.20</b>	
(-) Excise Duty	<b>262.46</b>	687.61	
<b>Revenue from Operations (Net)</b>	<b>499,009.07</b>	<b>635,525.59</b>	

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

	<b>Current year ended 31.03.2013</b>	<b>(₹ in lacs) Previous year ended 31.03.2012</b>
<b>NOTE 22 - OTHER INCOME</b>		
Interest Income [Refer Note 1(x)(d)]	<b>91.12</b>	63.51
Balances Written Back	<b>10.95</b>	-
Liability no longer required	<b>94.59</b>	24.47
Other Non Operating Income	<b>767.30</b>	815.71
<b>Total</b>	<b><u>963.96</u></b>	<b><u>903.69</u></b>
<b>NOTE 23 - COST OF MATERIALS CONSUMED</b>		
Opening Inventory	<b>69,255.19</b>	56,439.97
(+) Purchases	<b>378,891.98</b>	412,499.20
(-) Closing Inventory	<b><u>76,348.72</u></b>	<u>74,056.93</u>
<b>Total</b>	<b><u>371,798.45</u></b>	<b><u>394,882.24</u></b>
<b>NOTE 24 - CHANGES IN INVENTORIES</b>		
Closing Inventory of :		
- Semi-Finished Fabrics	<b>35,324.66</b>	34,178.46
- Finished Fabrics, Garments and Made-ups	<b><u>93,943.78</u></b>	<u>129,268.44</u>
<b>Total</b>	<b><u>129,268.44</u></b>	<b><u>163,446.90</u></b>
Opening Inventory of :		
- Semi-Finished Fabrics	<b>32,970.27</b>	26,521.16
- Finished Fabrics, Garments and Made-ups	<b><u>72,846.34</u></b>	<u>80,118.66</u>
<b>(Increase)/Decrease in Inventories</b>	<b><u>(23,451.83)</u></b>	<b><u>(21,076.57)</u></b>
<b>NOTE 25 - EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and Incentives	<b>15,015.67</b>	53,143.55
Contributions to -		
- Provident Fund	<b>587.28</b>	985.75
- ESIC Fund	<b>122.02</b>	122.95
Gratuity Expenses	<b>221.95</b>	330.17
Social Security and Other Benefit Plans for Overseas Employees	<b>1.49</b>	1,156.29
Staff Welfare Expenses	<b>78.03</b>	2,633.44
<b>Total</b>	<b><u>16,026.44</u></b>	<b><u>58,372.15</u></b>
<b>NOTE 26 - FINANCE COSTS</b>		
Interest Expenses	<b>72,799.88</b>	51,329.00
Other Borrowing Costs	<b>767.67</b>	2,002.09
Net (Gain)/Loss on Foreign Currency transactions and translation	<b>41.55</b>	154.64
<b>Total</b>	<b><u>73,609.10</u></b>	<b><u>53,485.73</u></b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

	Current Year ended 31.03.2013	(₹ in lacs) Previous Year ended 31.03.2012
<b>NOTE 27 - OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Conversion Charges	5,022.92	6,829.30
Freight and Octroi	552.84	1,358.05
Water Power & Fuel	5,964.52	5,134.74
Stores and Spares	1,509.42	1,020.67
Excise and Entry Tax	274.63	881.29
Other Materials/ Expenses	1,283.30	1,496.69
Insurance	149.06	766.61
<b>Total (A)</b>	<u>14,756.69</u>	<u>17,487.35</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Rent (Refer Note 47)	783.58	3,439.53
Rates & Taxes	118.23	1,824.10
Repairs and Maintenance		
- to Buildings	45.93	110.49
- to Machinery	7.06	234.38
- to Others	221.21	212.69
Travelling Expenses	374.43	990.70
Electricity Charges	80.56	71.14
Vehicles Maintenance	273.28	387.77
Directors' Sitting Fees	19.35	23.20
Remuneration to Auditors		
- Audit Fees	89.38	219.23
- Other Services	34.09	37.02
- Reimbursement of Expenses	9.87	8.91
Bank Charges	1,000.72	1,966.06
Conveyance Expenses	174.92	70.93
Legal & Professional Charges	905.00	4,201.68
Listing Fees	6.29	6.15
Printing and Stationery	111.86	243.23
Telephone Expenses	103.46	242.76
Postage and Telegrams	107.21	99.18
Sales Tax	63.20	3.28
Sundry Balances Written Off	60.85	0.16
License and Registration Fees	140.09	101.34
Balances not Recoverable Written Off [Refer Note 33(a)]	4,599.34	61.32
Provision for Doubtful Receivables / Amounts not Recoverable [Refer Note 33(a)]	3114.45	-
Loss on Sale of Assets (Net)	198.28	6.69
Service Tax	27.60	45.13
Exchange Rate Fluctuation (Net)	185.90	(120.11)
IPO Expenses Charged Off	426.98	-
Other Miscellaneous Expenses	282.66	2,999.14
<b>Total (B)</b>	<u>13,565.78</u>	<u>17,486.10</u>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Dealers Incentives	2,561.46	4,902.90
Discounts, Rebates and Allowances	2,531.57	7,785.04
Commission and Brokerage	2,346.54	2,781.41
Conference/Publicity and Business Promotion Expenses	2,056.83	8,787.40
Other Selling Expenses	6,770.54	10,166.31
<b>Total (C)</b>	<u>16,266.94</u>	<u>34,423.06</u>
<b>Total (A + B + C)</b>	<u>44,589.41</u>	<u>69,396.51</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

28. (a) On 19<sup>th</sup> October, 2012, HMX Poland sp. Z.o.o., and its subsidiary, HMX Acquisition Corp., alongwith step down subsidiaries have filed Voluntary Petition under Chapter 11 with the United States Bankruptcy Court. Consequent to the above, the assets, brands and business of HMX Acquisition Corp. were sold through a bidding process motion filed with the Bankruptcy Court.
- (b) SKNL (UK) Limited, a subsidiary of the Company has, subsequent to the cessation of the Licence Agreement for the usage of DKNY Brand with Donna Karan Studio LLC., New York, filed a winding up petition in the High Court of Justice, Chancery Division, Companies Court, UK.
- The Company has therefore, made a provision for diminution in the value of the investments amounting to ₹ 32,257.17 lacs in respect of the investments earlier made through a structure of holding companies and written back amount payable to SKNL (UK) Ltd. of ₹ 3,176.68 lacs.
29. The Company, as per the approval for exit from Corporate Debt Restructuring (CDR), had kept in Fixed Deposits ₹ 5,554.37 lacs with a Bank which was equivalent to the Net Present Value (NPV) of 0.01% Redeemable Preference Shares and Funded Interest Term Loan (FITL) redeemable/ payable in the future. During the year the Bank has withdrawn prematurely the above Fixed Deposits and utilized the proceeds to adjust their current dues. Hence, the proportionate gain (between the NPV and the face value of Preference Shares and FITL) amounting to ₹ 3,334.14 lacs booked at the time of CDR exit has been reversed during the year and accounted as an Exceptional Expense.
30. (a) India Debt Management Private Ltd. and IDBI Trusteeship Services Ltd. (Security Agents) have filed an interlocutory application No. 3 before the Hon'ble Vacation Court at Mysore, and the Hon'ble Vacation Judge has granted an ex-parte order for temporary injunction, restraining Reid & Taylor (India) Ltd. (RTIL) & the Company from selling, transferring, alienating, encumbering, creating any third party rights on the mortgaged properties of RTIL till 8<sup>th</sup> August, 2013. The above matter is being challenged and defended by the Company and other lenders.
- (b) The Company had given a corporate guarantee for the purpose of loan taken by Brandhouse Retails Ltd. (BHRL) and the same has been invoked on 26<sup>th</sup> March, 2013. The outstanding balance of the loan in the books of BHRL as on 31<sup>st</sup> March, 2013 stands at ₹ 10,237.99 lacs.
31. The Company has availed a Short Term Loan facility of ₹ 10,000 lacs from IL&FS Financial Services Limited (IL&FS) as per the sanction letter dated 24<sup>th</sup> August, 2011, against the security of 26% (3,49,95,838 shares) Unquoted Equity Shares held by the Company in its subsidiary Reid & Taylor (India) Ltd. (RTIL). The lender has, on 31<sup>st</sup> March, 2013, invoked 2,45,23,656 shares pledged to them and adjusted the proceeds, calculated by them, towards the principal and interest due on the above Short Term Loan facility, amounting to ₹ 11,691.51 lacs. IL&FS vide their letter dated 15<sup>th</sup> April 2013, has intimated to the Company to pay holding cost on the Loan so adjusted by them @ 15% p.a. The Company, therefore, continues to show the full liability of the Short Term Loan availed from the Lender. Consequently, the investment in the equity shares of RTIL is shown at cost on the asset side without giving impact to the invocation. Similarly consolidation of the financial results of RTIL is based on the cost of the equity invested.
32. (a) During the year, 13 out of 20 overseas subsidiaries are not included in consolidation as explained in Note 1 (i) of significant accounting policies, consequently inter company sales, purchases, expenses, receivables, payables, investments etc. have not been squared up, which otherwise would have been done had these subsidiaries been included for consolidation. Its impact on loss, relevant assets and liabilities for the year is not ascertainable. Further, due to non consolidation of these above mentioned subsidiaries the balances of previous year are not comparable with balances of current year.
- (b) The Goodwill of ₹ 12,010.00 lacs (Previous year ₹ 12,476 lacs) arising out of the acquisition of Leggiuno S.p.A. ₹ 11,929.00 lacs, Marling & Evans Ltd. ₹ 81.00 lacs has not been written off since there has been no erosion or impairment in the value of the business. During the year Goodwill of SKNL (UK) Ltd amounting to ₹ 466.00 lacs has been written off.
33. (a) In case of the Company and one of its unlisted Indian subsidiary the confirmation, reconciliation and adjustment of balances pertaining to trade receivables and payable through the accounts of collecting agents, loans & advances and capital advances is an ongoing process and additionally, to the extent possible, significant portion of the outstanding balances as at the Balance Sheet date are independently confirmed. Based on the above, during the year, the respective Companies have identified and made provision amounting to ₹ 7,713.79 lacs for unconfirmed/ non-recoverable balances. As regards the outstanding trade receivables, loans & advances and capital advances, the management of the respective companies are of the opinion that the same are fully recoverable and consequential adjustments and provisioning, if any, are not likely to be material given the nature and size of its operations.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

- (b) The Company has a regular programme of verification of fixed assets including capital work in progress, wherein all fixed assets are verified once in a period of three years. The Company maintains proper records of fixed assets and same are in the process of being updated for the period after 31<sup>st</sup> March 2011. Based on the verification of fixed assets during the year vis-à-vis the underlying records, the Company has impaired assets amounting to ₹ 226.25 lacs. Further, the inventories, including those lying with third parties aggregating ₹ 129,352.30 lacs are physically verified by the management. Based on such verification during the year, the Company has written down inventories amounting to ₹ 344.26 lacs. In view of the verification process consistently followed, as regards the fixed assets, capital work in progress and inventories as at the Balance Sheet date, the Company is of the opinion that the same are fully realizable and consequential adjustments and write down/ impairment, if any, are not likely to be material given the nature and size of its operations.
34. The Group is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments and home textiles. Considering the overall nature, the management is of the opinion that the entire operation of the Group falls under one business segment i.e. Textiles and as such there are no separate reportable segments for the purpose of disclosures as required under Accounting Standard – 17 “Segment Reporting”.
35. The Company and one of its unlisted Indian Subsidiary are facing a mismatch in its cash flows mainly on account of the delay in the planned Initial Public Offer of shares of Reid & Taylor (India) Ltd. (RTIL) Indian subsidiary of the Company and offer for sale of shares held by the Company in RTIL. The Company had invested in Overseas Businesses - HMX in the US and joint venture with DKNY in the UK, mainly from debt funds and during the year the Company had to make provisions of ₹ 32,257.17 lacs for write off of these overseas investments as well as receivables due from them. (Refer Note 28 in this regard). Considering the expansion plan for projects and business operations, the Company and one of its Indian subsidiary (RTIL) have extended advances to suppliers for capital goods amounting to ₹ 92,953.59 lacs, suppliers of goods amounting to ₹ 1,28,702.75 lacs and have incurred expenditure towards capital work-in-progress amounting to ₹ 22,413.50 lacs. However, due to cash flow constraints, expansion plans have been kept on hold till further cash flows are augmented. The respective Companies have not been able to raise the assessed working capital limits thereby creating further constraints in the cash flows. The above reasons have affected the timely servicing of dues to the lenders and resulted in some delays in the payment of statutory dues. Consequently, loans aggregating ₹ 1,39,423.11 lacs have been recalled and the related securities have been invoked by the concerned lenders. The respective Companies are in the process of making necessary arrangements to obtain adequate financial resources for managing day to day operations and discharging liabilities as and when due. In the event, the required financial resources are not raised on a timely basis and/ or the debts are not restructured in tune with cash flows, the operations may get impacted thereby, affecting the assumptions of going concern.
36. Few of the creditors/ lenders of the Company and one of its unlisted Indian Subsidiary (RTIL) have sent legal notices or recalled their loans or filed legal cases for recovery of the money due to them. The liabilities due to these creditors/ lenders have been fully reflected in the financial accounts and the respective Companies do not anticipate any additional liability in this respect.
37. a) The Garment Factory (a division of the Company) situated at Bengaluru has temporarily been shut down since February 2013 due to labour unrest. Consequently, the books of accounts of the said factory couldn't be accessed. The financial statement include assets, liabilities, income and expenditure for the said factory amounting to ₹ 435.42 lacs, ₹ 379.37 lacs, ₹ 162.60 lacs and ₹ 594.23 lacs respectively, prepared by the Management on the best estimate basis as per financial results subjected to limited review till 31<sup>st</sup> December, 2012. These amounts have not been subjected to audit. The Company is of the opinion that the consequential adjustments, if any, are not likely to be material given the nature and size of its operations.
- b) The Suit Factory (a division of one of unlisted Indian Subsidiary) situated at Bengaluru has temporarily been shut down since February, 2013 due to non-renewal of lease and subsequent labour unrest. Consequently, the books of account of the said factory couldn't be accessed. The financial statement includes assets, liabilities, income and expenditure of ₹ 6,789.90 lacs, ₹ 198.10 lacs, ₹ 54.60 lacs and ₹ 542.15 lacs respectively, prepared by the Management on the best estimate basis as per the financial results subjected to limited review till 31<sup>st</sup> December, 2012. These amounts have not been subjected to audit. RTIL is of the opinion that the consequential adjustments, if any, are not likely to be material given the nature and size of its operations.
38. IDBI Bank Ltd. has rescheduled, the Term Loans and Working Capital Facilities given by them with cut-off-date, 1<sup>st</sup> October, 2012 and converted the outstanding dues into Funded Interest Term Loan (FITL) and Working Capital Term Loan (WCTL). The Bank has also rescheduled the repayment of the principal and servicing of interest thereon with a moratorium of one year. The effect of the same has been carried out in the books.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**39. Disclosure as per clause 32 of the Listing agreement:**

Loans and Advances in the nature of loans given to Subsidiaries, Associates and Others :

Name of the Company	:	Anjaneya Foundation
Relationship	:	Subsidiary (Sec 25) Company
Amount outstanding as at 31.03.2013	:	₹ 41.35 Lacs (Previous Year ₹ 41.35 Lacs)
Maximum balance outstanding during the year	:	₹ 41.35 Lacs (Previous Year ₹ 41.35 Lacs)
Investment in Shares of the Company	:	49,500 Shares (Previous Year 49,500 Shares)
(No. of Shares)		

**40. Trade receivables and advances due from firms and companies in which Directors are/ were interested:**

(₹ in Lacs)

Name of the Company	As at 31.03.2013	As at 31.03.2012
<b>(A) Trade Receivables:</b>		
Brandhouse Retails Ltd.	29,732.16	18,401.12
Coppley Corp	111.01	103.91
HMX LLC	634.93	446.44
<b>Total</b>	<b>30,478.10</b>	<b>18,951.47</b>
<b>(B) Loans and Advances:</b>		
Anjaneya Foundation	41.35	41.35
<b>Total</b>	<b>41.35</b>	<b>41.35</b>
<b>Grand-Total</b>	<b>30,519.45</b>	<b>18,992.82</b>

**41. The Micro, Small and Medium Enterprises Development Act, 2006:**

The Information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company. The amount of principal & interest outstanding during 2012-13 is given below:

(₹ in lacs)

			As at 31.03.2013	As at 31.03.2012
i)	Amounts unpaid	Principal	391.37	24.08
ii)	Amount of interest accrued and unpaid			
	Opening Balance		30.44	25.12
	Add: Accrued Interest		73.38	5.32
	Less: Paid/ Adjusted during the year		13.39	Nil
	Closing Balance	Interest	90.43	30.44
iii)	<b>Total Amount outstanding</b>		<b>481.80</b>	<b>54.52</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**42. Related parties Disclosures required under Accounting Standard 18 -“Related Party Transactions”**

**(a) Related parties**

Sr. No.	Name of the Related Party	Relationship
1.	Brandhouse Retails Ltd.	Enterprises over which Key Managerial Personnel are able to exercise significant influence
2.	Brandhouse Oviessie Ltd.	
3.	S. Kumars Enterprises (Synfabs) Ltd.	
4.	S.Kumars Textiles Ltd.	
5.	N’Essence Holdings Ltd.	
6.	Rosewood Holdings Pvt. Ltd.	
7.	Anjaneya Holdings Pvt Ltd. (Formerly known as Anjani Finvest Pvt. Ltd.)	
8.	Verve Properties & Investment Pvt. Ltd.	
9.	Ingenious Finance & Investment Pvt. Ltd.	
10.	Natty Finance & Investment Pvt. Ltd.	
11.	S. K. Worsteds Pvt. Ltd.	
12.	Tulja Enterprises Pvt. Ltd.	
13.	Sansar Exim Pvt. Ltd.	
14.	Chamundeshwari Mercantile Pvt Ltd.	
15.	Maverick Mercantile Pvt Ltd.	
16.	Chamundeshwari Trading and Finance Pvt Ltd.	
17.	SKNL Foundation	
18.	Anjaneya Foundation	Subsidiary
19.	SKNL (UK) Ltd.	Subsidiary of SKNL Global Holdings B.V.
20.	Global Apparel (US) Ltd.	Wholly Owned Subsidiary of SKNL (UK) Ltd.
21.	Global Apparel (France) Ltd.	
22.	7172931 Canada Ltd.	
23.	Global Apparel (Hong Kong) Ltd.	
24.	Remala Trading B.V.	Subsidiary of SKNL North America B.V.
25.	HMX Poland sp. Z.o.o	Wholly Owned Subsidiary of Remala Trading B.V.
26.	Copley Corp.	
27.	HMX Acquisition Corp.	Wholly Owned Subsidiary of HMX Poland sp Z.o.o
28.	HMX LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
29.	HMX Des Plaines LLC	
30.	Quartet Real Estate LLC	
31.	HMX DTC Co.	

**(b) Key Management Personnel**

Shri Nitin S. Kasliwal - Chairman & Managing Director  
 Shri Anil Kumar Channa - Deputy Managing Director  
 Shri Jagadeesh S. Shetty - Director - Finance and Group CFO

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**(c) Details of Transactions**

(₹ in lacs)

<b>Nature of Transactions</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Sales</b>		
Goods		
Brandhouse Retails Ltd. (Net of returns and discount)	<b>82,197.47</b>	67,480.02
HMX LLC	<b>387.10</b>	1,047.86
Copley Corp	<b>Nil</b>	108.84
<b>Total</b>	<b>82,584.57</b>	68,636.72
<b>Fixed Assets Sold</b>		
S. Kumars Textiles Ltd.	<b>29.32</b>	Nil
<b>Total</b>	<b>29.32</b>	Nil
<b>Capital Expenditure</b>		
HMX LLC	<b>Nil</b>	10.95
<b>Total</b>	<b>Nil</b>	10.95
<b>Advances given and received back</b>		
S. Kumars Textiles Ltd.	<b>Nil</b>	50.00
Anjaneya Holdings Pvt. Ltd.	<b>Nil</b>	1,190.00
<b>Total</b>	<b>Nil</b>	1,240.00
<b>Advances given</b>		
HMX LLC	<b>Nil</b>	507.22
<b>Total</b>	<b>Nil</b>	507.22
<b>Advances Taken</b>		
Anjaneya Holdings Pvt. Ltd.	<b>9,079.47</b>	1,714.00
Chamundeshwari Mercantile Pvt. Ltd	<b>77.76</b>	Nil
Tulja Enterprises Pvt. Ltd.	<b>206.68</b>	Nil
Ingenious Finance & Investment Pvt. Ltd	<b>93.74</b>	Nil
Chamundeshwari Trading & Finance Pvt. Ltd.	<b>52.48</b>	Nil
Nitin S. Kasliwal	<b>200.24</b>	Nil
<b>Total</b>	<b>9,710.37</b>	1714.00
<b>Advances Repaid</b>		
Anjaneya Holdings Pvt. Ltd.	<b>629.69</b>	940.00
Nitin S. Kasliwal	<b>105.85</b>	-
<b>Total</b>	<b>735.54</b>	940.00
<b>Balances Written back</b>		
SKNL (UK) Ltd.	<b>3,176.68</b>	Nil
<b>Total</b>	<b>3,176.68</b>	Nil

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(₹ in lacs)

Nature of Transactions	As at 31.03.2013	As at 31.03.2012
<b>Outstanding at the year end</b>		
Trade Receivables – Refer Note 40 (A)	<b>30,478.10</b>	18,951.47
Creditors – Brandhouse Retails Ltd.	<b>13.40</b>	Nil
– SKNL (UK) Ltd.	<b>Nil</b>	4,225.15
Advances Receivable – Refer Note 40 (B)	<b>41.35</b>	41.35
Advances against Share Application Money -		
– Anjaneya Holdings Pvt. Ltd.	<b>9,223.78</b>	774.00
– Chamundeshwari Mercantile Pvt. Ltd.	<b>77.76</b>	Nil
– Tulja Enterprises Pvt. Ltd.	<b>206.68</b>	Nil
– Ingenious Finance & Investment Pvt. Ltd.	<b>93.74</b>	Nil
– Chamundeshwari Trading & Finance Pvt. Ltd.	<b>52.48</b>	Nil
– Nitin S. Kasliwal	<b>94.39</b>	Nil
Investments		
– Brandhouse Retails Ltd.	<b>100.00</b>	100.00
– Anjaneya Foundation	<b>4.95</b>	4.95
<b>Managerial Remuneration</b>		
Shri Nitin S. Kasliwal – Chairman and Managing Director	<b>Nil</b>	459.91
Shri Anil Channa – Deputy Managing Director	<b>Nil</b>	140.35

(Related party relationships are as identified by the Management and have been relied upon by the Auditor.)

Since 13 overseas subsidiaries have not been included for consolidation purpose, as explained in Note 1 (i) of significant Accounting Policies, accordingly the related party disclosure with regard to these subsidiaries, are continued to be shown as those are disclosed in standalone financials.

During the year the Company and one of its unlisted Indian Subsidiary (RTIL) have made provision for Doubtful Receivables for Related Parties which are as follows:

HMX LLC	₹ 908.29 lacs
Copley Corp.	₹ 111.01 lacs

**43. Computation of Earning per Share:**

Basic	Current year ended 31.03.2013	Previous year ended 31.03.2012
Net Profit attributable to Equity Shareholders (Net of Preference Dividend and Tax on Preference Dividend) (₹ in lacs)	<b>(36,952.17)</b>	39,493.71
Weighted average number of Equity Shares of ₹ 10 each outstanding during the year (Nos. in lacs)	<b>2,974.03</b>	2,887.13
Basic Earnings per Share	<b>₹ (12.42)</b>	₹ 13.67

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

<b>Diluted</b>	<b>Current year ended 31.03.2013</b>	Previous year ended 31.03.2012
Net Profit attributable to Equity Shareholders (Net of Preference Dividend and Tax on Preference Dividend) (₹ in lacs)	<b>(36,952.17)</b>	39,493.71
		<i>(Nos. in lacs)</i>
Number of shares outstanding on the beginning of the year	<b>2,974.03</b>	2,849.78
Add : Weighted average number of potential equity shares on conversion of Equity Warrants	<b>Nil</b>	37.35
Add : Weighted average number of potential equity shares on account of employee stock options	<b>1.10</b>	2.73
Weighted average number of shares outstanding at the year end	<b>2,975.13</b>	2,889.86
Diluted Earnings per Share	<b>₹ (12.42)</b>	₹ 13.65

**44. The Company and one of its Indian Subsidiary (RTIL) adopted the Accounting Standard -15 (Revised 2005) "Employee Benefits" effective from 1<sup>st</sup> April, 2007.**

The Company and one of its Indian Subsidiary (RTIL) has classified the various benefits provided to employees as under:

**I. Defined Contribution Plans:**

- Provident Fund & Employees' Pension Scheme 1995
- Employers' Contribution to Employees' State Insurance

The Company and one of its Indian Subsidiary (RTIL) have recognised the following amounts in Statement of Profit and Loss Account:

*(₹ in lacs)*

<b>Particulars</b>	<b>As at 31.03.2013</b>	As at 31.03.2012
Employer's contribution to Provident Fund & Pension Scheme	<b>587.28</b>	669.20
Employer's contribution to Employees' State Insurance	<b>122.02</b>	122.95

**II. Defined Benefit Plans:**

- Contribution to Gratuity Fund (Funded Scheme)
- Leave Encashment (Unfunded Scheme)

In accordance with the Accounting Standard - 15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:

<b>Particulars</b>	<b>As at 31.03.2013</b>	As at 31.03.2012
Discount Rate (% per annum)	<b>8.25</b>	8.75
Rate of increase in compensation levels (% per annum)	<b>5</b>	5
% Rate of return on Plan Assets (for Funded Scheme)	<b>8.70</b>	8.60
Expected Average remaining working lives of the employees (years)	<b>18</b>	18

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**A. Change in the Present Value of Obligation:**

(₹ in lacs)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave encashment)
Present Value of Defined Benefit Obligation as at the beginning of the period	1,173.75	394.80	952.81	399.66
Interest Cost	102.70	-	85.02	-
Current Service Cost	125.89	95.14	169.11	132.38
Past Service Cost (Vested Benefit)	-	-	32.01	-
Benefits Paid	(178.52)	(178.27)	(36.68)	(137.24)
Actuarial (gain) / loss on Obligations	34.47	-	(28.51)	-
Present Value of Defined Benefit Obligation as at the end of the period	1,258.30	311.67	1,173.76	394.80

**B. Changes in the Fair Value of Plan Assets (For Funded Scheme):**

(₹ in lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Present Value of Plan Assets as at the beginning of the period	688.72	625.44
Expected Return on Plan Assets	59.22	52.88
Contributions	26.88	65.62
Benefits Paid	(164.27)	(36.68)
Actuarial gains / (losses)	(18.12)	(18.52)
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	592.42	688.72

**C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets:**

(₹ in lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Present Value of Funded Obligation as at the end of the period	1,258.30	1,173.76
Fair Value of Plan Assets as at the end of the period	592.42	688.72
Funded Asset recognised in the Balance Sheet included in provisions	-	-
Present Value of Unfunded Obligation as at the end of the period	665.87	485.03
Unrecognized Actuarial gains / (losses)	-	-
Unfunded Liability recognized in the Balance Sheet included in provisions	665.87	485.03

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**D. Amount recognised in the Balance Sheet:**

(₹ in lacs)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the end of the period	1,258.30	311.67	1,173.76	394.80
Fair Value of Plan Assets as at the end of the period	592.42	-	688.72	-
Liability/ (Net Asset) recognised in the Balance Sheet	665.87	311.67	485.03	394.80
Current Liability	612.24	93.47	445.26	105.82
Non Current Liability	53.63	218.21	39.77	288.98

**E. Expenses recognized in the Statement of Profit and Loss:**

(₹ in lacs)

Particulars	Current Year ended 31.03.2013		Previous Year ended 31.03.2012	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Current Service Cost	125.89	95.14	169.11	132.38
Past Service Cost	-	-	32.01	-
Interest Cost	102.70	-	85.02	-
Expected Return on Plan Assets	(59.22)	-	(52.88)	-
Curtailement Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	52.59	-	(9.98)	-
Total Expenses recognised in the Statement of Profit and Loss	221.95	95.14	222.29	132.38

**F. Actual Return on Plan Assets :**

(₹ in lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Expected Return on Plan Assets	59.22	52.88
Actuarial gain / (losses) on Plan Assets	(18.12)	(18.53)
<b>Actual Return on Plan Assets</b>	<b>41.10</b>	<b>34.35</b>

**G. Recognition of Actuarial (Gain) / Loss**

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Actuarial (Gain) / Loss on Obligation	34.47	(28.51)
Actuarial (Gain) / Loss on Asset	18.12	18.53
<b>Actuarial (Gain) / Loss in Statement of Profit &amp; Loss</b>	<b>52.59</b>	<b>(9.98)</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**H. Experience Adjustment**

(₹ in lacs)

Particulars	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
On Plan Liability (Gain) / Loss	<b>56.02</b>	42.84	42.29	(116.63)	27.18
On Plan Liability (Loss) / Gain	<b>(18.12)</b>	(18.53)	8.19	(8.12)	(20.91)

The Company and one of its Indian subsidiary (RTIL) have own managed funds as well as insurer managed funds for certain divisions and hence it is not possible to give a break-up of investments in debt instruments and bank deposits.

The expected rate of return on plan assets is based on market expectations at the beginning of the period. The rate of return on long-term government bonds is taken as reference for this purpose.

It is estimated that the contribution during the financial year 2013-14 would be ₹ 612.27 lacs on account of the funded benefits.

**45. Contingent Liabilities:**

**a. Guarantees:**

(₹ in lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
i) In respect of concessional custom duty availed under EPCG Scheme (Covered by Bank Guarantee)	<b>35.03</b>	35.03
ii) In respect of concessional custom duty availed under EPCG Scheme (Covered by Bond)	<b>44.89</b>	44.89
iii) Guarantees extended by the banks based on the Company's counter guarantees	<b>414.62</b>	2,836.74
iv) Corporate Guarantee extended by the Company to the lenders of Shree Maheshwar Hydrel Power Corporation Ltd.	<b>30,752.00</b>	28,294.00
v) Corporate Guarantees given to the lenders of Brandhouse Retails Ltd.	<b>15,215.92</b>	9,494.19

**b. Claims not acknowledged as debts:**

(₹ in lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
i) Income Tax, Sales Tax, Service Tax and Entry Tax demand – disputed in appeal	<b>8,159.45</b>	10,112.21
ii) Demand Order of Central Excise Authorities disputed by the Company	<b>574.67</b>	574.67
iii) Labour matter pending in court	<b>164.84</b>	144.90
iv) Civil matter pending in court	<b>Nil</b>	2.56
v) Writ petition filed before Hon'ble High Court, Indore against the order of Industrial Court	<b>Nil</b>	14.19
vi) Matter in respect of Gratuity pending before controlling authorities	<b>3.20</b>	3.20
vii) Creditors for supply of goods disputed	<b>Nil</b>	4.80
viii) Custom CVD disputed	<b>21.16</b>	Nil

c. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance), as certified by the Management is ₹ 1,267.10 lacs (Previous Year ₹ 2,208.42 lacs).

d. Arrears of Dividend on 6% Cumulative Redeemable Preference Shares are ₹ 44.70 lacs (Previous Year ₹ 31.65 lacs).



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

46. In case of RTIL, Income Tax provided for earlier years amounting to ₹ 23,223.57 lacs will be adjusted based on the finalization of the assessments by the Tax authorities in the year when assessments are completed.
47. As per Accounting Standard – 19 “Leases”, the total of future minimum lease payment commitments under operating non cancellable operating lease agreements for a period of 1 to 9 years to use offices, warehouses and guest house, are as under:

(₹ in lacs)

Period	As at 31.03.2013	As at 31.03.2012
i) not later than one year	678.61	833.33
ii) later than one year but not later than five years	1,847.60	2864.79
iii) later than five years	688.97	915.90

The above amounts are exclusive of taxes and duties. During the year, the Company has incurred an expense of ₹ 665.93 lacs (Previous year ₹ 1,015.50 lacs) as rent in respect of cancellable leases.

48. In the opinion of the Management the current & non current assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
49. Anjaneya Foundation is Company u/s. 25 of the Companies Act, 1956 and its financials are not consolidated with the Company's consolidated financial statements
50. Previous year figures have been reclassified to conform to current year classification.

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For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** *Chairman and Managing Director*

**ANIL CHANNA** *Deputy Managing Director*

**J. S. SHETTY** *Director - Finance and Group CFO*

**PULAK BANERJEE** *Sr. Vice President - Legal & Company Secretary*

Place : Mumbai

Date : 16<sup>th</sup> July, 2013

















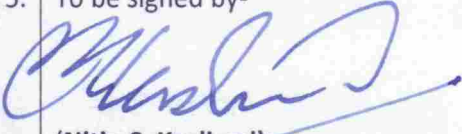
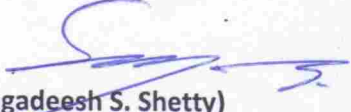

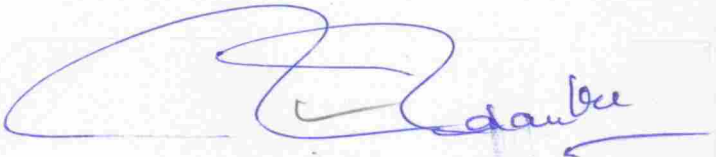
# SKNL

*S. Kumars Nationwide Limited*

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Off.G.K. Marg, Lower Parel,  
Mumbai- 400 013    [www.sknl.co.in](http://www.sknl.co.in)

## FORM B

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

1.	Name of the company	S. Kumars Nationwide Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3.	Type of Audit qualification	Except for
4.	Frequency of qualification	Appeared first time
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p><b>On Standalone Financials:</b></p> <p>(a.) In respect of qualifications made by the auditors, please refer point no 1 &amp; 2 under 'Basis for Qualified Opinion' on page no. 30 &amp; 31 of Annual Report.</p> <p>(b.) The relevant notes in the Annual Report pertaining to above qualifications are appearing under note no. 33(a), (b), on page No.63 of Annual Report</p> <p>(c.) Management response on the above contained in the Directors' Report on page no. 8 of Annual Report.</p> <p><b>On Consolidated Financials:</b></p> <p>(d.) In respect of qualifications made by the auditors, please refer point no 1 to 5 under 'Basis for Qualified Opinion' on page no. 80 &amp; 81 of Annual Report.</p> <p>(e.) The relevant notes in the Annual Report pertaining to above qualifications are appearing under note no. 32(a),(b), 33(a),(b) on page No.112 &amp; 113 of Annual Report</p> <p>(f.) Management response on the above contained in the Directors' Report on page no. 8 of Annual Report.</p>
	Additional comments from the board/audit committee chair:	NIL
5.	To be signed by-	
	 (Nitin S. Kasliwal) Chairman & Managing Director	 (Jagadeesh S. Shetty) Director – Finance & Group CFO
	For Haribhakti & Co. Chartered Accountants  Rakesh Rathi Partner	 (Vijay G. Kalantri) Audit Committee – Chairman

