

20th Annual Report
2011 - 2012

Going Beyond Tomorrow...

SPENTEX INDUSTRIES LIMITED



CLCTM

BOARD OF DIRECTORS

Ajay Kumar Choudhary	- Chairman
Mukund Choudhary	- Managing Director
Kapil Choudhary	- Deputy Managing Director
Amrit Agrawal	- Director Finance
Sitaram Parthasarathy	- Director Works
Deepak Diwan	- Non-Executive Director
Prem Malik	- Non-Executive Director
Ram Kumar Thapliyal	- Non-Executive Director
Shyamal Ghosh	- Non-Executive Director
Dhananjaya Prasad Singh	- Non-Executive Director
Rajeev Kalra	- Nominee CVC1

SR. VICE PRESIDENT CORPORATE AND LEGAL AFFAIRS & COMPANY SECRETARY

Ranjan Mangtani

AUDITORS

J.C. Bhalla & Company

REGISTERED & CORPORATE OFFICE

A-60, Okhla Industrial Area
Phase-II, New Delhi-110020
Ph.: 011-26387738, 41614999
Fax : 011-26385181

PLANTS

B-1, MIDC, Chincholi - Kondi
Dist. - Solapur, Maharashtra - 413255 (India)

D-48, MIDC, Baramati, Dist. Pune
Maharashtra - 413133 (India)

51-A, Industrial Area, Sector-III, Pithampur
Distt. Dhar, Madhya Pradesh - 454774 (India)

31-A, MIDC Industrial Area, Butibori
Nagpur - 441122, Maharashtra (India)

2A, Zie Said Street, Tashkent City - 100042
(Republic of Uzbekistan)

2, Tashkent Yuli Street, Toytepa, Urta-chirchik
District, Tashkent Region - 102 300
(Republic of Uzbekistan)

H. 440B Margilan Street, Fergana Region,
Margilan City (Republic of Uzbekistan)

Nadrazni 557 436 57, Litvinov, Czech Republic

BANKERS / INSTITUTIONS

Indian :

State Bank of India
ING Vysya Bank
Bank of Baroda
Indusind Bank
Canara Bank
Indian Bank
Yes bank Ltd.
ICICI Bank Ltd.
Industrial Development Bank of India
Axis Bank Ltd.
Oriental Bank of Commerce

International :

National bank of Uzbekistan, Republic of Uzbekistan
Raiffeisen Bank a.s., Czech Republic
Uni Credit Bank, Czech Republic

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NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of Spentex Industries Limited will be held on **Friday the 28th day of September, 2012 at 10.30 A.M. at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019** to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Dhananjaya Prasad Singh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Deepak Diwan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Amrit Agrawal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to, subject to and in accordance with, (a) the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof for the time being in force), (b) the relevant and enabling provisions of the Memorandum and Articles of Association of the Company, (c) the Listing Agreement entered into by the Company with the stock exchanges where the shares of the Company are currently listed, (d) the guidelines and clarifications issued by the Reserve Bank of India (“**RBI**”), the Securities and Exchange Board of India (“**SEBI**”), Government of India (“**GOI**”) or any other statutory or regulatory body (“**Appropriate Authorities**”), (e) any contractual obligations or approvals, (f) any approval, consent (shareholders/investors), permission and/or sanction (“**Requisite Approvals**”) of all Appropriate Authorities, as may be necessary, and subject to such conditions and modifications as may be prescribed, stipulated under the Requisite Approvals, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**” which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the consent, permission and approval of the Company be and is hereby accorded to the Board of Directors to create, offer, issue and allot, from time to time, in one or more tranches, not more than 65,00,000 (Sixty Five Lakhs Only) Equity Shares of Rs. 10/- each fully paid up aggregating to Rs. 6,50,00,000/- being within the limit of 5% of the total paid up equity share capital of the Company as enhanced upon such issuance and allotment to the Promoter Group Company/bodies corporate in accordance with all applicable laws, rules and regulations for the time being in force in that behalf provided that the issue price of equity shares so issued shall be determined in accordance with the relevant SEBI (ICDR) Regulations, 2009 as detailed hereunder:

S.No.	Name of Applicant	Category	No. of Equity Shares proposed to be allotted
1.	CLC Technologies Private Limited	Indian Promoter	65,00,000
	Total		65,00,000

FURTHER RESOLVED THAT,

- (a) the “**Relevant Date**” for the purpose of calculating the issue price for the abovementioned equity shares in accordance with Chapter VII of the SEBI (ICDR) Regulations, 2009 (as amended from time to time) would be the 12th March, 2012 being the date of approval of the Corporate Debt Restructuring rework package.
- (b) Subject to the applicable provisions of law and sub regulation 1 of Regulation 74 of Chapter VII of SEBI (ICDR) Regulations, 2009, as amended from time to time, the equity shares shall be issued in one or more tranches and on such terms and conditions, in such manner as the Board of Directors and the holder(s) of the equity shares may, in their absolute discretion, think fit. However, the equity shareholding belonging to the promoters/promoter group shall not be exceeding 5% of the enhanced share capital of the Company/post-issue voting rights, in any one financial year in accordance with SEBI (SAST) Regulations, 2011.
- (c) the Equity Shares so issued and allotted shall rank pari passu in all respects with the existing equity shares of the Company including payment of dividend.
- (d) The Board of Directors be and is hereby authorized to accept any amendment, modification, variation and alteration as the GOI / RBI / SEBI or any other regulatory authority may stipulate in that behalf; and

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors of the Company, be and is hereby authorized on behalf of the Company to take all actions and do all deeds, acts and things including execution of all documents as it may, in its absolute discretion, deem necessary, desirable or expedient for giving effect to foregoing Resolutions, including the issue and allotment of aforesaid securities and to seek listing of equity shares thereof with the stock exchange(s), as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of equity shares, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board 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.

SPENTEX INDUSTRIES LIMITED

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors, or the Chairman or the Managing Director or any one or more whole-time Directors or officers of the Company to give effect to the aforesaid resolution."

By Order of the Board
For **Spentex Industries Limited**

Ranjan Mangtani
Sr. V P Corporate and Legal Affairs &
Company Secretary

Place: New Delhi

Date : August 9, 2012

NOTES:

- A. Explanatory Statement setting out all material facts regarding Special Business contained in Item Nos. 6 as required under Section 173 (2) of the Companies Act, 1956, is annexed hereto.
- B. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- C. The Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday** the 26th day of September, 2012 to **Friday** the 28th day of September, 2012 (both days inclusive).
- D. All documents referred in the notice are open for inspection at the Registered Office of the Company between 10.00 A.M. to 1.00 P.M. on any working day till the date of Annual General Meeting and also at the meeting.
- E. Members are requested to intimate the change, if any, in their registered address immediately.
- F. Members/Proxies should bring the attendance slips duly filled in for attending the meeting.
- G. It will be appreciated that queries, if any, on accounts and operations of the Company are sent to the Registered Office of the company ten days in advance of the meeting so that the information may be made readily available.
- H. As per provisions of the Companies Act, 1956, facility for making nomination is now available to the members in respect of the shares held by them.
- I. For any queries on the Depository System, members may contact any depository participant or the Share Department at the Registered Office of the Company.
- J. In terms of Clause 49 of the Listing Agreement, a brief resume of directors who are proposed to be appointed/re-appointed at this meeting is given in Corporate Governance.
- K. Securities and Exchange Board of India (SEBI) made it mandatory for the transferees to furnish copy of PAN card to the Company/RTA for registration of shares held in Physical Form.
- L. Members are requested to send queries to E-mail ID **secretarial@clcindia.com** which is being used exclusively for the purpose of redressing the complaint(s) of the investors.
- M. The **Green Initiative** introduced by the Ministry of Corporate Affairs vide its circular No. 18/2011 dated 29th April, 2011, members are requested to intimate e-mail address to facilitate to send Annual Report and other reports/notices through e-mail.
- N. Members who are holding shares in identical order of names in more than one folio are requested to write to the Registrar and Share Transfer Agent of the Company to enable the Company to consolidate their holdings in one folio.
- O. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the amount of unpaid dividend unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund set up by the fund in respect of any such claims. The unclaimed dividend(s) for the financial years ended 31st March, 2003 and 31st March, 2004 have been transferred to the fund.

ANNEXURE TO THE NOTICE

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

ITEM NO. 6

During the year under review, the Company approached its bankers for restructuring of its existing credit facilities under rework package. Accordingly the Company has received approval from its bankers for revision of Working Capital and Term Loan facilities including reduction in interest rates and rescheduling of debt repayment installments. Under CDR rework package, the Promoters/Promoters Group of the Company have been put under an obligation to arrange funds to the tune of Rs. 6.50 Crores (Rupees Six crores and Fifty lakhs only) in the shape of equity towards built up of Current Assets. The Company has already received aforesaid funds from its promoters/promoters group for issuance of said Equity Shares.

In order to fulfill the object, it is proposed to offer, issue and allot upto 65,00,000 fully paid up Equity Shares of Rs. 10/- each of the Company in one or more tranches.

In terms of Regulation 73 of SEBI (ICDR) Regulations, 2009 the following disclosures are being made:

- a) **Object of the issue:** The Company proposes to use the subscription proceeds towards built up of Current Assets under the CDR rework package to meet working capital requirements and for ongoing and future business commitments/plans of the Company.
- b) **Proposal of the Promoters, Directors or key management personal of the issuer to subscribe to the offer :** The following entities of the Promoters/Promoter Group do intend to subscribe to the above mentioned preferential allotment of equity shares of the Company in the following manner

Sl.No.	Name of the Allottee	No. of Equity Shares
1.	M/s. CLC Technologies Private Limited	65,00,000
	Total contribution	65,00,000

- c) **The time within which the Preferential Issue shall be completed:**

Pursuant to Clause 74 of Chapter VII of SEBI (ICDR) Regulations, 2009, in normal course, the Company is required to complete the allotment of such shares within 15 days of passing of the Special Resolution in the General Meeting. However, requirement of allotment of such shares within 15 days is not applicable to the Company as the aforesaid shares are being issued on preferential basis pursuant to a scheme of rework package approved by Corporate Debt Restructuring cell on 12th March, 2012 under Corporate Debt Restructuring framework specified by the Reserve Bank of India. Further to that the Company envisages to allot aforesaid shares in one or more tranches under said clause read with SEBI (SAST) Regulations 2011.

- d) **The Identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue :**

Identity of proposed Allottees	Category	Pre-issues holding (in Nos.) & %		No. of Shares (be allotted)	Post-issue holding (in Nos.) & %	
		No.	%		No.	%
CLC Technologies Private Limited	Indian Promoter	11,800,000	14.17	65,00,000	18,300,000	20.38

The existing Promoters would continue to be in control of the Company after the preferential issue and there would neither be any change in control of the management of the Company, nor there any change / reconstitution in the Board of the Company.

- e) **The Shareholding pattern of the issuer before and after the preferential issue :** On Issue and Allotment of 65,00,000 equity shares of Rs. 10/- each to the Promoters Group, the Promoter Group will own 56.06% (an increase of 3.42%) and the balance 43.94% will be held by Non-Promoters.

Sl. No.	Category of shareholder	Pre-Allotment		Post Allotment	
		No. of Equity shares	%	No. of Equity shares	%
(A)	Shareholding of Promoter and Promoter Group				
(a)	Individuals/ Hindu Undivided Family	30,966,502	37.19	30,966,502	34.49
(b)	Bodies Corporate	12,864,058	15.45	19,364,058	21.57
	Total (A)	43,830,560	52.64	50,330,560	56.06
(B)	Public shareholding				
(B) (1)	Institutions				
(a)	Mutual Funds/UTI	22,115	0.03	22,115	0.02
(b)	Financial institutions/banks	692,390	0.83	692,390	0.77
(c)	Foreign Institutional Investors	19,255,367	23.12	19,255,367	21.45
(d)	Foreign Banks	1,505	0.00	1,505	0.00
(e)	Central Government/State Government(s)	59,337	0.07	59,337	0.07
	Total (B)(1)	20,030,714	24.05	20,030,714	22.31
(B) (2)	Non-institutions				
(a)	Bodies Corporate	5,494,383	6.60	5,494,383	6.12
(b)	NRI	328,971	0.39	328,971	0.37
(c)	Resident Individual/others	13,587,407	16.32	13,587,407	15.14
	Total (B)(2)	19,410,761	23.31	19,410,761	21.63
	Total {(B)(1)+(B)(2)}	39,444,475	47.36	39,444,475	43.94
	Grand Total (A)+(B)	83,272,035	100.00	89,772,035	100.00

- f) **Issuer's undertaking** : : The undertaking(s) required under paragraphs (f) and (g) of sub-regulation 1 of Regulation 73 of Chapter VII of SEBI (ICDR) Regulations, 2009 will not be applicable to the Company, as the Company's equity shares are listed on the Stock Exchanges for more than the minimum period as specified under Regulation 76(3) of the SEBI ICDR Regulations.
- g) **Auditor's Certificate** : : A copy of the certificate issued by M/s. J C Bhalla & Co., Chartered Accountants, Statutory Auditors of the Company, certifying that the proposed preferential issue is being made in accordance with the requirements contained in Chapter VII of SEBI (ICDR) Regulations, 2009, a copy of the certificate is being placed before the shareholders in the ensuing Annual General Meeting.
- h) **Lock-in**: The Equity Shares being allotted on preferential basis under SEBI (ICDR) Regulations, 2009 shall remain locked-in in accordance with the provisions in respect thereof.

Issuance of Equity Shares on preferential basis is governed, interalia, by the provisions of Section 81(1A) of the Companies Act, 1956 and the relevant provisions of the SEBI (ICDR) Regulations, 2009.

Section 81 of the Companies Act, 1956 interalia provides, that whenever it is proposed to issue further shares, such shares shall first be offered to existing shareholders of the company in the manner laid down in the said section, unless shareholders decide otherwise in the general meeting by way of Special Resolution. Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956, applicable SEBI Regulations and in terms of the provisions of the Listing Agreement to issue and allot equity shares as stated in the Special Resolution.

The Company is making present preferential issue in Compliance with the conditions for continuous listing and company undertakes that it would comply with the condition relating to the continuous listing. The aforesaid allottees shall be required to the comply with the relevant provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011, if applicable, consequent to allotment of the shares as proposed above.

None of the Directors of the Company are interested in the resolution placed before the meeting directly or indirectly save the Directors who are constituents of the Promoter Group, namely, Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary.

The Board of Directors of the Company recommends the resolution as set out at Item No. 6 of the Notice for your approval.

By Order of the Board
For **Spentex Industries Limited**

Ranjan Mangtani
Sr. V P Corporate and Legal Affairs &
Company Secretary

Place: New Delhi

Date : August 9, 2012

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 20th Annual Report together with the Audited Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

The highlights of the financial results for the year ended 31st March, 2012 are as under:

(` in Crores)

Particulars	2011-2012		2010-2011	
	Consolidated	Standalone	Consolidated	Standalone
Net Sales (Turnover)	1090.60	967.84	1637.75	1060.30
Other Income	6.65	15.41	30.64	18.69
EBIDTA	(83.00)	(30.43)	169.22	165.02
Financial charges	95.34	85.42	93.24	80.05
Depreciation	78.17	33.08	74.24	34.08
Profit/(Loss) before tax (PBT)	(256.52)	(149.42)	1.75	50.89
Tax expenses	3.03	3.03	-	-
Net Profit from Operations	(259.55)	(152.73)	1.75	50.89
Exceptional Items	16.74	48.59	-	13.39
Impairment loss @ Fixed Assets	0.41	0.41	-	-
Net Profit/(Loss)	(276.70)	(201.45)	1.75	37.50
EPS	(33.31)	(24.25)	0.23	4.87

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

The Indian Textile industry has been one of the major contributors to the total output of the fast growing Indian industrial sector. Textile sector's contribution to GDP of India has also been significant which currently amounts to 4%. Indian textile industry has also been one of the major sources of foreign exchange earning for India and has contributed around 16-17% to its total export earning. The sector accounts for about 14% in the total export. Besides, it has been the largest industry in terms of employment economy and is already employing around 10 million people, particularly women and the weaker section. Its potential to generate employment has been significant as compared to sectors from agricultural to industrial. As such, it has been an important sector of the economy with ever rising potential of growth and stability.

However, the year under review has been very difficult for the Textile Industry. All of a sudden the fortunes of the industry nosedived during the current Fiscal. The Textile Industry suffered the set back primarily due to (a) adverse changes in Indian Government Policies like imposing ban on export of yarn, withdrawal of benefits to exporters relating to DEPB & Interest subvention scheme and imposition of 10% excise duty on garments; (b) very high volatility in Raw Material prices, as the prices of cotton touched the highest ever price of 215 US cent/lb and then suddenly dropped to 95 US cent/lb within a span of four months and (c) Impact of Global Market Factors which were the outcome of uncertainties prevailing in raw material prices as well as currency fluctuation. These factors collectively, resulted into piling up of inventory, reduction of demand, sudden falling of yarn prices in the first quarter of the fiscal and also slump in the domestic demand due to imposition of excise duty on ready-made garments. These factors cumulatively in turn caused capacity shutdown and steep fall in sales volumes. Recession in US & Europe further adversely affected already sluggish demand in consumer textile items in the international market. According to industry estimates the players across the industry have collectively suffered huge losses aggregating to around Rs. 11,000.00 crores, i.e. Rs. 6,500 cr. on account of inventory loss on cotton due to sudden fall in prices and Rs. 4,500 cr. on account of devaluation of cotton yarn stock. As a result Indian Textile Industry overall recorded negative growth (source CITI submission to RBI/IBA/ Ministry for relief package).

Spentex being part of this very industry also received major jolt during the year under review and suffered losses on account of (a) ban on yarn export by the government resulting in the piling up of Yarn inventory and its offloading at reduced prices during current year and (b) continuous decline in prices of Raw Cotton which resulted into decline in sales value of yarn which was either accumulated or manufactured out of cotton purchased at peak prices during the last season i.e. Oct 2010 to March 2011. Piling up of yarn-inventory due to reduced demand from end consumers during the quarter ended March 2011, further led to cutting down of productivity of the manufacturing units during the current financial year. The accumulated yarn stock could only be off loaded at reduced prices over the period. The low demand during the current year further led to low consumption of cotton stock resulting into higher carrying cost of inventory. These factors collectively caused financial losses, decrease in availability of working capital, increase in interest cost on the existing capital, and necessitated the infusion of funds, increase in working capital limits, and simultaneously triggered rescheduling of bank loans, besides the concerted efforts of management to augment its sales backed up with production.

Responding to the need of the hour, main stakeholders supported the Company by infusing funds, Bankers supported the Company by enhancing the working capital limit(s) and restructuring its loans. Besides such support, management has been able to take several other steps including infusion of funds by the Promoters, disposal of non productive assets and recovery of refunds, incentives and dues from Government authorities etc. among others. The stakeholders support and turnaround sentiments in industry have provided necessary breathing space for the management to cope up with the situation and move forward. Accordingly, Spentex Industries Limited has been shaping itself well, to meaningfully participate in emerging opportunities in Indian Textile Industry from medium to long run horizon. Spentex has also been

addressing the current challenges of rising cost and nearly stagnant demand both in domestic as well as export market, which have led to abnormally lower prices as well as less enquiry for new orders. The prevailing business scene still remains a tough learning period and the same calls for being nimble and responsive to the changing market dynamics. The Company has further initiated a process of reviewing system and processes across the businesses with the objective of identifying scope of improvement of its sales volumes, measures to be introduced for cost cutting and for higher value addition. Spentex believes that with the collective efforts, the company should emerge stronger through adaptive learning which also will reassure a relatively sustained performance.

FINANCIAL ANALYSIS AND PERFORMANCE REVIEW

Spentex has witnessed a negative growth again in fiscal 2011-12 on account of sluggish demand in both domestic and international market. There were other challenges also, like, heavy debt, high volatility in cotton and yarn prices, sudden glut in the domestic and international market, huge accumulation of stocks, fluctuating global commodity prices and low demand which had adverse financial impact on the Company.

The financial performance of Spentex Industries Ltd. has been presented in two parts :

- (i) Spentex Industries Limited (Standalone) which excluded the performance of subsidiaries and step-down subsidiaries of Spentex Industries Limited.
- (ii) Spentex Industries Limited (Consolidated) which included the performance of subsidiaries and step-down subsidiaries of Spentex Industries Limited. The Consolidated Financial Statements have brought out comprehensively the performance of Spentex Group of companies and are more relevant for understanding the overall performance of Spentex Group.

SEGMENT-WISE PERFORMANCE

Yarn Manufacturing

During the year under review, your Company on standalone basis has manufactured 46775.90 MT of yarn as compared to 58544.22 MT of yarn produced during the previous year.

PERFORMANCE OF SUBSIDIARIES

The Company had eight subsidiaries at the beginning of the year. The details of turnover and overall performance of material subsidiary companies are as under:

Amit Spinning Industries Ltd., India: During the year under review, due to unviable market conditions and financial constraints, the subsidiary could manufacture only 2699.73 MT of yarn as compared to 5316.59 MT of yarn produced during the previous year. However, during the current year its operations have improved and we would try utilizing its capacity to full extent. The Company has its manufacturing facilities at Kolhapur, Maharashtra with a capacity of 30,672 spindles.

Spentex Tashkent Toytepa LLC, Uzbekistan: During the year under review, due to erratic demand, non viability of operations and non availability of raw cotton at reasonable price to sustain the production. The company could not continue its operations and produce yarn. The Company has two manufacturing units situated at Tashkent and Toytepa with a capacity of 220,000 spindles and 236 Air jet looms and one unit situated at Margilan set up for dyeing operations.

Schoeller Litvinov K.S., Czech Republic: During the year under review, the step down subsidiary could only manufacture 2974 MT of yarn as compared to 5544 MT of yarn produced during the previous year, due to adverse market conditions and financial constraints. The Company has a manufacturing unit situated at Czech Republic with a capacity of 59,000 spindles.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has adequate internal control systems for business processes, with regards to efficiency of operations, financial reporting and controls, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibilities down the line for all managerial positions have also been institutionalized. All operating parameters are monitored and controlled. Regular internal audits and checks to ensure that responsibilities are executed effectively are carried out. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

MANAGEMENT PERCEPTION ON OPPORTUNITIES, RISKS, CONCERN & OUTLOOK

The cotton industry is presently facing challenges like lower demand and squeezing margins, volatility in raw material prices, depreciation of Indian Rupee against the US dollar and increasing power tariff & fuel charges which have adversely implicated textile business not only in India but also in other Asian Countries as well. Other Asian countries like Pakistan, Bangladesh, China Thailand and Vietnam that have shown earlier better performance and registered positive growth are also expecting decline in their sales volume during the recent past. However with the Customer satisfaction, increase in existing customer loyalty, repurchase process in place and an increase in awareness of Spentex products, a recovery is not only expected but is likely to be strengthened in due course with the falling cotton prices, rise in domestic & export demand, motivating policies offered by Government of India and with adoption of CDR rework package; these factors are likely to transform depressing sales volume into rising sales volumes as compared to sales during corresponding period and consequently margins are expected to be strengthened.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company and its management value the talent, commitment and dedication of its employees and acknowledge their contribution. Consequently, the employee turnover is negligible. Everyone in the Company is working as a team and is an integral part of the family, sharing their ideas through Town Hall meeting, using intranet across the units and are instrumental in making Spentex, a globally admired company. Management of your Company believes that it is the integration of human resources and business strategy that has culminated in its success. High performance orientation is the pivot of the HR philosophy of the Company and all the HR policies and strategies are centered on the same.

Industrial Relations scenario at all units continues to be healthy and enthusiastic.

CONSOLIDATED FINANCIAL STATEMENTS IN RESPECT TO SUBSIDIARIES

The Company is having seven subsidiaries/ step down subsidiaries. Pursuant to SEBI Circular No. 2/2011 dated 08.02.2011, the Board of Directors at their meeting held on 13th February, 2012 approved to disclose the financial information of the subsidiary companies in the Annual Report as per format approved by the Board. Accordingly, the Balance Sheet and Profit & Loss Account and other documents of subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts and related details, relating to its Subsidiaries upon request by any member of the Company. These documents will also be available for inspection at the registered office of the Company during business hours. The Consolidated Financial Statements presented by the Company includes financial results of its subsidiary companies.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Accounting Standard AS-21 of Institute of Chartered Accountants of India, (ICAI) Consolidated Financial Statements read with Accounting Standard AS-23 of ICAI on accounting for Investments in Associates, an audited Consolidated Financial Statement is provided in the Annual Report.

INFORMATION TECHNOLOGY

Information Technology continues to be an integral part of Spentex's business strategy. The Company is working on SAP platform integrating all its units located at different places/locations, which integrates its business processes, financial parameters, customer transactions and people, effectively on real time basis.

DIVIDEND

During the year under review, the Company has no distributable profits hence your Directors do not recommend payment of any dividend.

ISSUE OF EQUITY SHARES ON CONVERSION OF SHARE WARRANTS

During the year under review, your Company has issued and allotted 19,50,000 equity shares on 12th May, 2011 to CLC Technologies Private Limited, a promoters group Company being a warrant holder against the exercise of its option of converting same number of share warrants at a price of Rs.16.95 (including premium of Rs. 6.95) into equity Shares of Rs.10/- each, ranking pari passu with the existing equity shares. Accordingly, the paid-up capital of the Company has been increased from Rs. 813,220,350/- to Rs. 832,720,350/- consisting of 83,272,035 equity shares of Rs. 10/- each.

TRANSFER OF UNCLAIMED/UNPAID DIVIDEND TO INVESTOR EDUCATION & PROTECTION FUND

The Company informs herewith to all its shareholders whose dividend still remained unclaimed for the year 2004-05 (declared by erstwhile Indo Rama Textiles Limited, which has since been amalgamated with the Company) that pursuant to Section 205A of the Companies Act, 1956, the Company is required to transfer unpaid and unclaimed dividend to Investor Education & Protection Fund on completion of 7 years of transferring of unpaid dividend into unpaid dividend account. Accordingly, the Company is taking appropriate steps in this regard.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

As stipulated under Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges, a report on Corporate Governance is attached separately as a part of the Annual Report and the Management Discussion and Analysis (MD & A) is also included in this report so that duplication and overlapping between Directors' Report and a separate MD & A is avoided and the entire information is provided in a composite and comprehensive manner.

DIRECTORS

Shri Dhananjaya Prasad Singh, Shri Amrit Agrawal and Shri Deepak Diwan are retiring by rotation in the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. During the current year Company has obtained Central Government approval for increasing the remuneration of executive directors for a period of 3 years effecting from 1st April, 2010 in respect of Shri Mukund Choudhary & Shri Amrit Agrawal, and from 2nd December, 2010 in respect of Shri Ajay Kumar Choudhary, Shri Kapil Choudhary and Shri Sitaram Parthasarathy.

Brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/chairmanships of Board Committees, as stipulated under Clause 49 of the listing agreement with stock exchanges in India, is provided in the Report of Corporate Governance forming part of the Annual Report.

AUDITORS

M/s. J C Bhalla, Chartered Accountants who are the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends for their re-appointment.

DIRECTORS' VIEW ON AUDITOR'S OBSERVATIONS

Directors' response to the various observations of the auditors even though explained wherever necessary through appropriate notes to accounts, is reproduced hereunder in compliance with the relevant legal requirements.

Note No. 41 of the Auditors Report

The company has an investment of Rs. 204,469,921/- in Amit Spinning Industries Limited (ASIL), being a subsidiary of the Company. It also advanced a loan including interest accrued thereon amounting to Rs. 416,078,601/- as on March 31, 2012. The accumulated losses of ASIL, at the year end March 31, 2012 exceeded its net worth. There is also reduction in market value of the investment as on that date by Rs. 168,592,279/-. In the opinion of the management, diminution in this long term investment is due to adverse business conditions in the past.

ASIL, as of now has started generating EBIDTA and Cash Profits. In view of these developments, management believes that diminution in the value of investment is of temporary nature and that the outstanding would be realized within a reasonable period of time. Accordingly no provision is considered necessary in the value of investment held and loan advanced to ASIL.

Note No. 44 of the Auditors Report

The Company has an investment of Rs. 561,011,339/- and Rs. 9,323,779/- in its subsidiary Spentex (Netherlands) B. V. (SNBV) and its step down subsidiary Spentex Tashkent Toytepa LLC (STTL) respectively. Further it has Rs. 70,012,404/- as export receivable from STTL and advances of Rs. 95,070,902/- in SNBV as on March 31, 2012. During the period of investment, the Government of Uzbekistan changed certain laws and policies by breaching the investment agreement and rendered operation of STTL unviable. Consequently STTL could not pay its debts and insolvency proceedings have been initiated against it. Since treaties entered between the Governments of India and Uzbekistan and the Investment agreement entered between Govt. of Uzbekistan and Spentex were breached, company has issued notice claiming protection of investment and payment of dues & compensation for the losses suffered by company. In view of legal opinion placed before the board and claims lodged with the Government of Uzbekistan, the Directors have decided not to make any provision for diminution in value of investment at this stage.

COST AUDITORS

Pursuant to a directive of the Central Government, your Company is required to get Cost Audit conducted for the product "Textile" for every year until further notice. Accordingly Shri Rajesh Goyal, a Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants was appointed to carry out audit of the Cost Accounts maintained by the Company for the financial year ending 31st March, 2012. Cost auditor would submit its report to concerned authorities in due course, in terms of applicable rules, guidelines and statutory provisions.

FIXED DEPOSITS

Your Company has not accepted any deposits during the year under review within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

- i) in preparing the Annual Accounts for the year ended 31st March 2012 all the applicable Accounting Standards have been followed,
- ii) accounting policies were adopted and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2012,
- iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing / detecting fraud and irregularities has been taken and
- iv) the Annual Accounts have been prepared on a "going concern" basis.

PARTICULARS OF EMPLOYEES

In terms of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1) (b)(iv) of the Companies Act, 1956 the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in the Annexure – I forming part of this Report.

INDUSTRIAL RELATIONS

The industrial relations during the year under review remained harmonious and cordial. Your Directors wish to place on record their appreciation for the wholehearted co-operation received from all the employees at various units/divisions of the Company.

CONCLUSION

Your Company enjoys the leadership position in domestic market with strong competitive advantage in the export segment. The Company now stands at the cusp of the next phase of growth. We will continue to make investments and progress to further consolidate our leadership position.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Governments authorities, Regulatory authorities, Stock Exchanges, stakeholders, customers and vendors for their continued support and co-operation, and also thank them for the trust reposed in the Management. Your Directors also wish to thank all the employees of the Company for their commitment and contributions.

For and on behalf of **Board of Directors**

Place: New Delhi
Dated: August 9, 2012

Ajay Kumar Choudhary
Chairman

Annexure – I to the Directors' Report

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2012.

A. CONSERVATION OF ENERGY

During the year under review further efforts were made to ensure optimum utilization of fuel and electricity.

Energy conservation measures taken:

The Company is continuously taking efforts in energy conservation, energy saving tubes and electronic ballasts are continuously being installed in a phased manner for this purpose. Old and less efficient motors were replaced with energy efficient motors.

Relevant data in respect of energy consumption is as below :

Electricity	Current year	Previous year
Purchased		
Total Units consumed (KHW)	142,759,140	164,171,026
Total Amount (₹ in Lacs)	7,729.03	7,590.18
Rate per Unit (₹)	5.41	4.62
Own Generation through Generator Set		
Units (KHW)	Nil	Nil
Units per liter of Diesel/Furnace Oil	Nil	Nil
Cost / Unit (₹)	Nil	Nil
Electricity Consumption (Units)		
Per Kg. of Production of yarn	3.05	2.80

B. TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT (R&D)

- Specific areas in which R&D has been carried out by the Company:

Company continues identifying areas of improvements in the processes through properly documented systems to strengthen yarn quality, improvement in productivity as well as energy conservation and effective maintenance.

- Benefits derived as result of the above R & D:

Improvement in effective utilization of resources and fulfillment of customers' requirements.

- Future plan of action:

Identifying measures to further improve productivity and increase contribution per unit of production

- Expenditure on R & D:

a) Capital	Nil
b) Revenue	₹ 4.33 Lacs
c) Total	₹ 4.33 Lacs
d) Total R & D Expenditure as percentage of total turnover	0.004%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts: Upgrading machines with technologically advanced accessories and spares.
- Benefits: Higher output and improved quality of products.
- Technology imported during the last 5 years: None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Efforts:** In spite of Stiff Global Competition and reduced margins the Company is continuing to put its best efforts in earning foreign exchange contributing to the national exchequer.
- Earnings and Outgo:** Particulars with regard to foreign exchange earnings and outgo appear in Note No. 35 & 36 of annual accounts.

For and on behalf of **Board of Directors**

Place: New Delhi
Dated: August 9, 2012

Ajay Kumar Choudhary
Chairman

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011-12

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages greater accountability, transparency, responsibility, fairness and commitment to values in all spectrums of business through continual assessment of internal control mechanism vis-à-vis proactive risk management system for upholding ethos of corporate citizenship. The Company is committed to attend best-in-class higher levels disclosures to board and shareholders & society at large. The Company has a strong desire to enhance long-term shareholder value and respect minority rights in addition to complying with all complex and statutory requirements for Corporate Governance.

2. Board of Directors

The Company has 11 Directors, with an Executive Chairman. Of the 11 Directors, 5 (i.e. 45.45%) are Executive Directors and 6 (i.e. 54.55%) are Independent Directors. The composition of the Board is in conformity with clause 49 of the Listing Agreement entered into with Stock Exchanges and exceeds the percentages prescribed in the said Agreement.

During the year 4 Board Meetings were held and the interval between any two meetings did not exceed four months (as stipulated by law in force). The respective dates on which Board Meetings were held are 12th May, 2011, 11th August, 2011, 14th November, 2011, and 13th February, 2012.

The names and category of the Directors on the Board, their attendance at the Board Meetings and last Annual General Meeting and number of Directorships and Committees Chairmanships/Memberships of each Director in other companies are as follows:

Directors	No. of Board Meetings Attended	No. of Directorship(s) and Chairmanship(s)/Membership(s) of Board / Committees of other companies			Attendance at last AGM
		Directorship*	Member**	Chairperson**	Yes/No
Executive Directors					
Shri Ajay Kumar Choudhary (Chairman)	4	1	-	-	No
Shri Mukund Choudhary (Managing Director)	4	3	-	-	No
Shri Kapil Choudhary (Deputy Managing Director)	4	2	-	-	No
Shri Sitaram Parthasarathy (Director – Works)	4	-	-	-	No
Shri Amrit Agrawal (Director – Finance)	4	2	-	-	Yes
Non Executive/Independent Directors :					
Shri Deepak Diwan	3	-	-	-	No
Shri Prem Malik	3	4	2	-	No
Shri Ram Kumar Thapliyal	4	1	1	-	Yes
Shri Shyamal Ghosh	3	4	2	1	No
Shri D P Singh	4	1	-	1	-
Shri Rajeev Kalra	4	-	-	-	No

* The Directorship(s) held by Directors do not include Alternate Directorships and Directorships of Foreign Companies, Private Limited Companies and Section 25 Companies.

** In accordance with Clause 49, Memberships/Chairmanships of only Audit Committees and Shareholders'/Investors' Grievance Committees of all Public Limited Companies (excluding Spentex Industries Limited) have been considered.

Details of shares held by the Non-Executive/Independent Directors as on 31st March 2012

Name	No. of shares held	Name	No. of shares held
Shri Deepak Diwan	NIL	Shri Prem Malik	15,500
Shri Ram Kumar Thapliyal	NIL	Shri Shyamal Ghosh	NIL
Shri Dhananjaya Prasad Singh	NIL	Shri Rajeev Kalra	NIL

Board Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any additional matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are circulated at least seven working days prior to the Board meeting.

Information is supplied to the Board on the following matters among others :

1. Annual operating plans of business, Capital budget and updates.
2. Quarterly results of the Company and its operating divisions/manufacturing units, subsidiary and step-down subsidiary companies and business segments.
3. Performance of manufacturing units and functioning of key executives.
4. Performance of Quality Standards and platform for decision making on quality.
5. Image and credibility of the Company in the eyes of domestic and international customers by consistent disclosure and transparency.
6. Minutes of meetings of audit committee and other committees of the board, and also resolutions passed by circulation.
7. The information on recruitment and remuneration of senior officials next to the Board of Directors, including appointment or removal of the Company Secretary.
8. Details of joint venture or collaboration agreements entered into.
9. Borrowing Term Loans and Investment of surplus funds as and when happened.
10. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
11. Notices like show cause, demand, penalty which are materially important / effluent and material default in financial obligations to and by the company and also non-receipt of payments for goods sold by the Company.
12. Significant development in Human Resources, Labour problems and their proposed solutions, signing of Wage Agreements etc.
13. Investments in subsidiaries, foreign exchange exposures and steps taken by the management on exchange rate movement and adverse exchange ratio etc.
14. Sale of material nature, of investment/subsidiaries/assets, which is not in normal course of business.
15. Fulfillment of various statutory compliances/listing requirements. All other matters required to be placed before the Board for its review / information / approval under the statutes, including Clause 49 of the Listing Agreement.
16. Such other matters as may be advised by the Directors from time to time.

Post-meeting follow-up system

The Governance processes in the Company include an effective post-meeting follow-up, review and reporting process for action taken / pending on decisions of the Board and Committees.

Disclosure of Appointment/Re-appointment of Directors at the Annual General Meeting

In terms of Articles of Association, one-third of the Directors retires by rotation and, if eligible, seeks re-appointment at the Annual General Meeting of Shareholders. Shri Amrit Agrawal, Shri Deepak Diwan and Shri Dhananjaya Prasad Singh will retire at the ensuing Annual General Meeting and being eligible they seek their re-appointment.

The Board has recommended the re-appointment of aforesaid retiring Directors. As per Clause 49 of the Listing Agreement, the brief details of the aforesaid directors are indicated herein below:

- a) **Shri Amrit Agrawal** (44) is a Director of the Company since April 28, 2007. He is a Fellow Member of the Institute of Chartered Accountants of India and Fellow Member of the Institute of Company Secretaries of India. He has an outstanding academic record – rank holder in Chartered Accountants and has about 22 year of experience in Finance, Corporate Secretarial & Legal. He is also Director in Himalayan Crest Power Private Ltd, CLC Power Ltd. and Multiflex Lami Print Ltd. and Chairman of Audit Committee of Himalayan Crest Power Private Limited.
Shri Agrawal is Member of the Audit Committee and Banking Committee of the Company.
Shri Agrawal holds 17,571 equity shares of the Company in his name as on 31st March, 2012.
- b) **Shri Deepak Diwan** (62) is a Director of the Company since December 31, 2005. He holds degree in Commerce and Law. Shri Diwan is a Senior Corporate Law Advisor and provides consultation on corporate law matters to various Corporate(s). He is director in RMG Transactions Advisory Private Limited and TRC Corporate Consulting Private Limited.
Shri Diwan is the member of Remuneration Committee and Chairman of Share Transfer & Shareholders'/Investors' Grievance Committee of the Company.
Shri Diwan does not hold any share in the Company.
- c) **Shri Dhananjaya Prasad Singh** (66) is a Director of the Company since January 31, 2009. He is a retired IAS Officer and former Secretary to Government of India. He has served in various ministries and department of Government of India as

well as on the Board of Directors of various Government Companies. He is director in MSTC Limited. He is also Chairman of Remuneration Committee of MSTC Limited.

Shri Singh has been appointed as Alternative Member of the Audit Committee of the Company w.e.f February 13, 2012 to meet the quorum in absence of independent member of Audit Committee.

Shri Singh does not hold any share in the Company.

3. Audit Committee

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations, both domestic and overseas;
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information and adequacy of disclosures;
- compliance with all relevant statutes.

The Audit Committee of the Board consists of two Non-Executive Independent Directors viz. Shri Ram Kumar Thapliyal (Chairman), Shri Prem Malik (Member) and one Executive Director, Shri Amrit Agrawal (Member), respectively. These members have the requisite accounting and financial management expertise. Statutory Auditors and Internal Auditor are invitees at the meetings of Audit Committee. The Company Secretary acts as Secretary to the Audit Committee.

The Composition of Audit Committee meets the requirements of Section 292A and Clause 49 of the Listing Agreement.

The terms of reference / powers of the Audit Committee include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Review and recommend the Revenue budgets and Capital budgets follows by updates from time to time.
3. Recommending to the Board, the appointment/re-appointment of the Statutory Auditors, Cost Auditor and the fixation of audit fees.
4. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
5. Reviewing the efficiency and effectiveness of internal audit function, adequacy of the internal control systems and other services rendered by the statutory auditors.
6. Reviewing the functioning and weaknesses, if any, observed by the internal auditors, management opinion on such weaknesses and solutions from time to time.
7. Reviewing, with the management, the annual financial statements i.e. directors responsibility statement under Section 217(2AA) of the Companies Act, 1956, accounting policies and practices, compliances with listing and other legal requirements, disclosure of related party transactions, implementation of the Accounting Standards as notified u/s 211(3C) of the Companies Act, 1956 and Draft Audit Report before submission to the Board for approval.
8. Reviewing, with the management, the quarterly financial results before submitting it to the Board for approval.
9. To look into the reasons for any default/delay, if any, in the payment to the Lenders/Bankers/Financial Institutions, Debenture holder, Creditors and Shareholders (in case of dividend declaration).
10. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

During the year under review, 5 Audit Committee Meetings were held on 26th April, 2011, 12th May, 2011, 11th August, 2011, 14th November, 2011, and 13th February, 2012. Shri R K Thapliyal and Shri Amrit Agrawal each attended all 5 meetings, Shri Prem Malik attended 4 meeting and Shri Dhananjaya Prasad Singh was attended one meeting. Shri R K Thapliyal chaired all 5 Committee Meetings.

Due to non-availability of Shri Prem Malik, Member of Audit Committee for the meeting held on 13th February, 2012, to fulfill sub clause 1 of Clause II (A) of Clause 49 of Listing Agreement, the Board of Directors on 6th February, 2012 re-constituted Audit Committee by appointing Shri Dhananjaya Prasad Singh, Independent Director as member of Audit Committee for said meeting. Thereafter the Board of Directors at their meeting held on 13th February, 2012 appointed Shri Dhananjaya Prasad Singh, Independent Director as Alternative Member of Audit Committee to attend the Audit Committee Meeting in absence of either Shri R K Thapliyal (Chairman) or Shri Prem Malik (Member).

4. Remuneration Committee

The Remuneration Committee of the Board, inter alia, reviews/recommends to the Board the remuneration package of Executive Directors and the senior most level of management immediately below the Executive Directors based on performance and defined criteria/HR Policies. The Remuneration Committee comprises of Shri Prem Malik, (Chairman), Shri Ram Kumar Thapliyal and Shri Deepak Diwan, (Members) all are Non-executive/Independent Directors. During the year one Committee Meeting was held on 26th April, 2011, all the members of the Committee attended the meeting.

The Remuneration of Chairman, Managing Director, Deputy Managing Director, Director-Works and Director-Finance are in accordance with the provisions of the Companies Act, 1956 and approved by members of the Company, as well as Central Government.

The members of the Company at their meeting held on 30th June, 2011 has given consent for increase of remuneration to its executive directors. The Company has also obtained Central Government approval for increase of remuneration. To maintain the Industry Benchmarks, the Remuneration Committee at their meeting held on 26th April, 2011 discussed about the Industry Bench Mark and approved for increase of Sitting Fee to Independent/Non-Executive Directors whose are attending Board Meeting as well as Committee Meeting(s) accordingly each director who have attended the Board Meeting shall be paid Rs. 20,000/- each towards sitting fees and Rs.1,000 each towards out of Pocket Expenses and Rs. 15,000/- each (including out of pocket expenses) shall be paid for attending Audit Committee/Remuneration Committee Meeting(s) and no sitting fee shall be paid for other committee meetings such as Investment/Banking/ shareholders Grievance Committee Meetings etc. Details of remuneration paid to Directors for the financial year 2011-12 are as under:

(` in lacs)

Name of Director	Sitting Fee for Board Meeting(s) (`)	Sitting Fee for Remuneration Committee Meeting(s) (`)	Sitting Fee for Audit Committee Meeting(s) (`)	Salaries and Perquisites p.a. (`)	Total (`)
Executive Directors					
Shri Ajay Kumar Choudhary	-	-	-	75.61	75.61
Shri Mukund Choudhary	-	-	-	75.61	75.61
Shri Kapil Choudhary	-	-	-	75.61	75.61
Shri Sitaram Parthasarathy	-	-	-	66.96	66.96
Shri Amrit Agrawal	-	-	-	68.37	68.37
Non Executive/Independent Directors					
Shri Deepak Diwan	0.63	0.15	-	-	0.78
Shri Prem Malik	0.63	0.15	0.60	-	1.38
Shri Ram Kumar Thapliyal	0.84	0.15	0.75	-	1.74
Shri Shyamal Ghosh	0.63	-	-	-	0.63
Shri D P Singh	0.84	-	0.15	-	0.99
Shri Rajeev Kalra *	-	-	-	-	-

*Citigroup Venture Capital International Growth Partnership (Mauritius) Ltd., is not clamming any sitting fee for attending any Board or Committee meetings by their nominees, accordingly the Company is not paying sitting fee to its nominee.

5. Share Transfer & Shareholders/Investors Grievance Committee:

The Share Transfer & Shareholders'/Investors Grievance Committee comprises of three members viz. Shri Deepak Diwan (Chairman) a Non-executive/Independent Director, Shri Mukund Choudhary and Shri Kapil Choudhary (Members), Executive – Directors of the Company.

The Committee members meet from time to time, inter alia, to approve issue of duplicate share certificates and oversee and reviews all matters connected with the transfer of securities. The Committee also reviews the performance of the Registrar and Transfer Agents, besides supervising the mechanism of investor grievance redressal to ensure redressal of grievances of Shareholders/ investors and to maintain cordial investor relation.

The committee also reviews all investors' complaints and their grievances. During the year the Company received 9 complaints from the investors and has responded to their fullest satisfaction and 6 complaints were received from SEBI/Stock Exchanges, which were also duly replied/ redressed. There was no complaint outstanding as on 31st March 2012.

Shri B V R Murthy, Sr. Manager-Secretarial is also the compliance officer of the Company for complying with the requirements of SEBI Regulations and the Listing Agreement with the Stock Exchanges in India.

During the year, 4 committee meeting were held on 5th April, 2011, 5th July, 2011, 5th October, 2011 and 5th January, 2012. All the members of the Committee attended the meetings.

6. Investment Committee

The Investment Committee of the Board, inter alia, recommends to the Board on various opportunities to set- up/acquire/ establish textile business outside India besides its present expansion and acquisition plans in India and to execute various documents/agreements from time to time and to form subsidiary companies and fellow subsidiary companies. The Committee comprised of three members viz. Shri Mukund Choudhary, Shri Kapil Choudhary, Executive – Directors and Shri Rajeev Kalra, Nominee Director (on behalf of CVCI) of the Company. No Investment Committee meeting was held during the year.

7. Banking Committee

The Banking Committee of the Board, inter alia, authorizes company officials to execute/sign various documents/cheques for availing various credit facilities/term loan provided by the Banks from time to time. The Board of Directors had taken note on various credit facilities sanctioned/restructured by Banks under CDR Package.

The Committee comprised of Shri Mukund Choudhary, Managing Director, Shri Kapil Choudhary, Deputy Managing Director, Shri Amrit Agrawal, Director-Finance and Shri Deepak Diwan, Non-executive/ Independent Director. During the year, 7 Committee meetings were held on 5th October, 2011, 7th November, 2011, 22nd December, 2011, 30th December, 2011, 16th March, 2012, 27th March, 2012 and 30th March, 2012. All the members of the Committee attended the meetings.

8. General Body Meetings
(A) Annual General Meetings:

Details of last three Annual General Meetings (AGM) of the Company are as under:

AGM	LOCATION	DATE & TIME	SPECIAL RESOLUTIONS PASSED
17th AGM	Lok Kala Manch, 20, Lodhi Institutional Area, Lodhi Road, New Delhi – 110003	30th September, 2009 at 9:30 A.M	1. To approve the Re-appointment of Shri Mukund Choudhary as Managing Director of the Company for a period of 5 years and his remuneration.
18th AGM	Bipin Chandra Pal Memorial Bhavan, A–81, Chittaranjan Park, New Delhi - 110019	30th September, 2010 at 9:30 A.M	1. To approve the Re-appointment of Shri Amrit Agrawal as Director – Finance of the Company for a period of 3 years and his remuneration.
19th AGM	Bipin Chandra Pal Memorial Bhavan, A–81, Chittaranjan Park, New Delhi - 110019	30th June, 2011 at 10:30 A.M	1. To approve the Re-appointment of Shri Ajay Kumar Choudhary as Chairman, Shri Kapil Choudhary as Deputy Managing Director, Shri Sitaram Parthasarathy as Director – Works of the Company for a period of 3 years and revision in their monthly remuneration. 2 To approve the revision in the monthly remuneration of Shri Mukund Choudahry and Shri Amrit Agrawal w.e.f 1st April, 2010.

(B) Postal Ballot

No special resolution was passed through Postal Ballot during 2011-12.

9. Code of Conduct

The Board of Directors has adopted the Code of Conduct and ethics for Directors, Senior Management and the designated employees who have affirmed the compliance with the Code. The Code has also been posted on the company's website www.spentex.net. The declaration in compliance with Clause 49 I (D) (ii) of the Listing Agreement is given below:

To The Shareholders of Spentex Industries Limited

Sub : Compliance with Code of Conduct in terms of Clause 49 I (D) (ii) of the Listing Agreement

I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the code of conduct as adopted by the Board of Directors for the year ended 31st March, 2012 in terms of Clause 49 I (D) (ii) of the Listing Agreement entered into with the Stock Exchange.

Place: New Delhi
Date: August 9, 2012

Mukund Choudhary
Managing Director

10. Compliance
a. Mandatory Requirements:

The Company is fully compliant with the applicable mandatory requirements of the Clause 49 of the Listing Agreement.

b. Adoption of Non-Mandatory Requirements:

Although it is not mandatory, three Committees of Board, namely Remuneration Committee, Banking Committee and Investment Committee are in place. Details of all the above mentioned committees have been provided in this report. .

11. Disclosures

- The disclosure relating to transactions of material nature with the related parties are disclosed in the financial statements.
- Company has fulfilled all Statutory Compliances and there were no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Markets, during the last three years.
- Company has issued circular in connection with Whistle Blower Policy and no employee was denied access to the Audit Committee.
- Pursuant to Clause 47(f) of the Listing Agreement, the Company has created E-mail ID **secretarial@clcindia.com** exclusively for the purpose of registering complaints/queries by investors. Pursuant to circular no CIR/OIAE/2/2011 dated June 3, 2011 issued by SEBI, the investors' complaints are processed in a centralized web based complaints redress system 'SCORES'
- As per Green Initiative introduced by the Ministry of Corporate Affairs vide its circular No. 18/2011 dated 29th April, 2011, members are requested to intimate e-mail address to facilitate to send Annual Reports and other reports/notices through e-mail.

12. Means of Communication

- The quarterly/half yearly/annual financial results and press releases on significant developments in the Company are submitted to the Stock Exchanges immediately after Board approved the same to enable stock exchanges to put the results and other information on their websites and communicate to their members.
- The quarterly/half-yearly/annual financial results are published in English & Hindi language in Business Standard newspapers and the same are also displayed on the Company's website **www.spentex.net**. The Company's website also displays all official news releases.
- The Management Discussions and Analysis is included in Directors' Report.

13. General Shareholder information

- The 20th Annual General Meeting will be held at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi – 110 019, on Friday, on the 28th day of September, 2012 at 10:30 A.M.
- Financial Calendar (Tentative) :
 - Financial reporting for the Quarter ending June 30, 2012 : August 9, 2012
 - Financial reporting for the Quarter ending September 30, 2012 : on or before November 15, 2012
 - Financial reporting for the Quarter ending December 31, 2012 : on or before February 15, 2013
 - Audited for the quarter/year ended March 31, 2013 : on or before May 30, 2013
- Date of Book closure : Wednesday the 26th September, 2012 to Friday the 28th September, 2012 (both days inclusive)
- Dividend Payment Date : Not Applicable
- Listing of Equity Shares on Stock Exchanges: The Bombay Stock Exchange Ltd., Mumbai (scrip code = 521082) and National Stock Exchange of India Ltd. Mumbai (scrip code = SPENTEX).
- ISIN No. INE376C01020
- The Annual Listing Fee has been paid to BSE & NSE and Annual Custody Fee has been paid to NSDL & CDSL for the year 2012-13.
- Market Price Data : High/Low during each month in last financial year 2011-12 at BSE & NSE:

Month	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
BSE												
High	20.90	20.35	17.00	15.10	13.80	12.15	9.50	9.20	7.70	8.75	9.45	8.00
Low	14.50	14.50	12.10	11.81	8.46	8.70	8.01	6.21	6.00	5.75	7.15	6.00
NSE												
High	21.35	20.45	16.85	15.00	14.50	12.50	10.40	9.00	7.30	9.00	9.35	8.40
Low	16.10	15.00	11.35	11.00	8.15	8.30	8.00	6.00	5.15	6.00	7.10	6.25

- Registrars and Transfer Agents: M/s. Beetal Financial & Computer Services (P) Ltd., 99, Beetal House, Madangir, Near Dada Harsukh Dass Mandir, Behind Local Shopping Complex, New Delhi 110 062 Ph. No. 011 - 2996 1281 and 011 - 2996 1282 and Fax No. 011 - 2996 1284, E-mail : **beetalrta@gmail.com ; beetal_99@sify.com**
- Share Transfer System: The Company's shares are compulsorily traded in dematerialized mode. Share in physical mode lodged for transfer are processed and returned to the shareholders within the stipulated time.

➤ Distribution of shareholding as on 31st March 2012:

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
1 to 500	35,913	90.50	33,67,361	4.05
501 to 1,000	1,837	4.63	15,50,699	1.86
1,001 to 2,000	890	2.24	13,92,576	1.67
2,001 to 3,000	344	0.87	8,76,203	1.05
3,001 to 4,000	148	0.37	5,32,374	0.64
4,001 to 5,000	140	0.35	6,70,955	0.81
5,001 to 10,000	202	0.51	14,93,352	1.79
10,001 and above	210	0.53	7,33,88,515	88.13
Total	39,684	100.00	8,32,72,035	100.00
Physical Mode			11,86,111	1.42
Electronic Mode			8,20,85,924	98.58

Shareholding Pattern as on 31st March 2012:

Sl. No.	Particulars	No. of shares	%
1	Promoter & Promoter Group	43,830,560	52.64
2	Bodies Corporate	5,306,619	6.37
3	Mutual Funds	20,811	0.03
4	Banks/Financial Institutions/UTI	693,694	0.83
5	State Government/Central Government	59,337	0.07
6	Foreign Institutional Investors	19,255,367	23.12
7	Foreign Banks	1,505	0.00
8	Directors Other Than Promoters	101,221	0.12
9	NRIs	330,647	0.40
10	Trust	28,145	0.03
11	Indian Public & Others	13,644,129	16.39
	Total	83,272,035	100.00

The equity shares of the Company are frequently traded on The Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange of India Ltd., Mumbai (NSE).

➤ The Company had issued 19,50,000 shares against conversion of 19,50,000 convertible warrants on 12.05.2011 to M/s CLC Technologies Private Limited, a promoter group company on exercise of option in forth & final tranche.

➤ Plant Location(s):

In India

1. D-48, MIDC, Baramati, District. Pune, Maharashtra 413 133
2. B-1, MIDC, Chincholi – Kondi, Distt. Solapur, Maharashtra 413 255
3. 31-A, MIDC Industrial Area, Butibori, Nagpur, Maharashtra 441 122
4. 51-A, Industrial Area, Sector III, Pithampur, Madhya Pradesh 454 774

Out side India

1. 2A, Zie Said Street, Tashkent City – 100042 Republic of Uzbekistan
2. 2 Tashkent Yuli Street, Toypeta, Urta-Chirchik District, Tashkent Region 102300, Republic of Uzbekistan.
3. H. 440B, Margilan Street, Fergana Region, Margilan City, Republic of Uzbekistan
4. Nadrazni 557 436 57, Litvinov, Czech Republic

➤ Address for Correspondence :

1. Registered Office Address : A-60, Okhla Industrial Area, Phase II, New Delhi 110 020
Ph. 011 - 2638 7738, 4161 4999, Fax: 011 – 2638 5181.
Email: **secretarial@clcindia.com**
2. Registrars & Transfer Agents : M/s. Beetal Financial & Computer Services (P) Ltd
99, Beetal House, Madangir, Near Dada Harsukh Dass Mandir,
Behind Local Shopping Complex, New Delhi 110 062
Ph. No. 011 - 29961281 and 011-29961282 and Fax No. 011- 2996 1284.
E-mail : **beetalrta@gmail.com; beetal_99@sify.com**
3. Compliance Officer : Shri B V R Murthy, Sr. Manager Secretarial
Ph. 011 - 26387738, 46598900, Fax: 011 – 26385181
Email: **murthy@clcindia.com; secretarial@clcindia.com**

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,
The Board of Directors
Spentex Industries Limited

Sub: CEO/CFO Certificate

We, Mukund Choudhary, Managing Director and Amrit Agrawal, Director-Finance, to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2012 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs, and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditor and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee;
- (i) significant changes in internal controls over financial reporting, during the year.
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - (iii) instances of significant fraud of which we have become aware, if any, and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place: New Delhi
Date: August 9, 2012

Mukund Choudhary
Managing Director

Amrit Agrawal
Director - Finance

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Spentex Industries Limited

We have examined the compliance of conditions of Corporate Governance by **SPENTEX INDUSTRIES LIMITED**, having its Registered Office at A-60, Okhla Industrial Area, Phase-II, New Delhi-110 020 for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement executed by the said Company with the concerned Stock Exchanges in India.

The Compliance of conditions of corporate governance is the responsibility of the management. 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement in all material respects.

We state that in respect of the investor grievances received for the year ended 31st March, 2012, no such investor grievances remained unattended/pending as at 31st March, 2012 as per the records maintained by the Share Transfer & Shareholders'/ Investors' Grievance Committee.

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 **Loveneet Handa & Associates**
Company Secretaries

(Loveneet Handa)
ACS-25973
CP-10753

Place: New Delhi
Date: August 9, 2012

AUDITORS' REPORT TO THE MEMBERS OF SPENDEX INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Spentex Industries Limited, as at March 31, 2012 and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central government of India in terms of sub-section(4A) of Section 227 of The Companies Act, 1956 of India (the Act) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:
 - 3.1 a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over 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. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the books records and physical inventory have been noticed.
 - c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
 - 3.2 a) The inventory other than inventory lying with third party has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
 - 3.3 a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraph 4(iii)(b), 4(iii)(c), 4(iii)(d) of the order are not applicable.
 - b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraph 4(iii) (f) and 4(iii) (g) of the order are not applicable.
 - 3.4 In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
 - 3.5 a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, there were no transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rupees Five Lakhs or more in respect of any party during the year other than those reported in para 3.18 below pursuant to paragraph 4 (xviii) of the Companies (Auditor's Report) Order, 2003.
 - 3.6 The Company has not accepted any deposits from the public within the meaning of Section 58A and Section 58AA of the Act and the rules framed there under.
 - 3.7 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
 - 3.8 We have broadly reviewed 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 are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
 - 3.9 a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, sales tax, income tax, service tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanation given to us,

no undisputed amounts payable in respect of aforesaid dues were in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, entry tax, service tax and excise duty at March 31, 2012, which have not been deposited on account of dispute, are as follows:

Name of the statute	Nature of dues	Amount(`)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax				
The M.P. Commercial Tax Act, 1994	Penalty - Purchase tax demand	164,195 (including amount paid Rs.164,195)	2004-05	First Appellate Authority
The M.P. Commercial Tax Act, 1994	Sales Tax Demand	815,157(including amount paid Rs.815,157)	2009-10	First Appellate Authority
The M.P. Commercial Tax Act, 1994	Sales tax demand on sale of DEPB licenses	1,970,233	2001-03 2009-10	Assessing Authority Indore
Entry Tax Act, 1976	Entry tax demand	1,538,453 (including amount paid Rs. 414,844)	1992-2008	Assessing Authority Indore
Income tax				
Income Tax Act, 1961	Disallowance of goodwill amortisation & other expenses	10,875,657 (including amount paid Rs.3,981,354)	A.Y. 2001-02 A.Y. 2003-04	Income Tax Tribunal Delhi Bench - Rs. 3,981,354
				High Court - Rs. 6,894,303
The Income Tax Act,1961	Disallowances of various expenses viz. sales tax subsidy, etc.	27,095,747 (including amount paid Rs.2,000,000)	A.Y. 2003-04 A.Y. 2005-06 A.Y. 2006-07	Commissioner of Income Tax (Appeal), New Delhi
Central Excise and Service Tax Act				
Central Excise Act, 1944	Excise duty demands (Baramati unit)	10,806,176	June 1999 to Dec 2001	Customs, Excise & Service Tax Appellate Tribunal, Mumbai
Central Excise Act, 1944	Excise duty demands (Ahmedabad unit)	27,861,240	Apr-00 to Sept-01 and Feb-01 to Dec-01	Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad
Central Excise Act, 1944	Excise duty demands (Ahmedabad unit)	1,565,015 (including amount paid Rs.1,565,015)	Feb-04	Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad
The Central Excise Act, 1944	Excise duty-demand of duty on clearance of goods under notification 30/2004 without payment of duty (Butibori unit)	75,185,214 (including amount paid Rs.2,314,143)	Aug. 2004 to Apr. 2007	Deputy Commissioner of Central Excise, Nagpur – Rs. 77,371
				Commissioner, Central Excise Nagpur – Rs.72,693,700
				Customs, Excise & Service Tax Appellate Tribunal – Rs. 2,414,143
The Central Excise Act, 1944	Cenvat demand for packing material including penalty (Pithampur unit)	168,012	April, 2000 – March, 2004	Commissioner (Appeals), Central Excise, Indore

SPENTEX INDUSTRIES LIMITED

The Central Excise Act, 1944	Cenvat demand on packing material / scrap (Butibori unit)	653,853 (including amount paid Rs. 4,006)	April, 2003 – November, 2009	Customs, Excise & Service Tax Appellate Tribunal Rs. 180,167
				Commissioner(Appeals), Nagpur – Assistant Commissioner – Rs. 8,012
				Deputy Commissioner, Central Excise, Nagpur – Rs. 465,674
The Central Excise Act, 1944	Cenvat on samples used in quality control (Butibori unit)	278,584 (including amount paid Rs. 67,597)	Apr, 2003 to Aug, 2009	Customs, Excise & Service Tax Appellate Tribunal, Nagpur – Rs. 117,762
				Deputy Commissioner, Central Excise, Nagpur – Rs. 160,822
The Central Excise Act, 1944	Demand for Cenvat reversal of furnace oil used in generation of electricity on job-work (Butibori unit)	11,032,499	Apr, 2003 to Aug, 2006	Deputy Commissioner of Central Excise, Nagpur – Rs. 694,852
				Customs, Excise & Service Tax Appellate Tribunal – Rs. 10,337,647
The Central Excise Act, 1944	Refund of cenvat on inputs under Rule 18 (Pithampur unit)	60,216,366	Oct, 2004 to Jan, 2006	Commissioner (Appeals), Central Excise, Indore
The Central Excise Act, 1944	Rejection export claims	1,793,732	Jun, 2006 to Jan,2007	Assistant Commissioner of Central Excise, Nagpur
Finance Act, 1994	Refund against export services	1,987,938	2006-10	Assistant Commissioner of Central Excise, Nagpur
The Central Excise Act, 1944	Excise duty –demand of duty on clearance of goods under notification 30/2004 without payment of duty (Pithampur unit)	53,291,002 (including amount paid Rs.13,322,751)	March, 2004 to Feb, 2007	High Court , Indore
The Central Excise Act, 1944	Duty on Yarn	1,203,102	2006	Customs, Excise & Service Tax Appellate Tribunal – Rs. 510,140
				Commissioner (Appeals), Central Excise, Indore - Rs. 692, 962
The Central Excise Act, 1944	Cenvat on Capital Goods	2,703,762	2002-2003	Additional Commissioner of Central Excise, Nagpur -Rs. 2,551,564
				Deputy Commissioner of Central Excise – Rs. 152,198
Professional Tax				
Professional Tax Act	Interest on Professional Tax	36,433 (including amount Paid Rs. 36,433)	2006-07	Deputy Commissioner (Professional Tax)

- 3.10 The Company has accumulated loss as at March 31, 2012 which, read with comments in para 4 of our report, are more than fifty percent of its net worth. The company has incurred cash losses in the financial year ended on that date but has not incurred cash losses in the immediately preceding financial year.
- 3.11 According to the records of the Company examined by us and the information and explanation given to us, based on our audit procedures, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.
- 3.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 3.13 The provisions of any special statute applicable to chit fund/ Nidhi/ mutual benefit fund/ Societies are not applicable to the Company.
- 3.14 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 3.15 In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

- 3.16 In our opinion, and according to the information and explanations given to us, no new term loan has been obtained during the year.
- 3.17 On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on short term basis which have been used for long-term investment.
- 3.18 According to the information and explanations given to us, the company has made preferential allotment of shares to a company covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- 3.19 The Company has created security or charge in respect of debentures issued and outstanding at the year end.
- 3.20 The Company has not raised any money by public issue during the year.
- 3.21 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.

4. We draw attention to:

Note 41 of the financial statements, wherein, we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs. 20,44,69,921 in Amit Spinning Industries Limited subsidiary of the company. Further, uncertainties exist in relation to the recoverability of loans amounting to Rs. 32,01,28,019, interest accrued thereon Rs. 9,59,50,582 and advances amounting to Rs. 5,76,20,907 due from above subsidiary.

Note 44 of the financial statements, wherein, we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs. 56,10,11,339 in Spentex Netherland B.V. subsidiary of the company. Further, uncertainties exist in relation to the recoverability of advance amounting to Rs. 9,50,70,902 due from above subsidiary

Note 44 of the financial statements, wherein, we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs. 93,23,779 in Spentex Tashkent Toytepa LLC subsidiary of the company. Further, uncertainties exist in relation to the recoverability of debtor amounting to Rs. 7,00,12,404 due from above subsidiary and also in relation to recoverability of export incentive amounting to Rs 26,95,093.

The impact due to above observations on the financial statements could not be ascertained.

5. Further to our comments in paragraphs 4 above, 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 purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and **subject to our remarks in paragraph 4 above**, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For J.C. Bhalla & Company
Chartered Accountants
Firm Regn. No. 001111-N

(Akhil Bhalla)
Partner

Membership No.505002

Place : New Delhi
Dated : August 9, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(Figure in `)

	Note No.	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
(1) Shareholder's funds			
a) Share capital	2	83,27,20,350	81,32,20,350
b) Reserves & surplus	3	(1,62,58,41,935)	37,51,18,951
c) Money received against share warrant	4	-	3,30,52,500
		(79,31,21,585)	1,22,13,91,801
(2) Non-current liabilities			
a) Long-term borrowings	5	3,30,21,82,443	3,19,62,20,150
b) Other long-term liabilities	6	12,62,554	19,76,323
c) Long-term provisions	7	5,54,34,195	4,14,70,171
		3,35,88,79,192	3,23,96,66,644
(3) Current liabilities			
a) Short-term borrowings	8	85,81,04,524	88,05,84,168
b) Trade payables	9	1,35,46,72,049	1,53,20,54,110
c) Other current liabilities	10	1,08,88,44,195	1,03,05,66,628
d) Short-term provisions	11	1,14,74,740	86,93,624
		3,31,30,95,508	3,45,18,98,530
Total		5,87,88,53,115	7,91,29,56,975
ASSETS			
(1) Non-current assets			
a) Fixed assets	12		
(i) Tangible assets		2,40,97,00,586	2,71,12,11,450
(ii) Intangible assets		85,65,144	1,62,72,963
(iii) Capital work in progress		43,70,896	91,24,820
b) Non-current investment	13	77,49,26,779	77,49,26,779
c) Long-term loans and advances	14	95,32,84,127	97,57,28,569
d) Other non-current assets	15	27,07,36,924	48,18,25,372
		4,42,15,84,456	4,96,90,89,953
(2) Current Assets			
a) Inventories	16	47,34,46,623	1,31,64,09,430
b) Trade receivables	17	45,93,58,475	74,61,81,478
c) Cash and bank balances	18	4,29,34,416	3,89,05,675
d) Short-term loans and advances	19	25,47,73,222	60,93,98,865
e) Other current assets	20	22,67,55,923	23,29,71,574
		1,45,72,68,659	2,94,38,67,022
Total		5,87,88,53,115	7,91,29,56,975

Significant accounting policies and notes (1 to 47) form an integral part of the financial statements..

This is the Balance Sheet referred to in our Report of even date

For J.C. Bhalla & Company
 Firm Reg. No. 001111N
 Chartered Accountants

Akhil Bhalla
 Partner
 Membership No: 505002

On behalf of the Board
 Mukund Choudhary Managing Director
 Kapil Choudhary Deputy Managing Director
 Sitaram Parthsarathy Director - Works
 Amrit Agrawal Director - Finance
 Ranjan Mangtani Sr. Vice President Corporate and Legal
 Affairs & Company Secretary

Place: New Delhi
 Date : August 9, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012 (Figure in `)

	Note	Year Ended 31st March, 2012	Year Ended 31st March, 2011
INCOME			
I. Revenue from operations (Gross)	21	9,71,10,29,348	10,64,52,23,335
Less: Excise duty		3,26,47,835	4,22,69,130
Revenue from operations (Net)		9,67,83,81,513	10,60,29,54,205
II. Other income	22	15,40,71,061	18,69,16,625
III. Total revenue (I+ II)		9,83,24,52,574	10,78,98,70,830
IV. EXPENSES			
Cost of materials consumed	23	6,35,50,45,065	6,62,93,19,672
Purchases of stock-in-trade	24	95,94,63,754	79,30,69,058
Changes in inventories of finished goods, Stock-in-trade and work-in-progress	25	57,55,25,524	(69,86,16,156)
Employee benefits expense	26	63,18,36,727	60,35,03,700
Finance costs	27	85,41,52,310	80,05,25,209
Depreciation and amortization expense	12	33,07,97,607	34,07,83,330
Other expenses	28	1,62,40,03,785	1,81,23,98,945
Total expenses		11,33,08,24,772	10,28,09,83,756
V. Profit before exceptional items and tax (III-IV)		(1,49,83,72,198)	50,88,87,074
VI. Exceptional items	29	48,58,65,811	13,39,33,822
VII Profit/(loss) before tax (V-VI)		(1,98,42,38,009)	37,49,53,252
VIII Tax expenses:		3,02,75,377	-
MAT credit entitlement reversal		3,68,52,303	-
Income tax of earlier year written back		(65,76,926)	-
IX Profit/(loss) for the year (VII- VIII)		(2,01,45,13,386)	37,49,53,252
X Earnings per equity share:	34		
(1) Basic		(24.25)	4.87
(2) Diluted		(24.25)	4.85

Significant accounting policies and notes (1 to 47) form an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date

For **J.C. Bhalla & Company**
Firm Reg. No. 001111N
Chartered Accountants

Akhil Bhalla
Partner
Membership No : 505002

Place : New Delhi
Date : August 9, 2012

On behalf of the Board

Mukund Choudhary	Managing Director
Kapil Choudhary	Deputy Managing Director
Sitaram Parthasarathy	Director - Works
Amrit Agrawal	Director - Finance
Ranjan Mangtani	Sr. Vice President Corporate and Legal Affairs & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Figure in `)

	<u>Year ended 31st March 2012</u>	<u>Year ended 31st March 2011</u>
Profit /(loss) Before Tax	(1,98,42,38,010)	37,49,53,252
Add:		
Depreciation / Amortisation	33,07,97,607	34,07,83,330
Impairment Loss	41,33,096	-
Loss/(Profit) on Sale of Fixed Asset (net)	6,45,799	(19,91,334)
Provision for Wealth Tax	32,684	52,767
Temple, land & building	-	(1,86,21,021)
Unrealised Exchange Fluctuation (net)	(3,14,67,693)	(1,55,19,641)
Bad Debts and Advances Written off	32,36,52,711	21,86,35,932
Provision for doubtful advances	16,73,95,417	-
Liabilities no longer required written back	(53,58,789)	(55,14,565)
Loss on sale of assets held for sale.	25,25,820	1,96,59,578
Dividend Income	(3,207)	(4,044)
Interest Income	(4,24,89,733)	(4,43,02,889)
Interest Expense	85,78,86,163	72,77,95,366
Operating Profit Before Working Capital Changes	(37,64,88,135)	1,59,59,26,731
Adjustments for changes in working capital :		
- (Increase)/Decrease in Trade Receivable	5,04,39,654	(8,63,87,727)
- (Increase)/Decrease in Other Receivables	39,31,32,814	2,94,91,587
- (Increase)/Decrease in Inventories	84,29,62,807	(74,78,28,027)
- Increase/(Decrease) in Trade and Other Payables	(9,60,69,215)	20,05,41,321
Wealth Tax Paid	(52,767)	-
A. Cash Flow From Operating Activities	81,39,25,158	99,17,43,885
Purchase of Fixed Assets	(1,94,07,023)	(4,38,73,586)
Sale proceeds of Fixed Assets	19,36,222	92,91,934
Sale of Investment	-	46,821
Dividend Received	3,207	4,044
Interest Received	1,01,41,244	4,43,02,889
B. Cash Flow From Investing Activities	(73,26,350)	97,72,102
Proceeds from Share Capital	-	5,72,63,950
Share Premium (net)	(3,02,75,380)	5,27,43,550
Repayment of 9% Non-convertible Debenture	(79,92,789)	(2,46,63,460)
Proceeds from Term Loans	39,08,88,963	-
Repayment of Term Loans	(25,40,65,977)	(51,13,78,905)
(Repayment)/proceed of Working Capital Loans (net)	(1,77,90,329)	14,52,83,603
Vehicle Loans (net)	(34,99,887)	44,83,347
Short term advances (net)	(2,46,89,315)	(3,13,07,945)
Interest Paid	(85,51,45,353)	(72,77,95,366)
C. Cash Flow From Financing Activities	(80,25,70,067)	(1,03,53,71,226)
Increase/(Decrease) in Cash Equivalents {A+B+C}	40,28,741	(3,38,55,238)
Cash and Cash Equivalents at the Beginning of the Year	3,89,05,675	7,27,60,913
Cash and Cash Equivalents at the End of the Year	4,29,34,416	3,89,05,675
Increase / (Decrease) in Cash/Cash Equivalents	40,28,741	(3,38,55,238)
Notes :-		
Cash and cash equivalents comprise		
Cash and Cheques in hand	17,27,526	16,09,264
In Current Accounts	2,20,54,626	2,01,14,791
In Fixed Deposit Accounts	1,82,92,156	1,55,15,000
In Other Banks	-	5,87,484
In unpaid dividend accounts	8,60,108	10,79,136
	4,29,34,416	3,89,05,675

- The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 notified under section 211(3C) of the Companies Act, 1956.
- Figures in brackets indicate cash outgo.

This is the Cash Flow Statement referred to in our Report of even date

For **J.C. Bhalla & Company**
 Firm Reg. No. 001111N
 Chartered Accountants

Akhil Bhalla
 Partner
 Membership No : 505002

Place : New Delhi
 Date : August 9, 2012

On behalf of the Board

Mukund Choudhary	Managing Director
Kapil Choudhary	Deputy Managing Director
Sitaram Parthasarathy	Director - Works
Amrit Agrawal	Director - Finance
Ranjan Mangtani	Sr. Vice President Corporate and Legal Affairs & Company Secretary

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Accounting**

These financial statements are prepared on accrual basis under the historical cost convention to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

(b) Adoption of Revised Schedule VI of the Companies Act, 1956

For the year ended 31st March, 2012, the revised Schedule VI, notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of Schedule VI does not impact recognition and measurement principles followed for preparation of its financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year. All assets and liabilities have been classified as current and non-current as per the criteria set out in the revised Schedule VI. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle being a period within 12 months for the purpose of classification of assets and liabilities as current and non current.

(c) Use of Estimates

The preparation of the financial statements in conformity with Indian Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful receivables, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

(d) Fixed Assets

Fixed assets are stated at their original cost less accumulated depreciation including freight, duties (net of CENVAT), taxes and other incidental expenses relating to acquisition and installation.

(e) Depreciation / Amortization

Depreciation on all fixed assets situated at manufacturing locations is provided on the straight line method on a pro-rata basis at the rates determined on the basis of useful lives of the respective assets. Management estimates the useful lives for the various fixed assets situated at manufacturing locations as follows:

Description – Manufacturing locations	Useful lives (in years)
Factory building	17-29
Building (Other than factory building)	58
Plant and machinery	2-18
Office equipments	10-20
Computers	1-6
Furniture and fixtures	2-15
Vehicles	10-12

The rates derived from the above useful lives are higher than the minimum rates specified in Schedule XIV to the Companies Act, 1956 ('Act').

Depreciation for all fixed assets at locations other than at manufacturing locations is provided on the written down value method at the rates specified in Schedule XIV to the Act.

Leasehold land is amortized over the lease period on a straight line basis.

Capitalised enterprise resource planning software (SAP) is amortised over a period of five years on straight line basis.

Acquired goodwill is amortized using the straight-line method over a period of 10 years.

(f) Inventories

Inventories have been valued at lower of cost and net realizable value.

The cost in respect of raw materials is determined under the specific identification of cost method.

Cost includes customs duty, wherever paid, and are net of credit under CENVAT scheme, wherever applicable.

The cost in respect of work-in-progress, finished goods and stores and spares is determined using the weighted average cost method and includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, where applicable.

Waste is valued at estimated net realizable value.

(g) Revenue Recognition

Sale of goods: Revenue on sale of goods is recognized on transfer of significant risk and rewards of ownership to the buyer and on reasonable certainty of the ultimate collection. Sales are inclusive of excise duty and net off sales tax, trade discounts and sales returns.

Interest: Income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rates.

Commission and insurance claim: Income is recognized when no significant uncertainty as to measurability or recoverability exists.

(h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(i) Foreign Currency Transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transaction. All monetary items denominated in foreign currency are translated at year end rates. Exchange differences arising on such transactions and also exchange differences arising on the settlement of such transactions are adjusted in the statement of profit and loss.

In case of forward contracts, the premium or discount on all such contracts arising at the inception of each contract is recognized / amortized as income or expenses over the life of the contract. Any profit or loss arising on the cancellation or renewal of such contracts is recognized as income or expenses for the period.

In respect of foreign branch, all revenues, expenses, monetary assets/liabilities and fixed assets are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are restated at the year end rates and resultant gains or losses are recognized in the statement of profit and loss.

(j) Employee Benefits

The company's contributions to recognized provident funds are charged to revenue on an accrual basis.

The Company has defined benefit plans namely leave encashment and gratuity for all employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Gratuity Fund (for other than Synthetic division) is administered through Life Insurance Corporation of India. Short term compensated absences are recognized at the undiscounted amount of benefit for services rendered during the year.

Termination benefits are recognized as an expenses immediately. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the statement of profit and loss as income or expenses.

(k) Borrowing Costs

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

(l) Taxation

Tax expenses for the year, comprising current tax and deferred tax is included in determining the net profit/(loss) for the year.

A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. Deferred tax assets are recognised for all deductible timing differences and carried forward to the extent it is reasonably / virtually certain that future taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

(m) Leases

Assets acquired under long term finance lease are capitalised and depreciated in accordance with company's policy for assets situated at manufacturing and other locations. The associated obligations are included in other loans under "Secured Loans".

The company has taken premises on lease. Lease rental in respect of operating lease arrangement are charged to statement of profit and loss.

(n) Impairment of Assets

At each balance sheet date, the company assesses whether there is any indication that an asset may be impaired. If such indication exists, the company estimates the recoverable amount and where carrying amount of the asset exceeds such recoverable amount, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds recoverable amount. Where there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased, the company books a reversal of the impairment loss not exceeding the

carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

(o) Government Grants

Recognition

Government grants are recognized where:

- i) There is reasonable assurance of complying with the conditions attached to the grant.
- ii) Such grant / benefit has been earned and it is reasonably certain that the ultimate collection will be made.

Presentation in Financial Statement:

- i) Government grants relating to specific fixed assets are adjusted with the value of the fixed assets.
- ii) Government grants in the nature of promoters' contribution, i.e. which have reference to the total investment in an undertaking or by way of contribution towards total capital outlay, are credited to capital reserve.
- iii) Government grants related to revenue items are either adjusted with the related expenditure / revenue or shown under "Other Income", in case direct linkage with cost/income is not determinable.

(p) Provisions and contingencies

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

	As at <u>March 31, 2012</u>	As at <u>March 31, 2011</u>
(Amount in `)		
NOTE 2 : SHARE CAPITAL		
Authorised		
11,40,00,000 Equity shares of ` 10/- each (Previous Year 11,40,00,000 Equity shares)	1,14,00,00,000	1,14,00,00,000
70,00,000 Redeemable preference shares of ` 10/- each (Previous Year 70,00,000 Redeemable preference shares)	7,00,00,000	7,00,00,000
	<u>1,21,00,00,000</u>	<u>1,21,00,00,000</u>
Issued, Subscribed and Paid up		
8,32,72,035 Equity Shares of ` 10/- each, fully paid up (Previous Year 81,322,035)	83,27,20,350	81,32,20,350
	<u>83,27,20,350</u>	<u>81,32,20,350</u>

SUB NOTE:- 2 (a) Above equity share of Rs. 10/- each include :

Pursuant to scheme of arrangement, 82,74,465 Equity Share of ` 10/- each fully paid issued to the share holder of erstwhile CLC Corporation Limited during the financial year 2005-06, 1,78,24,591 Equity Share of ` 10/- each fully paid issued to the share holder of erstwhile CLC Global Limited during the financial year 2005-06 and 44,87,844 Equity Share of ` 10/- each fully paid issued to the share holder of erstwhile Indo Rama Textiles Limited during the financial year 2006-07 for consideration other than cash.

SUB NOTE:- 2 (b) The company has only one class of equity share having a par value of ` 10/- per share. Each shareholder is eligible for one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of shareholders in the ensuring Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

SUB NOTE:- 2 (c) Reconciliation of number of shares outstanding at the beginning and at the end of the year :

Particulars	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	Amount (`)	No. of Shares	Amount (`)
Equity shares outstanding at the beginning of the year	8,13,22,035	81,32,20,350	7,37,33,035	73,73,30,350
Add: Equity shares issued during the year	19,50,000	1,95,00,000	75,89,000	7,58,90,000
Less: Equity shares bought back during the year	-	-	-	-
Equity shares outstanding at the end of the year	8,32,72,035	83,27,20,350	8,13,22,035	81,32,20,350

SUB NOTE:- 2 (d) : List of Share holder holding more than 5% of the aggregate share in the company

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Citigroup Venture Capital International Growth Partnership Mauritius Ltd	1,92,52,650	23.12	1,92,52,650	23.67
CLC Technologies Private Limited	1,18,00,000	14.17	98,50,000	12.11
Mukund Choudhary	85,35,946	10.25	85,35,946	10.50
Kapil Choudhary	84,74,869	10.18	84,74,869	10.42
Ajay Kumar Choudhary	80,66,052	9.69	80,66,051	9.92

NOTE 3 : RESERVES AND SURPLUS

(Amount in `)

	As at 31 March 2012	As at 31 March 2011
Capital Reserve :		
Capital reserve	13,82,31,706	13,82,31,706
Share forfeiture reserve	71,79,250	71,79,250
Profit on restructure	23,58,587	23,58,587
	14,77,69,543	14,77,69,543
Securities Premium Account		
Opening balance	1,01,47,21,322	96,19,77,772
Add: On conversion of share warrants	1,35,52,500	5,27,43,550
	1,02,82,73,822	1,01,47,21,322
Debenture Redemption Reserve		
Opening balance	17,03,60,578	4,19,89,626
Add: transfer from statement of profit & loss	-	12,83,70,952
	17,03,60,578	17,03,60,578
Surplus in the statement of profit and loss		
Opening balance	(95,77,32,492)	(1,20,43,14,792)
Profit /(Loss) for the year	(2,01,45,13,386)	37,49,53,252
Less:- Transfer to debenture redemption reserve	-	12,83,70,952
Closing balance	(2,97,22,45,878)	(95,77,32,492)
	(1,62,58,41,935)	37,51,18,951

NOTE 4 : MONEY RECEIVED AGAINST SHARE WARRANT

Money received against share warrant	-	3,30,52,500
	-	3,30,52,500

During the year, out of money received against share warrants , the company has allotted 19,50,000 (previous year 75,89,000) equity shares pursuant to options exercised by the share warrants holder CLC Technologies Private Limited to convert 19,50,000 (previous year 75,89,000) share warrants in equal number of fully paid up equity shares at the agreed price of ` 16.95 per equity share (including premium of ` 6.95 per equity share).

NOTE 5 : LONG-TERM BORROWINGS

	As at 31 March 2012	As at 31 March 2011
Secured		
Debentures		
10% Redeemable Non-Convertible Debentures	33,27,28,366	34,07,21,155
Term Loans from Banks		
Rupee Term Loans	3,59,77,77,673	3,46,09,54,688
Vehicle Loans	69,61,801	1,04,61,688
	3,93,74,67,840	3,81,21,37,531
Less: Amount disclosed under the head "other current liabilities" (Note-10)	63,52,85,397	61,59,17,381
	3,30,21,82,443	3,19,62,20,150

Nature of security

Repayment terms & amount of default

a. Debentures

Non convertible debentures

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Mukund Choudhary and Sh. Kapil Choudhary. These Debentures are further secured by second pari-passu charge on entire current assets. These debentures are also secured by pledge of 18,075,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, New Delhi.

Amounting to ` 332,728,366 (previous year ` 340,721,155) repayable in 24 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table below.

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

b. Rupee term loans from bank

i) Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary and collateral guarantee of Ms. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets. These loan are also secured by pledge of 1,80,75,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, New Delhi.

i) Amounting to ` 1,27,33,77,673 (previous year ` 1,30,61,48,732) repayable in 24 quarterly installments commencing from June, 2012. There s no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 1 below.

Amounting to ` 43,35,00,000 (previous year ` 44,84,98,529) repayable in 20 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 2 below.

ii) Loan Amounting to ` 40,47,00,000 secured by pledge of promoters' shares (21,07,23,117 nos.), on an exclusive basis. Further secured by third charge on all the movable and immovable assets of the company and personal guarantee of Sh. Ajay Choudhary, Sh Mukund Choudhary and Sh. Kapil Choudhary.

Amounting to ` 11,54,00,000 (previous year ` 12,05,65,976) repayable in 12 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 3 below.

Amounting to ` 23,30,00,000 (previous year ` 27,50,03,414) repayable in 8 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 4 below.

ii) Amounting to ` 40,47,00,000 (previous year ` 41,44,40,300) repayable in 23 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 1 below.

Term Loan Repayment schedule Table No. 1

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

Term Loan Repayment schedule Table No. 2

	FY 13	FY 14	FY 15	FY 16	FY 17
Principal (%)	14	16	20	20	30
ROI (%)	10	12	13	14	14

Term Loan Repayment schedule Table No. 3

	FY 13	FY 14	FY 15
Principal (%)	32.40	42	25.6
ROI (%)	12	13	15

Term Loan Repayment schedule Table No. 4

	FY 13	FY 14
Principal (%)	25	75
ROI (%)	13	14.5

c. Funded Interest Term Loan

Secured by first pari-passu charge on all the fixed assets of the company, both present and future. The loan is further secured by second pari-passu charge on entire current assets and additionally secured by personal guarantee of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary. The loan is also secured by pledge of 1,80,75,918 shares of the company on pari-passu basis. Loan amounting to ` 27,75,00,000 is further secured by collateral security of property at 1st floor, 7, Padmini Enclave, New Delhi.

Amounting to ` 1,54,00,000 (previous year ` 1 54 00,000) repayable in 2018. There is no default in repayment of loan.

Amounting to ` 23,85,00,000 (previous year ` nil) repayable in 16 quarterly installments commencing from June, 2013. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 1 below.

Amounting to ` 41,00,000 (previous year ` nil) repayable in 8 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 2 below.

Amounting to ` 3,49,00,000 (previous year ` nil) Repayable in 3 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012.

**Funded Interest Term Loan Repayment schedule
Table No. 1**

	FY 13	FY 14	FY 15	FY 16
Principal (%)	15	25	25	35
ROI (%)	10	10	10	10

**Funded Interest Term Loan Repayment schedule
Table No. 2**

	FY 13	FY 14
Principal (%)	40	60
ROI (%)	10	10

d. Working Capital Term Loan

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary and collateral guarantee of Ms. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets. These loans are also secured by pledge of 18,075,918 shares of the company and further secured by collateral security on the property at 1st floor, 7, Padmini Enclave, New Delhi.

Amounting to ` 25,50,00,000 (previous year ` 26,38,33,424) repayable in 24 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 1 below.

Amounting to ` 45,84,00,000 (previous year ` 46,88,10,781) repayable in 24 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 2 below.

Amounting to ` 13,15,00,000 (previous year ` 14,82,53,532) repayable in 2 half yearly installments during September 2012 & March 2013. There is no default in repayment of installment as on 31.03.2012. The rate of interest is 10% per annum.

Repayment schedule Table No. 1

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

Repayment schedule Table No. 2

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	10	11	11	11	12

e. Vehicle Loans

Secured by hypothecation of motor cars.

There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table below.

	FY 13	FY 14	FY 15	FY 16
Principal (%)	10	15	15	17.5

During the year, repayment terms and finance costs pertaining to term loans, working capital loan and debentures, mentioned above, were restructured pursuant to Corporate Debt Restructuring Scheme of Reserve Bank of India and the charges were amended.

(Amount in `)

	As at March 31, 2012	As at March 31, 2011
NOTE 6 : OTHER LONG TERM LIABILITIES		
Security Deposit	12,62,554	19,76,323
	12,62,554	19,76,323

NOTE 7 : OTHER LONG-TERM PROVISION

Provision for Employee Benefits:

Gratuity	4,36,50,401	3,25,08,593
Leave encashment	1,17,83,794	89,61,578
	5,54,34,195	4,14,70,171

NOTE 8 : SHORT -TERM BORROWINGS

Secured

Working Capital Loans From Banks	85,79,30,806	87,57,21,135
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Unsecured

From others *	1,73,718	48,63,033
	85,81,04,524	88,05,84,168

Nature of Security

Working Capital Loans from Banks are secured by first pari-passu charge on entire current assets, long term loan and advances and other non current assets of the Company. These loans are further secured by second pari-passu charge on entire fixed assets, both present and future and personal guarantee of the promoters. These loans, are also secured by pledge of promoters' shares (18,075,918 nos.) on pari-passu basis.

* Repayable on demand.

NOTE 9 : TRADE PAYABLES

Trade payable	1,35,46,72,049	1,53,20,54,110
	1,35,46,72,049	1,53,20,54,110

Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act. 2006

Based on intimation received by the Company from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 the relevant information is provided below:-

1. Amount due to Micro and Small Enterprises:		
a. Principal amount remaining unpaid	3,47,127	9,17,627
b. Interest due on above	-	-
2. a. Principal amount paid after due date or appointed day during the year	-	-
b. Interest paid during the year on above	-	-
3. Interest due & Payable (but not paid) on principal amounts paid during the year after the due date or appointed day.	-	-
4. Total interest accrued and remaining unpaid	-	-
5. Further interest in respect of defaults of earlier year due and payable in current year upto the date when actually paid	-	-

(Amount in `)

	As at March 31, 2012		As at March 31, 2011	
NOTE 13 : NON CURRENT INVESTMENTS (AT COST)				
1. Investment in Equity Instruments				
(a) In subsidiaries (Trade & Quoted)				
Amit Spinning Industries Limited (Equity Shares of ` 5/- each, fully paid up)	2,09,81,077	20,44,69,921	2,09,81,077	20,44,69,921
(b) In subsidiaries (Trade & Unquoted)				
Spentex Netherlands B .V. (Face value Euro 1/- each, fully paid)	18,200	56,10,11,339	18,200	56,10,11,339
Spentex Mauritius P Ltd (Face value US Dollar 1/- each, fully paid)	2	90	2	90
Spentex Tashkent Toytepa LLC#	-	93,23,779	-	93,23,779
(c) In others (Non Trade & Quoted)				
In Fully paid up Equity shares of Rs. 10/- each Sentinel Tea and Exports Limited	100	4,777	100	4,777
Summit Securities Limited	10	-	10	-
(d) In others (Non Trade & Unquoted)				
Equity Shares of ` 20/- each fully paid up of The Baramati Co-operative Bank Limited	1,300	26,000	1,300	26,000
Equity Shares of ` 50/- each fully paid up of The Sadguru Jangli Maharaj Co-operative Bank Ltd.	1,000	50,000	1,000	50,000
Equity Shares of ` 10/-each fully paid up of Spencer & Co. Limited	200	7,563	200	7,563
2. Investment in Govt. securities				
Non Trade & Unquoted				
National saving certificates *		33,310		33,310
		77,49,26,779		77,49,26,779
Aggregate book value of :				
Quoted investments		20,44,74,698		20,44,74,698
Unquoted investments		57,04,52,081		57,04,52,081
Aggregate market value of quoted investment		3,58,77,642		7,40,66,082

* Pledged with sales tax authorities.

The Company has participating interest of 0.82% in Charter Capital of Spentex Tashkent Toytepa, LLC

NOTE 14 : LONG -TERM LOANS AND ADVANCES

Unsecured, Considered Good Unless Otherwise Stated

Security deposit		3,52,36,948		3,29,35,288
Loans and advances to subsidiaries				
Amit Spinning Industries Limited	35,61,14,592		35,61,14,082	
Spentex (Netherlands) B.V.	9,50,70,902		9,50,70,902	
Spentex Mauritius Pvt. Ltd.	18,16,903		18,16,903	
Spentex (Cyprus) Pvt. Ltd.	7,11,741		7,11,741	
Schoeller Litvinov K.S	-		2,06,19,226	
Less :Provision on advances to subsidiaries	25,28,644	45,11,85,494	25,28,644	47,18,04,210
Prepaid expenses		1,27,625		-
Balance with Customs , Excise, Govt Authorities, etc.		33,92,19,193		36,86,37,012
Advance to staff		-		9,24,614
Advance against exp.		3,29,35,612		2,22,40,225
Advance to trade payables	23,95,93,142			
Less: Provision for doubtful advance	16,73,95,417	7,21,97,725		1,83,43,950
Advance tax/ tax deducted at source*		2,23,81,530		2,39,90,965
Mat credit entitlement		-		3,68,52,305
		95,32,84,127		97,57,28,569

* Net after adjustment for provision for tax ` Nil (Previous year ` 65,76,926/-)

(Amount in `)

	As at March 31, 2012	As at March 31, 2011
NOTE 15 : OTHER NON- CURRENT ASSETS		
Unsecured. Considered Good Unless Otherwise Stated		
Trade receivable	9,07,58,394	31,39,55,480
Less:- Provision for doubtful trade receivables	<u>33,21,589</u>	<u>33,21,589</u>
Claims receivables	2,25,90,924	3,12,28,337
Export incentives	4,11,92,629	5,14,60,437
Unamortised upfront fees	2,29,85,989	2,49,80,323
Interest accrued on deposits & others	9,65,30,577	6,35,22,384
	<u>27,07,36,924</u>	<u>48,18,25,372</u>
NOTE 16 : INVENTORIES*		
Raw materials	15,69,26,036	42,57,07,011
{Includes Goods in Transit ` 13,487,187/- (Previous Year ` 28,421,124/-)}		
Work-in-process	12,91,47,813	14,76,54,047
Finished goods		
- Manufactured	13,93,53,943	63,51,08,991
- Stock in Trade ({Includes Goods in Transit ` Nil (Previous Year ` 1,07,57,500/-)})	<u>34,04,596</u>	<u>4,47,02,325</u>
Stores, spares & packing materials	3,76,90,250	3,75,59,243
Waste	69,23,985	2,56,77,813
	<u>47,34,46,623</u>	<u>1,31,64,09,430</u>
Additional disclosures regarding inventories		
Raw Materials		
Cotton	9,76,38,279	29,38,16,834
Polyester staple fiber	3,44,20,512	11,37,63,809
Viscose staple fiber	1,19,49,421	1,60,48,694
Others	<u>1,29,17,824</u>	<u>20,77,674</u>
	<u>15,69,26,036</u>	<u>42,57,07,011</u>
Work-in-progress		
Cotton	7,52,42,633	9,12,76,674
Man made fiber yarn	3,37,68,904	3,77,65,641
Polyester cotton yarn	1,49,41,174	1,44,16,577
Others	<u>51,95,102</u>	<u>41,95,155</u>
	<u>12,91,47,813</u>	<u>14,76,54,047</u>
Finished goods		
Manufactured:		
- Man made fiber yarn	2,71,60,767	3,09,22,597
- Polyester cotton yarn	7,97,34,490	8,58,76,911
- Cotton yarn	2,65,20,866	49,57,43,980
Others	<u>59,37,820</u>	<u>2,25,65,503</u>
	13,93,53,943	63,51,08,991
Traded:		
- Cloths	5,02,288	1,43,73,276
- Cotton Yarn	-	1,94,53,089
- Machinery Spare Parts	<u>29,02,308</u>	<u>1,08,75,960</u>
	<u>34,04,596</u>	<u>4,47,02,325</u>
	<u>14,27,58,539</u>	<u>67,98,11,316</u>

*Refer accounting policy for mode of valuation.

(Amount in `)

	As at March 31, 2012	As at March 31, 2011
NOTE 17 : TRADE RECEIVABLE		
<u>Unsecured, Considered Good Unless Otherwise Stated</u>		
Outstanding for a period exceeding six months from the date they are due for payments	3,30,71,780	47,72,199
Others	42,62,86,695	74,14,09,279
	<u>45,93,58,475</u>	<u>74,61,81,478</u>

NOTE 18 : CASH AND BANK BALANCES

Cash & Cash Equivalent

Balance with banks	1,55,61,498	2,06,79,411
Cheque, drafts in hand	64,93,128	22,864
Cash in hand	17,27,526	16,09,264
Fixed deposit with less than 3 month maturity	1,82,92,156	1,55,15,000
Others Bank Balances		
Unpaid dividend *	8,60,108	10,79,136
	<u>4,29,34,416</u>	<u>3,89,05,675</u>

* Earmarked against the corresponding liabilities.

NOTE 19 : SHORT- TERM LOANS AND ADVANCES

Unsecured, Considered Good Unless Otherwise Stated

Loans and advances to subsidiaries

Amit Spinning Industries Limited	54,31,572	-
Advance to trade payables {Includes advance to subsidiary ` 1,62,02,762 (Previous Year ` (2,29,90,164))	7,33,95,384	37,13,18,747
Advance against exp	5,14,94,303	7,65,52,099
Prepaid expenses	2,50,06,169	2,50,89,817
Balance with Customs , Excise, Govt Authorities, etc.	9,52,18,179	13,22,60,344
Advance to employees of the company	42,27,615	36,41,201
Loans & advances to others		
Considered good	-	5,36,657
Considered doubtful	5,84,253	5,84,253
	<u>5,84,253</u>	<u>11,20,910</u>
Less : Provision for doubtful advances	5,84,253	5,84,253
	<u>25,47,73,222</u>	<u>60,93,98,865</u>

NOTE 20 : OTHER CURRENT ASSETS

Claims and other receivables	9,56,13,224	4,98,35,365
Fixed Assets held for sale	3,16,46,654	4,30,60,997
Export incentives	9,59,83,666	13,41,63,607
Unamortised upfront fees	19,94,332	37,33,852
Interest accrued on deposit	15,18,047	21,77,753
	<u>22,67,55,923</u>	<u>23,29,71,574</u>

(Amount in `)

	2011-12	2010-11
NOTE 21 : REVENUE FROM OPERATION (Gross)		
From Sale of Goods		
Sale of yarn manufactured		
- Man made fiber yarn	1,60,89,11,438	1,16,83,03,135
- Polyester cotton yarn	2,56,07,07,520	3,80,33,66,751
- Cotton yarn	3,16,97,40,362	2,83,51,25,739
- Others	64,54,62,871	64,84,67,878
	7,98,48,22,191	8,45,52,63,503
Trading of yarn	97,01,06,850	1,00,40,62,743
Trading of clothes	14,34,950	26,32,63,382
Trading of machinery spares	21,060	1,96,61,623
Waste sale	54,55,13,805	57,00,26,760
Other operating income		
- Export Incentive	20,91,30,492	33,29,45,324
	9,71,10,29,348	10,64,52,23,335
NOTE 22 : OTHER INCOME		
Commission income	59,488	9,60,669
Interest income	4,24,89,733	4,43,02,890
Dividend Income	3,207	4,044
Rent income	72,000	66,000
Liabilities/Provisions no longer required written back	53,58,789	55,14,565
Net gain on foreign currency transactions	7,94,72,475	10,74,74,419
Profit on sale of fixed assets (net) *	-	19,91,334
Net gain/loss on sale of investments	-	1,43,822
Misc income	2,66,15,369	2,64,58,882
	15,40,71,061	18,69,16,625
* Net of assets write off ` Nil (Previous year ` 37,83,253/-)		
NOTE 23 : COST OF MATERIAL CONSUMED		
Opening inventory	42,57,07,011	38,43,35,167
Purchases	6,08,62,64,090	6,67,06,91,516
Closing inventory	15,69,26,036	42,57,07,011
	6,35,50,45,065	6,62,93,19,672
Additional disclosure regarding cost of material consumed:		
Cotton	3,74,84,16,217	4,13,93,45,492
Polyester staple fiber	1,96,25,66,982	1,90,35,03,519
Viscose staple fiber	61,42,70,088	55,74,25,333
Others	2,97,91,778	2,90,45,328
	6,35,50,45,065	6,62,93,19,672
NOTE 24 : PURCHASE OF STOCK- IN -TRADE		
Cotton yarn	50,86,94,822	52,00,92,796
Clothes	45,07,68,932	26,22,79,482
Machinery Spares	-	1,06,96,780
	95,94,63,754	79,30,69,058

(Amount in `)

**NOTE 25 : CHANGES IN INVENTORIES OF FINISHED GOODS,
STOCK- IN- TRADE & WORK- IN -PROGRESS****Opening inventory**

	2011-12	2010-11
Finished goods:		
(a) Manufactured	63,51,08,991	4,03,60,689
(b) Traded	<u>4,47,02,325</u>	<u>86,87,855</u>
Work in progress	14,76,54,047	10,14,00,178
Cotton waste	2,56,77,813	15,77,520
	<u>85,31,43,176</u>	<u>15,20,26,242</u>

Closing inventory

Finished goods:		
(a) Manufactured	13,93,53,944	63,51,08,991
(b) Traded	<u>34,04,596</u>	<u>4,47,02,325</u>
Work in progress	12,91,47,813	14,76,54,047
Cotton waste	69,23,984	2,56,77,813
	<u>27,88,30,337</u>	<u>85,31,43,176</u>
Sub Total	<u>57,43,12,839</u>	<u>(70,11,16,934)</u>
Excise duty on (increase) / decrease in inventories	12,12,685	25,00,778
(Increase) /Decrease in Inventory	<u>57,55,25,524</u>	<u>(69,86,16,156)</u>

NOTE 26 : EMPLOYEES BENEFIT EXPENSE

Salaries, wages and bonus	50,58,24,503	49,12,08,267
Contribution to provident funds & other funds	6,49,95,018	5,07,37,816
Staff welfare expenses	6,10,17,206	6,15,57,617
	<u>63,18,36,727</u>	<u>60,35,03,700</u>

NOTE 27 : FINANCE COST**Interest expenses from bank**

- On Non convertible debentures	3,74,08,075	4,18,02,328
- On borrowings	73,73,52,552	68,78,86,014
Other borrowing cost	7,93,91,683	7,08,36,867
	<u>85,41,52,310</u>	<u>80,05,25,209</u>

	2011-12	2010-11
(Amount in `)		
NOTE 28 : OTHER EXPENSES		
Store, spares and packing materials consumed (Net)	26,97,92,048	28,56,93,048
Sub contracting charges	1,56,96,142	3,36,56,358
Power, fuel & water	78,51,98,672	77,19,59,827
Rent	1,11,30,248	78,82,329
Rate & taxes	44,73,938	36,08,034
Repair & maintenance		
- Plant & machinery	1,20,58,567	1,12,93,258
- Building	22,14,224	16,86,859
- Others	69,52,402	62,94,637
Insurance expenses		
- Buildings	94,136	85,435
- Plant & machinery	6,27,095	7,04,410
- Inventory	11,86,306	9,02,151
- Others	51,05,195	39,86,268
Communication expenses	86,94,679	87,50,785
Travelling & conveyance expenses	5,00,02,687	4,57,49,329
Legal & professional charge	3,14,97,425	4,69,81,730
Commission on sales	10,53,61,775	15,12,70,504
Freight outward and clearing charges (net of recoveries)	19,42,84,431	25,28,99,538
Director sitting fees	5,53,000	3,08,000
Impairment loss on asset held for sale	41,33,096	-
Loss on sale of fixed assets held for sale	25,25,820	1,96,59,578
Loss on sale of fixed assets (net)	6,45,799	-
Selling & distribution exp.	5,30,26,177	3,99,57,141
Bad debts write off	51,82,317	8,47,02,110
Loss on sale of raw material	1,90,18,110	1,89,460
Service tax cenvat reversal	42,64,859	-
Miscellaneous expenses	2,85,91,733	3,23,22,815
Payment to auditors (excluding service tax):		
- Audit fees	15,00,000	17,00,000
- For other services	70,000	45,000
- For reimbursement of expenses	1,22,904	1,10,341
	1,62,40,03,785	1,81,23,98,945
NOTE 29 : EXCEPTIONAL ITEMS :		
Provision for doubtful advances	16,73,95,417	-
Bad Debts/ Advances Written off	31,84,70,394	13,39,33,822
	48,58,65,811	13,39,33,822

The Company had accounted receivable amounting to ` 45,24,04,216 due from Schoeller Litvinov k.s (SLKS), a step-down subsidiary of the Company. In the previous year, auditors had qualified the same. Company has accordingly charged off ` 31,84,70,394 during the year, and had charged off ` 13,39,33,822 during the previous year. Company need to seek the permission from RBI through its authorised dealer for the same. In addition to that the company has given advance of ` 18,58,06,138 in the previous year against which a sum of ` 16,73,95,417 has been provided during the year considered as doubtful, pending settlement of contractual obligation to various parties. These matters have now been properly reflected in statement of profit & loss as exceptional items.

NOTE 30 : CONTINGENT LIABILITIES :

1 Contingent Liabilities Not Provided for in respect of :

(Amount in `)

Description	Year ended March 31, 2012	Year ended March 31, 2011
a) Demands from income tax authorities under appeal	3,79,71,404	6,21,39,030
b) Demands from sales tax authorities under appeal	44,88,038	29,61,560
c) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts	24,84,32,148	18,08,53,192
d) Show cause notices/demands raised by MP Government/ MPEB department, not acknowledged as debts	11,78,56,000	11,78,56,000
e) Claims against the company not acknowledged as debts	31,89,92,331	31,30,151
f) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end	25,59,38,318	30,09,66,085
g) Bills Discounted with banks on behalf of the company, outstanding at the year end	67,69,75,025	1,17,58,03,012
h) Corporate Guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited	21,18,23,570	24,83,13,698
i) Corporate Guarantee given to AXIS Bank Ltd. & UCO Bank for loan to M/s Amit Spinning Industries Limited	35,42,91,492	39,97,99,476
j) Corporate Guarantee given to Tashkent Toytepa Textil for deferred payment of purchase consideration on behalf of Spentex Tashkent Toytepa LLC Current Year USD 43,250,000 (previous year USD 43,250,000)	2,20,01,27,500	1,92,85,17,500
k) Corporate Guarantee given to CVCI for investment in Spentex (Netherlands) B.V. Current Year USD 20,00,000 (previous year USD 20,00,000)	10,17,40,000	8,91,80,000
l) Corporate Guarantee given to SBI - Tokyo Branch for loan to Spentex (Netherlands) B.V. Current Year USD 19,593,318 (previous year USD 19,593,318)*	99,67,12,087	87,36,66,050

* The Company believes that the corporate guarantee given to Lehman Brothers is no longer valid as Lehman Brothers did not comply with the terms and conditions of the loan agreement based on which the guarantee was given. Accordingly, the figure for the current year and previous year do not include the portion of the guarantee relating to the loan from Lehman Brothers.

The amount shown in the items (a) to (e) represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. The amount shown in items (f) to (l) represent guarantees given and bills discounted in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of beneficiaries fulfilling their ordinary commercial obligations.

(Amount in `)

2 Description	Year ended 31st March, 2012	Year ended 31st March, 2011
Estimated value of contracts remaining to be executed on capital account (Net of advances)	1,01,36,935	86,40,175

NOTE 31 : DEFINED BENEFIT PLAN :
(i) Post Retirement Employee Benefits
(a) Defined Contribution Plans:

The Company has defined contribution plans for post retirement employment benefits' namely Provident Fund and Employee State Insurance Scheme. Expenses for the same is being charged to statement of profit and loss for the year.

(b) Defined Benefit Plans:

The liability for gratuity is determined on the basis of an actuarial valuation, using the Projected Unit Credit (PUC) method at the end of the year. Gains and losses arising out of actuarial valuations are recognised in the statement of profit and loss for the year.

(ii) Other Employee Benefits

Other employee benefits are accounted for on accrual basis. Liabilities for compensated absences which is a defined benefit plan are determined based on independent year end actuarial valuation and the resulting charge is being accounted in statement of profit and loss. (Amount in `)

	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
A. Components of Employer expenses				
Current service cost	67,13,597	34,51,040	55,01,927	27,48,138
Interest cost	49,95,197	12,88,592	40,86,731	11,68,725
Curtailement cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Return on plan assets	(20,09,753)	-	(16,79,507)	-
Past service cost	-	-	-	-
Actuarial losses/(gains)	85,60,081	50,48,649	55,90,003	21,29,924
Total expenses recognised in the statement of profit and loss account	1,82,59,122	97,88,281	1,34,99,154	60,46,787

The Gratuity and Leave encashment expenses have been recognised in "salaries, wages and bonus under note no. 26 of financial statements.

B. Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2012.

Present Value of DBO at the beginning of year	5,70,87,957	1,47,26,765	4,96,72,221	1,42,05,289
Current service cost	67,13,597	34,51,040	55,01,927	27,48,138
Interest cost	49,95,197	12,88,592	40,86,731	11,68,725
Curtailement cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Plan amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains)/losses	85,60,397	50,48,649	55,90,003	21,29,924
Benefits paid	(57,65,187)	(51,50,471)	(77,62,925)	(55,25,311)
Present value of DBO at the end of year	7,15,91,961	1,93,64,575	5,70,87,957	1,47,26,765

C. Net Asset / (Liability) recognised in Balance Sheet as at March 31, 2012.

Present value of defined benefit obligation	7,15,91,961	1,93,64,575	5,70,87,957	1,47,26,765
Fair value on plan assets	2,40,80,286	-	2,17,03,694	-
Status [surplus/(deficit)]	(4,75,11,675)	(1,93,64,575)	(3,53,84,263)	(1,47,26,765)
Unrecognised past service cost	-	-	-	-
Net Asset/(Liability) recognised in Balance Sheet	(4,75,11,675)	(1,93,64,575)	(3,53,84,263)	(1,47,26,765)

D. Experience Adjustment

	2011-12		2010-11		2009-10		2008-09		2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefit obligation	7,15,91,961	1,93,64,575	5,70,87,957	1,47,26,765	4,96,72,221	1,42,54,039	5,05,50,669	1,82,03,691	5,60,54,644	1,64,92,300
Fair value on plan assets	2,40,80,286	-	2,17,03,694	-	1,86,07,448	-	1,09,27,649	-	69,60,104	-
Status [surplus/(deficit)]	(4,75,11,675)	(1,93,64,575)	(3,53,84,263)	(1,47,26,765)	(3,10,64,773)	(1,42,54,039)	(3,96,23,020)	(1,82,03,691)	(4,90,94,540)	(1,64,92,300)
Experience adjustment on plan liabilities loss / (gain)	38,16,718	45,21,290	51,19,790	18,24,298	26,11,096	(11,62,307)	(29,57,968)	(9,52,579)	-	-
Experience adjustment on plan assets (loss) / gain	1,00,099	-	12,235	-	(57,121)	-	(80,904)	-	-	-

E. Change in Fair Value of Assets During the Year Ended March 31, 2012.

	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
Plan assets at the beginning of year	2,17,03,694	-	1,86,07,448	-
Acquisition adjustment for plan assets	-	-	-	-
Expected return on plan assets	20,10,239	-	16,79,507	-
Actuarial gains/(losses)	(169)	-	-	-
Actual company contribution	32,42,192	-	43,77,701	-
Benefits paid	(28,75,670)	-	(29,60,962)	-
Plan Assets at the end of year	2,40,80,286	-	2,17,03,694	-

F. Current & Non current liabilities as at March 31, 2012.

Current liabilities	38,61,274	75,80,782	28,75,670	57,65,187
Non-current liabilities	4,36,50,401	1,17,83,794	3,25,08,593	89,61,578
	4,75,11,675	1,93,64,576	3,53,84,263	1,47,26,765

G. Actuarial Assumptions

	Percentage		Percentage	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Discount Rate (%) at March 31, 2012	8.75%	8.75%	8.00%	8.00%
Expected Return on Plan Assets at March 31, 2012	9.15%	N.A.	8.00%	N.A.
Annual increase in salary cost	4.50%	4.50%	3-5%	3-5%

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

H. Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

NOTE 32 : SEGMENT REPORTING :

In accordance with Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India, the Company has identified three business segments viz. Textile Manufacturing and Textile Trading. Further, two geographical segments by location of customers have been considered as secondary segments viz, within India and outside India.

SPENDEX INDUSTRIES LIMITED

The segment wise disclosure are as follows:

A. Business Segment Reporting

(Amount in `)

DESCRIPTION	TEXTILE- MANUFACTURING	TEXTILE- TRADING	TOTAL
Segment Revenue			
Total Revenue	8,65,64,75,423	1,68,23,23,453	10,33,87,98,876
	(9,79,82,90,386)	(1,29,43,38,280)	(11,09,26,28,666)
Inter - segment sales	66,04,17,363	-	66,04,17,363
	(48,96,74,463)	(-)	(48,96,74,461)
External Sales	7,99,60,58,060	1,68,23,23,453	9,67,83,81,513
	(9,30,86,15,923)	(1,29,43,38,280)	(10,60,29,54,205)
Segment Results	(37,69,18,423)	4,49,26,504	(33,19,91,919)
	(1,23,27,59,369)	(1,81,893)	(1,23,29,41,262)
Unallocated corporate expenses (Net)	-	-	35,47,20,909
	(-)	(-)	(23,57,03,338)
Operating Profit	-	-	(68,67,12,828)
	(-)	(-)	(99,72,37,924)
Finance charges	-	-	85,41,52,310
	-	-	(80,05,25,209)
Interest income	-	-	4,24,89,733
	(-)	(-)	(4,43,02,889)
Dividend income	-	-	3,207
	(-)	(-)	(4,044)
Profit/(Loss) before Prior period items, Exceptional items and Taxes	-	-	(1,49,83,72,198)
	(-)	(-)	(50,88,87,073)
Exceptional Items	-	-	48,58,65,811
	(-)	(-)	(13,39,33,822)
Income tax written back	-	-	(65,76,926)
	(-)	(-)	(-)
MAT credit entitlement reversal	-	-	3,68,52,303
	(-)	(-)	(-)
Profit/(Loss) after tax	-	-	(2,01,45,13,386)
	(-)	(-)	(37,49,53,252)
OTHER INFORMATION			
Segment Assets	4,10,04,39,223	15,00,48,312	4,25,04,87,535
	(5,96,17,61,918)	(35,76,28,253)	(6,31,93,90,171)
Unallocated corporate assets	-	-	1,62,83,65,580
	(-)	(-)	(1,59,35,66,804)
Total Assets	-	-	5,87,88,53,115
	(-)	(-)	(7,91,29,56,975)
Segment liabilities	1,67,52,62,506	3,31,56,953	1,70,84,19,459
	(1,82,40,43,918)	(3,76,54,554)	(1,86,16,98,472)
Unallocated corporate liabilities	-	-	4,96,35,55,241
	(-)	(-)	(4,82,98,66,702)
Total Liabilities	-	-	6,67,19,74,700
	(-)	(-)	(6,69,15,65,174)
Capital expenditure incurred during the year	-	-	1,88,73,473
	(-)	(-)	(3,88,87,609)
Depreciation and amortisation for the year	-	-	33,07,97,607
	(-)	(-)	(34,07,83,330)
Non - Cash expenses other than depreciation and amortisation	-	-	16,87,45,417
	(-)	(-)	(24,56,079)

Figures in brackets are for the previous year.

B) GEOGRAPHICAL SEGMENT REPORTING:

(Amount in `)

DESCRIPTION	REVENUE	ASSETS
Domestic	2,46,14,73,235	4,77,99,20,844
	(2,77,53,25,634)	(7,00,06,14,964)
Outside India	7,21,69,08,278	1,09,89,32,271
	(7,82,76,28,571)	(91,23,42,011)
Current Year	9,67,83,81,513	5,87,88,53,115
Previous Year	10,60,29,54,205	(7,91,29,56,975)

NOTES 33 : RELATED PARTY DISCLOSURES :

In accordance with the requirements of Accounting Standard (AS) - 18 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are :

Enterprises Under Significant Influence:

- i) Himalayan Crest Power Pvt. Limited
- ii) CLC & Sons (Pvt.) Limited
- iii) CLC Technologies Private Limited

Key Management Personnel

- i) Mr. Ajay Kumar Choudhary Chairman & Whole time Director
- ii) Mr. Mukund Choudhary Managing Director
- iii) Mr. Kapil Choudhary Deputy Managing Director
- iv) Mr. Amrit Agrawal Director - Finance
- v) Mr. Sitaram Parthasarathy Director - Works

Subsidiaries / Step-down Subsidiaries

- i) M/s Amit Spinning Industries Limited
- ii) M/s Spentex Tashkent Toytepa LLC
- iii) M/s Spentex Netherlands B.V
- iv) M/s Spentex (Mauritius) P Ltd***
- v) M/s Spentex (Cyprus) P Ltd***
- vi) M/s. Schoeller Litvinov k.s.
- vii) M/s. Schoeller Textile Netherlands B.V.
- viii) M/s. Schoeller Textile Verwaltungs GMBH***
- ix) M/s. Schoeller Textile GMBH & Co. KG***
- x) M/s. Botekos Plus s.r.o.

(Amount in `)

Particulars	2011-12	2010-11
1. Remuneration to Key Management Personnel		
i) Mr. Ajay Kumar Choudhary	75,61,195	69,48,000
ii) Mr. Mukund Choudhary	75,61,195	69,48,000
iii) Mr. Kapil Choudhary	75,61,195	69,48,000
iv) Mr. Amrit Agrawal	68,37,040	59,49,996
v) Mr. Sitaram Parthasarathy	66,96,468	65,49,990
Total	3,62,17,093	3,33,43,986
2. Sale to Subsidiaries / Step down Subsidiaries		
M/s Amit Spinning Industries Limited	1,12,55,871	24,55,05,443
M/s Spentex Tashkent Toytepa LLC	21,060	1,96,61,623
Total	1,12,76,931	26,51,67,066
3. Purchases from Subsidiaries / Step down Subsidiaries		
M/s Amit Spinning Industries Limited	46,20,67,527	56,67,30,515
Total	46,20,67,527	56,67,30,515

SPENTEX INDUSTRIES LIMITED

(Amount in `)

Particulars	2011-12	2010-11
4. Interest Income		
M/s Amit Spinning Industries Limited	3,37,05,533	3,82,58,736
Total	3,37,05,533	3,82,58,736
5. Sale of Fixed Assets / Spare Parts		
M/s Amit Spinning Industries Limited	2,25,675	-
Total	2,25,675	-
6. Reimbursement of expenses		
M/s Amit Spinning Industries Limited	85,210	-
Total	85,210	-
7. Allotment of Equity Shares to Enterprises under significant influence		
CLC Technologies Private Limited	1,95,00,000	7,58,90,000
Total	1,95,00,000	7,58,90,000
8. Issuance of Share Warrant to Enterprises under significant influence		
CLC Technologies Private Limited	-	11,00,07,500
Total	-	11,00,07,500
9. Investment in Subsidiaries / Step down Subsidiaries		
M/s Amit Spinning Industries Limited	20,44,69,921	20,44,69,921
M/s Spentex Tashkent Toytepa LLC	93,23,779	93,23,779
M/s Spentex Netherlands B.V	56,10,11,339	56,10,11,339
M/s Spentex Mauritius P Ltd	90	90
Total	77,48,05,129	77,48,05,129
10. Guarantees outstanding at year end.		
M/s Amit Spinning Industries Limited	35,42,91,492	39,97,99,476
M/s Himalayan Crest Power Private Limited	21,18,23,570	24,83,13,698
M/s Spentex Tashkent Toytepa LLC	2,20,01,27,500	1,92,85,17,500
M/s Spentex Netherlands B.V	1,09,84,52,087	96,28,46,050
Total	3,86,46,94,649	3,53,94,76,724
11. Year end receivable from		
M/s Amit Spinning Industries Limited	47,36,98,998	44,08,89,153
M/s Spentex Tashkent Toytepa LLC	7,00,12,404	6,12,26,724
M/s Spentex Netherland B.V	9,50,70,902	9,50,70,902
M/s Spentex Mauritius P Ltd*	-	18,16,903
M/s Spentex (Cyprus) P Ltd*	-	7,11,741
M/s Schoeller Litvinov k.s. **	-	32,79,65,278
Total	63,87,82,304	92,76,80,701

* Provision has been made during the financial year 2009-10.

** Written off during the year.

***Companies are in the process of liquidation.

NOTE 34 : EARNING PER SHARE

The following table reconciles the numerators and denominators used to calculate basic and diluted EPS for the year.

(Amount in `)

	As at March 31, 2012	As at March 31, 2011
Net profit/(loss) attributable to equity shareholders	(2,01,45,13,386)	37,49,53,252
Weighted Average Shares Outstanding		
Weighted average shares outstanding	8,30,58,336	7,69,73,940
Effect of dilutive securities	-	2,86,563
Diluted weighted average shares outstanding	8,30,58,336	7,72,60,503
Nominal value of equity shares (`)	10	10
Basic earnings per shares (`)	(24.25)	4.87
Diluted earnings per shares (`)	(24.25)	4.85

NOTE 35 : EARNINGS IN FOREIGN EXCHANGE DURING THE YEAR (ON ACCRUAL BASIS):

Description	Current Year (`)	Previous Year (`)
F.O.B. value of goods exported	6,72,90,23,681	7,65,36,02,843
	6,72,90,23,681	7,65,36,02,843

NOTE 36 : EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

Description	Current Year (`)	Previous Year (`)
Traveling	19,58,410	75,46,958
Commission	9,46,72,729	14,48,49,779
Claim paid on export sales	69,35,343	1,82,63,360
Legal & professional	70,723	2,37,47,993
Other expenses	47,45,757	40,39,445
	10,83,82,962	19,84,47,535

NOTE 37 : VALUE OF RAW MATERIALS CONSUMED:

Description	Current Year		Previous Year	
	%	`	%	`
Imported	3.90%	24,79,25,975	11.35%	75,22,21,470
Indigenous	96.10%	6,10,71,19,090	88.65%	5,87,70,98,202
	100.00%	6,35,50,45,065	100.00%	6,62,93,19,672

NOTE 38: VALUE OF STORE, SPARES AND PACKING MATERIAL CONSUMED:

	Current Year		Previous Year	
	%	`	%	`
Imported	18.80%	5,07,32,369	55.93%	15,97,74,874
Indigenous	81.20%	21,90,59,679	44.07%	12,59,18,174
	100.00%	26,97,92,048	100.00%	28,56,93,048

NOTE 39: CIF VALUE OF IMPORTS:

	Current Year (`)	Previous Year (`)
Raw materials	19,26,09,893	11,95,81,215
Stores and spares & components	4,76,38,184	4,77,88,074
Capital goods	-	67,39,350
	24,02,48,077	17,41,08,639

NOTE 40

The Butibori Unit of the Synthetic Division had been exporting its goods under Rule 18 of the Central Excise Rules 2002 and claiming rebate on both input and output stage of duty. The Central Excise Department disallowed the rebate on Input Stage of duty at Butibori unit. The Synthetic Division has filed a revision petition with the Joint Secretary, Government of India who allowed rebate for both the stages of duty.

However, the Department appealed in the Hon'ble High Court of Mumbai which was upheld by the Hon'ble High Court. The Synthetic Division has now filed a Special Leave Petition before the Hon'ble Supreme Court of India for quashing the Hon'ble High Court Order and allowing the rebate on input stage of duty.

Pending the decision in the matter by the Hon'ble Supreme Court, the Synthetic Division has not yet reversed the rebate receivable on input duty aggregating to ` 5,28,79,724 (including ` 28,26,621 at its Pithampur Unit).

Further, relying on the judgment of the Hon'ble High Court of Mumbai for the Butibori unit, a demand has been raised by the Department on the Pithampur unit of the Synthetic Division against the refund already given of the rebate on input stage of duty amounting to ` 6,02,16,366 along with interest. Also, pending claims for the input stage of duty amounting to ` 28,26,621 have been disallowed during 2006-07. The Pithampur unit has gone into appeal against the said demand / disallowance. The Commissioner (Appeals) has rejected the appeal of the Synthetic Division for the pending claim, while the decision has been kept pending against the demand till the final order is received from the higher authority (Revision Authority).

While the management is hopeful of the decision of the case in its favour, it is also reasonably confident of the liquidation / utilization of these cenvat balances of ` 11,30,96,090.

Note 41

The company has an investment of ` 20,44,69,921/- in Amit Spinning Industries Limited (ASIL), being a subsidiary of the Company. It also advanced a loan including interest accrued thereon amounting to ` 41,60,78,601/- as on March 31, 2012. The accumulated losses of ASIL, at the year end March 31, 2012 exceeded its net worth. There is also reduction in market value of the investment as on that date by ` 16,85,92,279/-. In the opinion of the management, diminution in this long term investment is due to adverse business conditions in the past. ASIL, as of now has started generating EBIDTA and Cash Profits. In view of these developments, management believes that diminution in the value of investment is of temporary nature and that the outstanding would be realized within a reasonable period of time. Accordingly no provision is considered necessary in the value of investment held and loan advanced to ASIL

Note 42

Pursuant to compliance of clause 32 of the Listing Agreement, on disclosure of Loans / Advances in the nature of loans, the relevant information is provided hereunder: (Amount in `)

Particulars	As on 31.03.2012	Maximum amount due during the Year
Loans & Advances to a Subsidiary		
- Amit Spinning Industries Limited	47,36,98,998	63,44,00,160

*There are no repayment schedule for the loans and advances to subsidiary as mentioned above.

**Loans to employees as per Company's policy are not considered.

Note 43
TAXATION : Deferred Tax
Break-up of Deferred Tax Assets and Liabilities.

Description	Current Year (`)	Previous Year (`)
Deferred tax liability recognised on account of timing difference :		
Tax impact of difference in net book value of fixed assets as per Accounts and Tax	31,24,90,044	33,18,44,741
Total Deferred Tax liability [A]	31,24,90,044	33,18,44,741
Deferred tax asset recognised on account of timing difference :		
Tax Impact of unabsorbed depreciation and brought forward losses:		
Unabsorbed depreciation	63,44,26,515	48,77,60,608
Tax impact of provision for doubtful debts and advances	5,50,68,506	10,77,690
Tax impact of disallowances under section 43B of the Income tax Act, 1961	9,04,16,694	1,10,03,566
Tax Impact of amount inadmissible under sec. 40 (a)	-	1,29,60,877
Total Deferred Tax Asset [B]	77,99,11,715	51,28,02,741
Net Deferred Tax Asset/ (Deferred Tax Liability) [B-A]	46,74,21,671	18,09,58,000
Charge to Profit and Loss account	-	-
Net Deferred Tax Asset/ (Deferred Tax Liability)	46,74,21,671	18,09,58,000

Note:- The company has not recognized above Deferred Tax asset on account of prudence.

Note 44

The Company has an investment of ` 56,10,11,339/- and ` 93,23,779/- in its subsidiary Spentex (Netherlands) B. V. (SNBV) and its step down subsidiary Spentex Tashkent Toytepa LLC (STTL) respectively. Further it has ` 7,00,12,404/- as export receivable from STTL and advances of ` 9,50,70,902/- in SNBV as on March 31, 2012. During the period of investment, the Government of Uzbekistan changed certain laws and policies by breaching the investment agreement and rendered operation of STTL unviable. Consequently STTL could not pay its debts and insolvency proceedings have been initiated against it. Since treaties entered between the Governments of India and Uzbekistan and the Investment agreement entered between Govt. of Uzbekistan and Spentex were breached, company has issued notice claiming protection of investment and payment of dues & compensation for the losses suffered by company. In view of legal opinion placed before the board and claims lodged with the Government of Uzbekistan, the Directors have decided not to make any provision for diminution in value of investment at this stage.

Note 45

As on March 31, 2012, the accumulated losses of the Company have exceeded its net worth. Accordingly company in compliance with the provisions of section 23(1) of Sick Industrial Companies (Special Provisions) Act, 1985 will file a reference with Board for Industrial and Financial Restructuring (BIFR). However, in the opinion of the management, the Company's operations have been adversely affected a) due to ban on yarn export by the government resulting in the piling up of Yarn inventory and its offloading at reduced prices during current year and b) very high volatility in Raw Material prices. Further, considering the change in scenario, recent performance and trends of the company as well as overall industry outlook, there is an increase in average selling prices of the yarn, stability in production levels and reduction in procurement costs of raw materials. Resultantly, the company has started earning net profits and the management believes that losses incurred in the past would reasonably be made good, in due course. The financial statements, as such have been prepared on a going concern basis on the strength of management's plan of revival

including reorganization of business and restructuring of loan facilities under Corporate Debt Restructuring scheme.

Note 46

The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figure have also been reclassified to conform to this year's classification.

Note 47

The outstanding balance as on 31st March, 2012 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation and consequential adjustment if any from the respective parties. The management, however, does not expect any material variations.

Notes referred to above form an integral part of financial Statement

For **J.C. Bhalla & Company**
Firm Reg. No. 001111N
Chartered Accountants

Akhil Bhalla
Partner
Membership No : 505002

Place : New Delhi
Date : August 9, 2012

On behalf of the Board

Mukund Choudhary	Managing Director
Kapil Choudhary	Deputy Managing Director
Sitaram Parthsarathy	Director - Works
Amrit Agrawal	Director - Finance
Ranjan Mangtani	Sr. Vice President Corporate and Legal Affairs & Company Secretary

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SPENTEX INDUSTRIES LIMITED

1. We have audited the attached consolidated Balance Sheet of Spentex Industries Limited ('the Company') and its subsidiaries ('the Group') as at March 31, 2012, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries namely Amit Spinning Industries Limited and Schoeller Litvinov, ks., whose financial statements reflect the total assets of Rs. 2,115,026,309/- as at March 31, 2012 and total revenues of Rs. 831,583,485/- for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.
4. **The financial statement of a wholly owned subsidiary Spentex Tashkent Toyetpa LLC, whose financial statements reflect the group's share of total assets of Rs. 4,186,014,060 as at March 31, 2012 and total revenues of Rs. 406,028,610 for the year then ended are not audited as of the date of this report and has been included in the consolidated financial statements on the basis of unaudited management accounts. Hence we are unable to form an opinion on the above.**
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, notified u/s 211(3C) of the Companies Act, 1956.
6. On the basis of the information and explanations given to us and on consideration of the Separate audit reports on individual audited financial statements of Spentex Industries Limited and its aforesaid subsidiaries, in our opinion the consolidated financial statements **subject to our comment in paragraph 4 above**, 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 consolidated state of affairs of the Group as at March 31, 2012;
 - (b) In the case of the consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year then ended on that date; and
 - (c) In the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year then ended on that date.

For J.C. Bhalla & Company
Chartered Accountants
Firm Regn. No. 001111-N

(Akhil Bhalla)
Partner
Membership No.505002

Place : New Delhi
Dated: August 9, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in `)

	Note No.	As at March 31, 2012	As at March 31, 2011
EQUITY & LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	2	83,27,20,350	81,32,20,350
b) Reserves and Surplus	3	(3,24,29,62,915)	(23,88,53,238)
c) Preference share application money pending allotment		76,30,50,000	66,88,50,000
d) Money received against share warrant	4	-	3,30,52,500
		(1,64,71,92,565)	1,27,62,69,612
(2) Non-Current Liabilities			
a) Long-term borrowings	5	7,08,86,28,383	7,14,39,63,391
b) Other long term liabilities	6	12,62,554	19,76,323
c) Long-term provisions	7	6,46,08,891	4,94,64,340
		7,15,44,99,828	7,19,54,04,054
(3) Current Liabilities			
a) Short-term borrowings	8	1,08,44,66,202	1,07,14,53,952
b) Trade payables	9	2,28,84,87,516	2,37,37,99,934
c) Other current liabilities	10	2,54,67,52,718	1,74,33,46,171
d) Short-term provisions	11	1,29,26,061	86,93,624
		5,93,26,32,497	5,19,72,93,681
Total		11,43,99,39,760	13,66,89,67,347
ASSETS			
(1) Non-Current Assets			
a) Fixed Assets	12		
(i) Tangible assets		6,86,40,97,729	7,07,31,57,304
(ii) Intangible assets		59,47,36,098	53,01,89,566
(iii) Capital Work- in- Progress		32,26,01,232	30,39,82,178
b) Non-current investment	13	1,44,881	1,44,881
c) Long-term loans and advances	14	54,77,03,700	54,12,75,070
d) Other non-current assets	15	10,47,73,937	22,90,29,818
		8,43,40,57,577	8,67,77,78,817
(2) Current Assets			
a) Inventories	16	1,16,12,31,455	2,35,19,16,606
b) Trade receivables	17	74,83,51,888	68,34,27,701
c) Cash and bank balances	18	6,89,00,741	20,48,69,639
d) Short-term loans and advances	19	80,06,42,177	1,51,80,03,011
e) Other current assets	20	22,67,55,922	23,29,71,573
		3,00,58,82,183	4,99,11,88,530
Total		11,43,99,39,760	13,66,89,67,347

Significant accounting policies and notes (1 to 43) form an integral part of the financial statements.

This is the Consolidated Balance Sheet referred to in our Report of even date.

For J.C. Bhalla & Company

 Firm Reg. No. 001111N
 Chartered Accountants

Akhil Bhalla

 Partner
 Membership No : 505002

On behalf of the Board

Mukund Choudhary	Managing Director
Kapil Choudhary	Deputy Managing Director
Sitaram Parthasarathy	Director - Works
Amrit Agrawal	Director - Finance
Ranjan Mangtani	Sr. Vice President Corporate and Legal Affairs & Company Secretary

Place : New Delhi

Date : August 9, 2012

CONSOLIDATED PROFIT & LOSS A/C FOR THE YEAR ENDED 31ST MARCH, 2012 (Amount in `)

	Note	2011-2012	2010-2011
INCOME			
I. Revenue from operations (Gross)	21	10,93,86,50,580	16,41,92,06,938
Less: Excise Duty		3,26,47,835	4,22,69,130
Revenue from operations (Net)		10,90,60,02,745	16,37,69,37,808
II. Other Income	22	5,99,27,316	30,29,03,681
III. Total Revenue (I+ II)		10,96,59,30,061	16,67,98,41,489
IV. EXPENDITURE			
Cost of material consumed	23	7,36,45,79,656	10,87,63,49,344
Purchase of stock-in-trade	24	51,40,96,685	26,67,85,250
Changes in inventories of finished goods, Stock-in -trade and work-in-progress	25	73,62,50,364	(94,30,64,891)
Employee benefit expense	26	90,42,60,630	1,21,41,10,146
Financial Cost	27	95,34,09,179	93,23,80,769
Depreciation and amortization expense	12	78,17,31,879	74,23,62,934
Other expense	28	2,28,09,13,199	3,57,34,20,972
Total Expenses		13,53,52,41,592	16,66,23,44,524
V. Profit before exceptional items and tax (III-IV)		(2,56,93,11,531)	1,74,96,965
VI. Exceptional items - Income / (Expenses)	29	16,73,95,417	-
VII Profit/(loss) before tax (V-VI)		(2,73,67,06,948)	1,74,96,965
VIII. Tax Expenses:		3,02,75,377	150
1) MAT Credit Entitlement Reversal		3,68,52,305	-
2) Income tax of earlier year written back		(65,76,928)	-
3) Income Tax		-	150
IX. Profit/(loss) for the period (VII-VIII)		(2,76,69,82,325)	1,74,96,815
X. Earnings per equity share:	35		
(1) Basic		(33.31)	0.23
(2) Diluted		(33.31)	0.23

Significant accounting policies and notes (1 to 43) form an integral part of the financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **J.C. Bhalla & Company**
Firm Reg. No. 001111N
Chartered Accountants

Akhil Bhalla
Partner
Membership No : 505002

Place : New Delhi
Date : August 9, 2012

On behalf of the Board
Mukund Choudhary Managing Director
Kapil Choudhary Deputy Managing Director
Sitaram Parthsarathy Director - Works
Amrit Agrawal Director - Finance
Ranjan Mangtani Sr. Vice President Corporate and Legal
Affairs & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in `)

	<u>Year ended</u> <u>31st March 2012</u>	<u>Year ended</u> <u>31st March 2011</u>
Profit/(loss) before Tax	(2,73,67,06,948)	1,74,96,965
Add:		
Depreciation / Amortisation	78,17,31,879	74,23,62,934
Loss/(Profit) on Sale of Fixed Asset (net)	(12,60,155)	9,18,95,820
Provision for Wealth Tax	32,684	52,767
Temple, land & building	-	(1,86,21,021)
Loss on sale of assets held for sale.	25,25,820	1,96,59,578
Impairment Loss	41,33,096	41,07,20,720
Unrealised Exchange Fluctuation (net)	(15,65,33,561)	(44,70,32,241)
Bad Debts Written off	5,54,75,198	7,45,28,900
Provision for doubtful advances	16,73,95,417	-
Profit/(Loss) on sale of Shares	-	(1,43,822)
Provision for loss on asset held for sale	-	24,56,079
Dividend Income	(3,207)	(8,004)
Interest Income	(95,50,586)	(81,10,910)
Interest Expense	95,34,09,179	93,23,80,984
Operating Profit Before Working Capital Changes	(93,93,51,184)	1,81,76,38,749
Adjustments for changes in working capital :		
- (Increase)/Decrease in Trade Receivable	(1,01,96,843)	(20,46,46,615)
- (Increase)/Decrease in Other Receivables	73,22,38,072	71,83,12,527
- (Increase)/Decrease in Inventories	1,19,06,85,151	(1,08,52,38,392)
- Increase/(Decrease) in Trade and Other Payables	(75,37,92,096)	33,06,63,758
Direct Taxes Paid (Net)	-	(1,90,49,258)
A. Cash Flow From Operating Activities	21,95,83,100	1,55,76,80,769
Purchase of Fixed Assets	(11,83,03,857)	(43,49,99,099)
Sale proceeds of Fixed Assets	1,20,05,000	14,87,37,161
Sale of Investment	-	1,90,643
Dividend Received	3,207	8,004
Interest Received	1,02,13,277	67,16,318
B. Cash Flow From Investing Activities	(9,60,82,373)	(27,93,46,973)
Proceeds from Share Capital	-	5,72,63,950
Share Premium (net)	-	5,27,43,550
Repayment of Preference Shares	-	-
Repayment of 9% Non-convertible Debenture	(79,92,789)	(2,46,63,460)
Proceeds from Term Loans	92,68,56,915	-
Repayment of Term Loans	(28,67,45,199)	(62,24,99,083)
Proceeds from Working Capital Loans (net)	(1,54,51,010)	7,72,16,084
Vehicle Loans (net)	(38,32,819)	44,83,347
Short term advances (net)	1,44,30,782	1,78,50,731
Interest Paid	(90,75,38,631)	(89,66,39,431)
C. Cash Flow From Financing Activities	(28,02,72,751)	(1,33,42,44,312)
Increase/(Decrease) in Cash Equivalents (A+B+C)	(15,67,72,024)	(5,59,10,516)
Cash and Cash Equivalents at the Beginning of the Year	20,48,69,639	26,20,08,319
Add: Exchange difference on translation of foreign currency	2,08,03,126	(12,28,164)
Cash and Cash Equivalents at the End of the Year	6,89,00,741	20,48,69,639
Increase / (Decrease) in Cash/Cash Equivalents	(15,67,72,024)	(5,59,10,516)
Notes :-		
Cash and cash equivalents comprise		
Cash and Cheques in hand	94,26,716	29,00,779
In Current Accounts	3,78,35,935	18,16,86,017
In Fixed Deposit Accounts	1,82,92,156	1,55,15,000
In Margin Money Account	24,85,826	35,28,361
In Other Banks	-	1,60,346
In unpaid interest on debenture accounts	-	-
In unpaid dividend accounts	8,60,108	10,79,136
	<u>6,89,00,741</u>	<u>20,48,69,639</u>

1. The above Cash flow statement has been prepared under the Indirect method set out in Accounting Standard notified under section 211(3C) of the Companies Act, 1956.

2. Figures in brackets indicate cash outgo.

Significant accounting policies and notes (1 to 43) form an integral part of the financial statements.

This is the Consolidated Cash Flow Statement referred to in our Report of even date.

For **J.C. Bhalla & Company**
Firm Reg. No. 001111N
Chartered Accountants

Akhil Bhalla
Partner
Membership No : 505002

Place : New Delhi
Date : August 9, 2012

On behalf of the Board

Mukund Choudhary	Managing Director
Kapil Choudhary	Deputy Managing Director
Sitaram Parthasarathy	Director - Works
Amrit Agrawal	Director - Finance
Ranjan Mangtani	Sr. Vice President Corporate and Legal Affairs & Company Secretary

NOTE 1 :SIGNIFICANT ACCOUNTING POLICIES**(a) Basis for preparation of Consolidated financial statements :**

The consolidated financial statement of the group have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting generally accepted in India and comply with the applicable accounting principles in India, the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956.

The financial statement of the Parent Company and the subsidiaries 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 eliminating intra-group balances / transactions as per Accounting Standard 21 on Consolidated Financial Statements.

b) Adoption of Revised Schedule VI of the Companies Act, 1956

For the year ended 31st March, 2012, the revised Schedule VI, notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of Schedule VI does not impact recognition and measurement principles followed for preparation of its financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year. All assets and liabilities have been classified as current and non-current as per the criteria set out in the revised Schedule VI. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle being a period within 12 months for the purpose of classification of assets and liabilities as current and non current.

c) Use of Estimates

The preparation of the financial statements in conformity with Indian generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

d) Fixed Assets

Fixed assets are stated at their original cost less accumulated depreciation. Cost of fixed assets includes freight, duties (net of CENVAT), taxes and other incidental expenses relating to acquisition and installation.

e) Depreciation / Amortization

Depreciation on all fixed assets situated at manufacturing locations is provided on the straight line method on a pro-rata basis at the rates determined on the basis of useful lives of the respective assets. Management estimates the useful lives for the various fixed assets situated at manufacturing locations as follows :

Description – Manufacturing locations	Useful lives (in years)
Factory building	17-29
Building (Other than factory building)	58
Plant and machinery	2-18
Office equipments	10-20
Computers	1-6
Furniture and fixtures	2-15
Vehicles	10-12

The rates derived from the above useful lives are higher than the minimum rates specified in schedule XIV to the companies act, 1956 ('Act').

Depreciation for all fixed assets at locations other than at manufacturing locations is provided on the written down value method at the rates specified in schedule XIV to the Act.

Leasehold land is amortized over the lease period on a straight line basis.

Capitalised enterprise resource planning software (SAP) is amortised over a period of five years on straight line basis.

Acquired goodwill is amortized using the straight-line method over a period of 10 years.

Goodwill on Consolidation is stated at cost, and where applicable, impairment is recognized.

f Inventories

Inventories have been valued at lower of cost and net realizable value.

The cost in respect of raw materials is determined under the specific identification of cost method in India and weighted average method for outside India.

Cost includes customs duty, wherever paid, and are net of credit under CENVAT scheme, wherever applicable.

The cost in respect of work-in-progress, finished goods and stores and spares is determined using the weighted average cost method and includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, where applicable.

Waste is valued at estimated net realizable value.

(g) Revenue Recognition

Sale of goods: Revenue on sale of goods is recognized on transfer of significant risk and rewards of ownership to the buyer and on reasonable certainty of the ultimate collection. Sales are inclusive of excise duty and net off sales tax, trade discounts and sales returns.

Interest: Income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rates.

Commission and insurance claim: Income is recognized when no significant uncertainty as to measurability or recoverability exists.

(h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(i) Foreign Currency Transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transaction. All monetary items denominated in foreign currency are translated at year end rates. Exchange differences arising on such transactions and also exchange differences arising on the settlement of such transactions are adjusted in the statement of profit and loss.

In case of forward contracts, the premium or discount on all such contracts arising at the inception of each contract is recognized / amortized as income or expenses over the life of the contract. Any profit or loss arising on the cancellation or renewal of such contracts is recognized as income or expenses for the period.

In respect of foreign branch, all revenues, expenses, monetary assets/liabilities and fixed assets are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are restated at the year end rates and resultant gains or losses are recognized in the statement of profit and loss.

(j) Employee Benefits

The Company's contributions to recognized provident funds are charged to revenue on an accrual basis.

The Company has defined benefit plans namely leave encashment and gratuity for all employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Gratuity fund (for other than synthetic division) is administered through Life Insurance Corporation of India. Short term compensated absences are recognized at the undiscounted amount of benefit for services rendered during the year.

Termination benefits are recognized as an expenses immediately. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the statement of profit and loss as income or expenses.

(k) Borrowing Costs

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

(l) Taxation

Tax expenses for the year, comprising current tax and deferred tax is included in determining the net profit/(loss) for the year.

A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. Deferred tax assets are recognised for all deductible timing differences and carried forward to the extent it is reasonably / virtually certain that future taxable profit will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

(m) Leases

Assets acquired under long term finance lease are capitalised and depreciated in accordance with company's policy for assets

situated at manufacturing and other locations. The associated obligations are included in other loans under "Secured Loans".

The group has taken premises on lease. Lease rental in respect of operating lease arrangement are charged to statement of profit and loss.

(n) Impairment of Assets

At each balance sheet date, the group assesses whether there is any indication that an asset may be impaired. If such indication exists, the company estimates the recoverable amount and where carrying amount of the asset exceeds such recoverable amount, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds recoverable amount. Where there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased, the company books a reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

(o) Provisions and contingencies

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

(Amount in `)

	As at March 31, 2012	As at March 31, 2011
NOTE 2 : SHARE CAPITAL		
Authorised		
11,40,00,000 Equity shares of ` 10/- each (previous year 11,40,00,000)	1,14,00,00,000	1,14,00,00,000
70,00,000 Redeemable preference shares of ` 10/- each (previous year 70,00,000)	7,00,00,000	7,00,00,000
	1,21,00,00,000	1,21,00,00,000
Issued, Subscribed and Paid up		
8,32,72,035 Equity shares of ` 10/- each, fully paid up (previous year 8,13,22,035)	83,27,20,350	81,32,20,350
	83,27,20,350	81,32,20,350

SUB NOTE:- 2 (a) Pursuant to scheme of arrangement, 8,274,465 Equity Share of ` 10/- each fully paid issued to the share holder of erstwhile CLC Corporation Limited during the financial year 2005-06, 17,824,591 Equity Share of ` 10/- each fully paid issued to the share holder of erstwhile CLC Global Limited during the financial year 2005-06 and 4,487,844 Equity Share of ` 10/- each fully paid issued to to the share holder of erstwhile Indo Rama Textiles Limited during the financial year 2006-07 for consideration other than cash.

SUB NOTE:- 2 (b) The company has only one class of equity share having a par value of ` 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

SUB NOTE:- 2 (c) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

(Amount in `)

Particulars	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares outstanding at the beginning of the year	8,13,22,035	81,32,20,350	7,37,33,035	73,73,30,350
Add: Equity shares issued during the year	19,50,000	1,95,00,000	75,89,000	7,58,90,000
Less: Equity shares bought back during the year	-	-	-	-
Equity shares outstanding at the end of the year	8,32,72,035	83,27,20,350	8,13,22,035	81,32,20,350

SPENDEX INDUSTRIES LIMITED

SUB NOTE:- 2 (d) : List of share holder holding more than 5% of the aggregate share in the company

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Citigroup Venture Capital Inter. Growth Partnership Mauritius Ltd.	1,92,52,650	23.12	1,92,52,650	23.67
CLC Technologies Private Limited	1,18,00,000	14.17	98,50,000	12.11
Mukund Choudhary	85,35,946	10.25	85,35,946	10.50
Kapil Choudhary	84,74,869	10.18	84,74,869	10.42
Ajay Kumar Choudhary	80,66,052	9.69	80,66,051	9.92

(Amount in `)

	As at 31 March 2012		As at 31 March 2011	
NOTES 3 : RESERVES AND SURPLUS				
Capital Reserve :				
Capital reserve				
Opening balance	76,11,41,030		73,48,78,644	
(+) Exchange fluctuation on restatement of opening balance	4,59,63,468	80,71,04,498	2,62,62,386	76,11,41,030
Share forfeiture reserve		71,79,250		71,79,250
Profit on restructure		23,58,587		23,58,587
		81,66,42,335		77,06,78,867
Securities Premium Account				
Opening balance	1,01,47,21,322		96,19,77,772	
Add: On conversion of share warrants	1,35,52,500	1,02,82,73,822	5,27,43,550	1,01,47,21,322
Debenture Redemption Reserve				
Opening balance	17,03,60,578		4,19,89,626	
Add: transfer from statement of profit & loss	-	17,03,60,578	12,83,70,952	17,03,60,578
Foreign Currency Translation Reserve (FCTR)				
Opening balance	86,89,33,923		80,55,87,100	
Add: Addition /(Deletion) during the year	(4,21,44,132)	82,67,89,791	6,33,46,823	86,89,33,923
Surplus in the statement of profit and loss				
Opening balance	(3,06,35,47,929)		(2,88,16,60,500)	
Profit /(Loss) for the year	(2,76,69,82,325)		1,74,96,817	
Foreign currency translation reserve on statement of profit & loss	(25,44,99,187)		(7,10,13,293)	
Less:- Transfer for debenture redemption reserve	-	(6,08,50,29,441)	12,83,70,952	(3,06,35,47,928)
		(3,24,29,62,915)		(23,88,53,238)

NOTES 4 : MONEY RECEIVED AGAINST SHARE WARRANT

Money received against share warrant	-	3,30,52,500
	-	3,30,52,500

During the year, out of the share warrants money received, the company has allotted 19,50,000 (previous year 75,89,000) equity shares pursuant to options exercised by the share warrants holder CLC Technologies Private Limited to convert 19,50,000 (previous year 75,89,000) share warrants in equal number of fully paid up equity shares at the agreed price of ` 16.95 per equity share (including premium of ` 6.95 per equity share).

(Amount in `)

NOTE 5 : LONG-TERM BORROWINGS

Secured

Debentures

10% Redeemable Non-Convertible Debentures

33,27,28,366

34,07,21,155

Term Loans

Rupee Term Loan from Bank

3,85,50,30,217

3,74,68,76,071

Foreign Currency Term loan

- From Banks

1,42,93,94,133

1,30,24,96,061

- From Other Parties

1,08,09,87,500

94,75,37,500

Vehicle Loans

69,61,801

1,04,61,688

Vehicle loans are secured by hypothecation of motor cars

Unsecured

Foreign Currency Loan from others

2,20,01,27,041

1,92,85,17,543

8,90,52,29,058

8,27,66,10,018

Less:

Amount disclosed under the head 'other current liabilities'. (Note-10)

1,81,66,00,675

1,13,26,46,627

7,08,86,28,383

7,14,39,63,391

Nature of security, repayment terms & amount of default

a. Debentures

Non convertible debentures

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Mukund Choudhary and Sh. Kapil Choudhary. These Debentures are further secured by second pari-passu charge on entire current assets. These debentures are also secured by pledge of 1,80,75,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, New Delhi.

Amounting to ` 33,27,28,366 (previous year ` 34,07,21,155) repayable in 24 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table below.

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

b. Rupee term loans from bank

- i) Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary and collateral guarantee of Ms. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets. These loan are also secured by pledge of 1,80,75,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, New Delhi.
- ii) Loan amounting to ` 40,47,00,000 secured by pledge of promoters' shares (21,07,23,117 nos.), on an exclusive basis. Further secured by third charge on all the movable and immovable assets of the company and personal guarantee of Sh. Ajay Choudhary, Sh Mukund Choudhary and Sh. Kapil Choudhary.

- i) Amounting to ` 1,27,33,77,673 (previous year ` 1,30,61,48,732) repayable in 24 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 1 below.

Amounting to ` 43,35,00,000 (previous year ` 44,84,98,529) repayable in 20 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 2 below.

Amounting to ` 11,54,00,000 (previous year ` 12,05,65,976) repayable in 12 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 3 below.

Amounting to ` 23,30,00,000 (previous year ` 27,50,03,414) repayable in 8 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 4 below.

- ii) Amounting to ` 40,47,00,000 (previous year ` 41,44,40,300) repayable in 23 quarterly installments commencing from June, 2012. There is no default in

repayment of installment as on 31.03.2012. For repayment schedule refer table no. 1 below.

Amounting to ` 22,70,98,000 (previous year ` 24,98,37,803) repayable in 24 quarterly installments. For repayment schedule refer table no. 5 below. There were overdues of 67,80,000 & 58,10,000 towards principal and interest respectively as on 31.03.2012 and the same has been paid on 30.06.2012.

c. Foreign Currency Term Loan

Foreign Currency Term Loan from Lehman Brothers Commercial Corporation Asia Limited and SBI Tokyo is secured by pledge of Interest Reserve Bank Account maintained with Deutsche Bank AG, Amsterdam, assignment of SPV Credit Agreement (between Schoeller Textile Netherlands B.V. (STNBV) and Spentex Netherlands B.V.(SNBV)), assignment of intergroup Credit agreement (between SNBV and Spentex Tashkent Toytepa LLC (STTL)), pledge of 18,200 nos. SNBV's shares and pledge of 180 nos. of STNBV's shares. The loan is further secured by all Plant and Machinery of relating to the Tashkent Spinning Plant of STTL.

Amounting to ` 97,28,87,987 (previous year ` 85,27,83,081) repayable in 6 annual installments. for repayment schedule refer table no. 6 below. There are default of ` 10,80,98,749 in payment of Installment of principal as on 31.03.2012.

Amounting to ` 1,08,09,87,500 (previous year ` 94,75,37,500) repayable in 6 annual installments. for repayment schedule refer table no. 7 below.

Amounting to ` 43,26,82,046 (previous year ` 42,88,30,012) repayable in 40 quarterly installments. For repayment schedule refer table no. 8 below. There is no default in payment of principal & interest.

Term Loan Repayment schedule Table No. 1

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

Term Loan Repayment schedule Table No. 2

	FY 13	FY 14	FY 15	FY 16	FY 17
Principal (%)	14	16	20	20	30
ROI (%)	10	12	13	14	14

Term Loan Repayment schedule Table No. 3

	FY 13	FY 14	FY 15
Principal (%)	32.40	42	25.6
ROI (%)	12	13	15

Term Loan Repayment schedule Table No. 4

	FY 13	FY 14
Principal (%)	25	75
ROI (%)	13	14.5

Term Loan Repayment schedule Table No. 5

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	18.71	14.36	15.85	17.04	18.80	15.24
ROI (%)	10	10	10	10	10	10

Term Loan Repayment schedule Table No.6

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	22	11	11	11	17	28
ROI (%)	3 Month BBA Libor + 1.7					

Term Loan Repayment schedule Table No.7

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	30	10	10	10	15	25
ROI (%)	3 Month BBA Libor + 2.5					

Term Loan Repayment schedule Table No.8

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Principal (%)	22	5	5	40	5	5	5	5	5	3

d. Funded Interest Term Loan

Secured by first pari-passu charge on all the fixed assets of the company, both present and future. The loan is further secured by second pari-passu charge on entire current assets and additionally secured by personal guarantee of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary. The loan is also secured by pledge 1,80,75,918 shares of the company on pari-passu basis. Amounting to ` 27,75,00,000 is further secured by collateral security of property at 1st floor, 7, Padmini Enclave, New Delhi.

Secured by first pari-passu charge on all the fixed assets of the Company.

Foreign Currency Term Loan from Lehman Brothers Commercial Corporation Asia Limited and SBI Tokyo is secured by pledge of Interest Reserve Bank Account maintained with Deutsche Bank AG, Amsterdam, assignment of SPV Credit Agreement (between Schoeller Textile Netherlands B.V. (STNBV) and Spentex Netherlands B.V.(SNBV)), assignment of intergroup Credit agreement (between SNBV and Spentex Tashkent Toytepa LLC (STTL)), pledge of 18200 nos. SNBV's shares and pledge of 180 nos. of STNBV's shares. The loan is further secured by all Plant and Machinery of relating to the Tashkent Spinning Plant of STTL.

Amounting to ` 1,54,00,000 (previous year ` 1,54,00,000) repayable in 2018. There is no default in repayment of loan.

Amounting to ` 23,85,00,000 (previous year ` nil) repayable in 16 quarterly installments commencing from June, 2013. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 1 below.

Amounting to ` 41,00,000 (previous year ` nil) repayable in 8 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 2 below.

Amounting to ` 3,49,00,000 (previous year ` nil) Repayable in 3 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012.

Amounting to ` 1,11,64,000 (previous year ` 1,09,47,484) are secured by first pari-passu charge on all the fixed assets of the Company. ` 3,38,000 towards principal & ` 96,000 towards interest were overdue as on 31.03.2012 and the same has been paid on 30.06.2012. For repayment schedule refer table no. 3 below.

Amounting to ` 2,38,24,100 (previous year ` 2,08,82,968) repayable in 2 annual installments. for repayment schedule refer table no. 4 below. There are default of ` 79,41,367 in payment of Installment of principal as on 31.03.2012.

Funded Interest Term Loan Repayment schedule Table No. 1

	FY 13	FY 14	FY 15	FY 16
Principal (%)	15	25	25	35
ROI (%)	10	10	10	10

Funded Interest Term Loan Repayment schedule Table No. 2

	FY 13	FY 14
Principal (%)	40	60
ROI (%)	10	10

Funded Interest Term Loan Repayment schedule Table No. 3

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	17.22	14.59	16.05	17.38	19.17	15.59
ROI (%)	10	10	10	10	10	10

Funded Interest Term Loan Repayment schedule Table No. 4

	FY 13	FY 14
Principal (%)	67	33
ROI (%)	3 Month BBA Libor + 1.7	

e. Working Capital Term Loan

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary and collateral guarantee of Ms. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets. These loans are also secured by pledge of 1,80,75,918 shares of the company and further secured by collateral security on the property at 1st floor, 7, Padmini Enclave, New Delhi.

Amounting to ` 25,50,00,000 (previous year ` 26,38,33,424) repayable in 24 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 1 below.

Amounting to ` 45,84,00,000 (previous year ` 46,88,10,781) repayable in 24 quarterly installments commencing from June, 2012. There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table no. 2 below.

Amounting to ` 13,15,00,000 (previous year ` 14,82,53,532) repayable in 2 half yearly installments during September 2012 & March 2013. There is no default in repayment of installment as on 31.03.2012. The rate of interest is 10% per annum.

Amounting to ` 99,37,000 (previous year ` 1,24,90,502) are secured by first pari-passu charge on all the fixed assets of the Company. ` 3,00,000 towards principal & ` 2,57,000 towards interest were overdue as on 31.03.2012 and the same has been paid on 30.06.2012. For repayment schedule refer table no. 3 below.

Amounting to ` 90,53,000 (previous year ` 1,26,45,593) are secured by first pari-passu charge on all the fixed assets of the Company. ` 12,50,000 towards principal & ` 3,14,000 towards interest were overdue as on 31.03.2012 and the same has been paid on 30.06.2012. For repayment schedule refer table no. 4 below.

WCTL Repayment schedule Table No. 1

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

WCTL Repayment schedule Table No. 3

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	18.65	14.06	16.07	17.07	19.08	15.07
ROI (%)	10	10	10	10	10	10

f. Vehicle Loans

Secured by hypothecation of motor cars.

WCTL Repayment schedule Table No. 2

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	10	11	11	11	12

WCTL Repayment schedule Table No. 4

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	30.96	13.81	13.81	13.81	13.81	13.81
ROI (%)	10	10	10	10	10	10

There is no default in repayment of installment as on 31.03.2012. For repayment schedule refer table below.

	FY 13	FY 14	FY 15	FY 16
Principal (%)	10	15	15	17.5

Repayment terms and finance costs pertaining to term loans, working capital loan and debentures, mentioned above, were restructured pursuant to Corporate Debt Restructuring Scheme of Reserve Bank of India and the charges were amended.

g. Unsecured

The company Subsidiary Spentex Tashkent Toytepa LLC, entered into an asset sale and purchase agreement with Tashkent Toytepa Textile LLC on July 21,2006 . In accordance with this agreement the amount outstanding as on March 31, 2012, is Rs. 220,01,27,551 (192,85,17,545) Repayable in annual installments till June 2017. There is default of Rs. 42,34,93,000 in payment of instalment. For repayment schedule refer table below.

	FY 13	FY 14	FY 15	FY 16	FY 17
Principal (%)	36	18	19	18	9

(Amount in `)

**As at
March 31, 2012**

**As at
March 31, 2011**

NOTE 6 : OTHER LONG TERM LIABILITIES

Security Deposit	12,62,554	19,76,323
	12,62,554	19,76,323

NOTE 7 : LONG-TERM PROVISIONS

Provision for Employee Benefits:

- Gratuity	5,14,11,770	3,88,66,829
- Leave encashment	1,31,97,121	1,05,97,511
	6,46,08,891	4,94,64,340

	As at <u>March 31, 2012</u>	(Amount in `) As at <u>March 31, 2011</u>
NOTE 8 : SHORT -TERM BORROWINGS		
Secured		
Working capital loans from banks	95,49,69,753	97,04,20,764
Unsecured		
From others	12,94,96,449	10,10,33,188
	<u>1,08,44,66,202</u>	<u>1,07,14,53,952</u>

Nature of Security

Working capital loan from banks are secured by first pari-passu charge on all the current assets of the company. These loans are further secured by second pari passu charge on entire fixed assets, both present and future and personal guarantee of the promoters. These loan, are also secured by pledge of promoters' shares (18,075,918 nos.) on pari-passu basis.

NOTE 9 : TRADE PAYABLES

Trade payable	2,28,84,87,516	2,37,37,99,934
	<u>2,28,84,87,516</u>	<u>2,37,37,99,934</u>

Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act. 2006

1. Principal amount remaining unpaid	6,08,855	9,17,627
2. Interest	-	-
3. Total of 1 & 2	6,08,855	9,17,627
4. Interest in term of Sec.16	-	-
5. Interest due and payable for the period of delay in payment	-	-
6. Interest accrued and remaining unpaid	-	-
7. Interest due and payable even in succeeding years	-	-

The information as required to be disclosed under the Micro and Medium Enterprises Development Act. 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTE 10 : OTHER CURRENT LIABILITIES

Current maturities of long-term debts:

Secured*

- Debentures	3,32,72,837	3,19,72,500	
- Rupee Term loan from banks	64,79,08,386	62,42,48,204	
- Foreign Currency Term loan from banks	32,72,35,200	10,17,14,739	
- Vehicle loans	<u>31,66,502</u>	<u>34,99,434</u>	76,14,34,877

Unsecured

- Foreign Currency loan from other parties	80,50,17,750		37,12,11,750
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Current maturities of deferred payment liabilities	6,81,69,902		8,81,69,902
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Interest accrued and due on borrowings	12,20,61,709		8,04,56,020
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Unpaid dividend	8,60,108		10,79,136
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Advance from customers	4,17,71,677		3,76,03,285
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Security deposits	12,00,896		13,22,896
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Salary & other benefits payable	5,93,97,776		5,20,14,657
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Statutory dues payable	2,08,93,047		2,49,11,846
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Other payables	41,57,96,928		32,51,41,802
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	<u>2,54,67,52,718</u>		<u>1,74,33,46,171</u>
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* For security details and other terms and conditions, refer note no. 5 of financial statement.

There is no amount due and outstanding as on balance sheet date to be credited to Investor Education and Protection Fund.

NOTE 11 : SHORT -TERM PROVISIONS

Provision for Employee Benefits:

- Gratuity	52,43,756	28,75,670
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- Leave encashment	76,49,621	57,65,187
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Provision for wealth tax	32,684	52,767
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	<u>1,29,26,061</u>	<u>86,93,624</u>
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NOTE - 12 FIXED ASSETS

(Amount in `)

PARTICULARS	Gross Block			Depreciation / Amortisation				Net Block					
	Cost as at 01.04.2011	Additions for the year*	Addition/ (deletion) due to foreign Exchange	Deletions/ Adjustments@	Cost as at 31.03.2012	Up to 01.04.2011	Impairment Loss	For The year	Addition/ (deletion) due to foreign Exchange	Deletions/ Adjustments	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
INTANGIBLE ASSETS													
Goodwill	62,24,42,121	-	7,23,25,165	-	69,47,67,286	10,62,37,296	-	8,91,042	-	-	10,71,28,338	58,76,38,948	51,62,04,825
Sap	4,93,37,972	-	9,82,429	-	5,03,20,401	3,53,53,231	-	69,23,490	9,46,531	-	4,32,23,252	70,97,149	1,39,84,741
Total	67,17,80,093	-	7,33,07,594	-	74,50,87,687	14,15,90,527	-	78,14,532	9,46,531	-	15,03,51,589	59,47,36,098	53,01,89,566
Previous Year	67,30,94,495	-	(13,14,402)	-	67,17,80,093	13,26,85,891	-	78,30,973	(10,73,663)	-	14,15,90,527	53,01,89,566	54,04,08,604
TANGIBLE ASSETS													
Land													
- Freehold Land	3,47,47,829	-	16,16,096	-	3,63,63,925	-	-	-	-	-	-	3,63,63,925	3,47,47,829
- Leasehold Land	5,42,99,739	-	-	-	5,42,99,739	1,49,25,218	-	25,99,406	-	-	1,75,24,624	3,67,75,115	3,93,74,521
Building	3,36,56,83,281	1,27,602	17,99,03,904	-	3,54,57,14,787	91,93,50,172	-	11,80,77,152	4,50,53,829	-	1,08,24,81,153	2,46,32,33,635	2,44,63,33,109
Plant & Machinery	10,99,46,38,828	9,40,31,192	10,77,08,892	3,32,28,552	11,16,31,50,360	6,46,61,31,061	41,07,20,720	54,32,29,997	26,59,70,872	2,45,58,163	7,66,14,94,487	3,50,16,55,873	4,52,85,07,767
Furniture & Fixtures	14,64,30,051	4,10,958	59,80,256	55,90,492	14,72,30,773	12,40,89,293	-	25,44,449	56,67,289	1,84,885	13,21,16,146	1,51,14,628	2,23,40,758
Office equipment	59,10,82,059	51,15,040	51,30,88,014	10,26,961	1,10,82,58,152	21,20,43,611	-	10,03,14,503	1,78,49,409	52,91,202	32,49,16,321	78,33,41,832	37,90,38,448
Vehicle	6,54,40,920	-	35,80,014	42,85,488	6,47,35,446	3,19,05,325	-	71,51,840	14,17,963	33,52,404	3,71,22,724	2,76,12,722	3,35,35,595
Total	15,25,23,22,707	9,96,84,792	81,18,77,176	4,41,31,493	16,11,97,53,182	7,76,84,44,680	41,07,20,720	77,39,17,347	33,59,59,362	3,33,86,654	9,25,56,55,455	6,86,40,97,729	7,48,38,78,028
Previous Year	15,26,93,02,627	50,08,46,365	(33,51,85,342)	18,26,40,944	15,25,23,22,706	7,23,01,11,154	41,07,20,720	73,45,31,961	(20,84,55,943)	(1,22,57,513)	8,17,91,65,405	7,07,31,57,302	7,62,84,70,753
Capital Work In Progress													
Plant & Machinery												32,26,01,232	30,39,82,178

Notes:

@ Deletion/Adjustments to fixed assets under Gross Block and Depreciation/Amortisation include Rs. 88,51,84,769 (Previous Year Rs. 333,870,940) and Rs. 336,905,892 (Previous Year 20,84,55,943) respectively on account of restatement at the closing exchange rate.

*Addition includes Rs. 5,33,570 (Previous Year 5,87,23,533) transfer from fixed assets held for sale to plant & machinery.

	As at		(Amount in `)	
	March 31, 2012		March 31, 2011	
NOTE 13 : NON CURRENT INVESTMENTS (AT COST)				
1. Investment in Equity Instruments				
(a) In others (Non Trade & Quoted)				
Equity Shares of ` 10/- each, fully paid up of Sentinel Tea and Exports Ltd	100	4,777	100	4,777
Equity Shares of ` 10/- each fully paid up of Summit Securities Limited	10	-	10	-
(b) In others (Non Trade & unquoted)				
Equity Shares of ` 20/- each, fully paid up of The Baramati Co-operative Bank Limited	1,300	26,000	1,300	26,000
Equity Shares of ` 50/- each, fully paid up of The Sadguru Jangli Maharaj Co-operative Bank Ltd.	1,000	50,000	1,000	50,000
Equity Shares of ` 10/- each, fully paid up of Saraswat Co-op Bank Ltd.	1,420	14,200	1420	14,200
Equity Shares of Rs 10/- each fully paid up of Shamrao Vitthal Co-Op Bank	250	2,500	250	2,500
Equity Shares of ` 31/- each, fully paid up of United Yarn	1	31	1	31
Equity Shares of ` 1 each, fully paid of Lotus House Prem Co-op Society.	1,500	1,500	1,500	1,500
Equity Shares of ` 10/- each, fully paid up of Datta Nagari Patsanstha	500	5,000	500	5,000
Equity Shares of ` 10/-each, fully paid up of Spencer & Co. Limited	100	7,563	100	7,563
2. Investment in Govt. securities				
National saving certificates*		33,310		33,310
		1,44,881		1,44,881
Aggregate book value of :				
Quoted investments		4,777		4,777
Unquoted investments		1,40,104		1,40,104
Aggregate market value of quoted investment		2,061		2,880

* Pledged with sales tax authorities.

NOTE 14 : LONG -TERM LOANS AND ADVANCES

Unsecured, Considered Good unless otherwise stated

Capital advances		2,00,90,496		1,76,10,285
Security deposit		3,56,30,804		3,33,29,144
Prepaid expenses		1,27,623		-
Balance with Customs , Excise, Govt Authorities, etc.		36,43,39,909		38,79,83,584
Advance against expenses		3,29,35,613		2,22,40,223
Loan and Advance to employee		-		9,24,614
Advance to trade payable	23,95,93,142			1,83,43,950
Less: Provision for doubtful advance	16,73,95,417	7,21,97,725		-
Advance tax/ tax deducted at source*		2,23,81,530		2,39,90,965
Mat credit entitlement		-		3,68,52,305
Other loan and advances				
Considered doubtful	98,19,253	-	98,19,253	-
	98,19,253		98,19,253	
Less : Provision for doubtful advances	98,19,253	-	98,19,253	-
		54,77,03,700		54,12,75,070

*Net after adjustment for provision for tax ` Nil (Previous year ` 65,76,926)

NOTE 15 : OTHER NON- CURRENT ASSETS

Unsecured, Considered Good unless otherwise stated

Trade receivable	5,21,54,118		14,97,33,315	
Less:- Provision for doubt full debts	3,47,29,717	1,74,24,401	3,47,29,717	11,50,03,598
Export incentives		4,11,92,629		5,14,60,437
Claims receivables		2,25,90,924		3,70,02,481
Interest accrued on deposits & others		5,79,994		5,82,979
Unamortised Upfront Fee		2,29,85,989		2,49,80,323
		10,47,73,937		22,90,29,818

(Amount in `)

	As at		As at	
	March 31, 2012		March 31, 2011	
NOTE 16 : INVENTORIES*				
Raw materials		32,14,35,280		77,94,28,512
(Includes Goods in Transit ` 13,487,187/- (Previous Year ` 34,231,713/-)				
Work-in-process		34,60,83,586		34,65,74,893
Finished goods				
- Manufactured	30,69,41,769		97,38,31,833	
- Stock in trade {Includes goods in transit ` Nil (Previous year ` 10,757,500)}	78,14,872	31,47,56,641	4,84,93,367	1,02,23,25,200
Stores, spares & packing materials		17,05,90,994		16,82,45,137
Waste		83,64,954		3,53,42,864
		1,16,12,31,455		2,35,19,16,606

*Refer accounting policy for mode of valuation.

NOTE 17 : TRADE RECEIVABLE
Unsecured, Considered Good unless otherwise stated

Outstanding for a period exceeding six months from the date they are due for payments

Considered Goods	31,39,75,185		4,47,39,762	
Considered doubtful	-	31,39,75,185	-	4,47,39,762
Others		43,43,76,703		63,86,87,939
		74,83,51,888		68,34,27,701

NOTE 18 : CASH AND BANK BALANCES
Cash & Cash Equivalent

Cash in hand		29,33,588		28,77,915
Cheque, drafts on hand		64,93,128		22,864
Balance with banks		3,78,35,935		18,16,86,017
Fixed deposit with less than 3 month maturity**		1,82,92,156		1,55,15,000

Others Bank Balances

Unpaid dividend *		8,60,108		10,79,136
Margin money		24,85,826		36,88,707
		6,89,00,741		20,48,69,639

* Earmarked against the corresponding liabilities.

** Under lien with Banks

NOTE 19 : SHORT- TERM LOANS AND ADVANCES
Unsecured, Considered Good unless otherwise stated

Amounts recoverable in cash or in kind or for value to be received

Considered good		40,81,16,936		86,53,06,504
Advance to Trade Payables		5,86,70,260		37,13,18,747
Advance against expenses		51,97,713		7,65,52,469
Prepaid expenses		13,85,81,510		2,50,89,817
Balance with Customs, Excise, Govt Authorities, etc.		12,44,62,878		17,05,92,965
Advance income tax/tax deducted at source		32,46,130		42,44,693
Advance to employees of the company		54,08,514		43,48,119
Loans & advances to others		1,01,84,236		5,49,697
		80,06,42,177		1,51,80,03,011

(Amount in `)

	As at March 31, 2012	As at March 31, 2011
NOTE 20 : OTHER CURRENT ASSETS		
Claims and other receivables	9,56,13,224	4,98,35,365
Fixed assets held for sale	3,16,46,654	4,30,60,997
Export incentives	9,59,83,666	13,41,63,607
Unamortised Upfront Fees	19,94,332	37,33,852
Interest accrued on deposit	15,18,046	21,77,752
	22,67,55,922	23,29,71,573

	2011-12	2010-11
NOTE 21 : REVENUE FROM OPERATION (Gross)		
From Sale of Goods		
Sale of yarn manufactured	9,21,12,52,769	14,86,12,33,744
Trading of yarn	97,01,06,850	52,19,07,159
Trading of clothes	14,34,950	26,32,63,382
Waste sale	54,55,13,805	43,46,06,785
Other operating income		
- Export Incentive	21,03,42,206	33,81,95,868
	10,93,86,50,580	16,41,92,06,938

NOTE 22 : OTHER INCOME		
Commission Income	59,488	9,60,669
Interest Income	95,50,586	81,10,912
Dividend Income	3,207	8,004
Rent Income	72,000	66,000
Profit on sale of fixed assets	19,67,428	9,18,95,820
Excess provision written back	55,24,727	55,42,083
Gain/(loss) on foreign currency transactions and translation (Net)	95,23,772	15,95,88,803
Gain/loss on sale of investments (Net)	-	1,43,822
Misc Income	3,32,26,108	3,65,87,568
	5,99,27,316	30,29,03,681

NOTE 23 : COST OF MATERIAL CONSUMED		
Opening stock	77,94,28,512	63,87,61,803
Purchases	6,90,65,86,424	11,01,70,16,053
Closing stock	32,14,35,280	77,94,28,512
	7,36,45,79,656	10,87,63,49,344

NOTE 24 : PURCHASE OF STOCK- IN -TRADE		
Cotton yarn	6,33,27,753	3,45,451
Clothes	45,07,68,932	25,57,43,019
Filament yarn	-	1,06,96,780
	51,40,96,685	26,67,85,250

	2011-12	(Amount in `) 2010-11
NOTE 25 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK- IN- TRADE & WORK- IN -PROGRESS		
Opening inventories		
Finished Goods:		
- Manufactured	97,38,31,833	24,75,24,352
- Traded Goods	4,84,93,367	1,26,77,814
Work in progress	34,65,74,893	19,62,09,032
Cotton waste	3,53,42,864	22,66,089
	1,40,42,42,957	45,86,77,287
Closing Inventories		
Finished Goods:		
- Manufactured	30,69,41,770	97,38,31,833
- Traded Goods	78,14,972	4,84,93,367
Work in progress	34,60,83,586	34,65,74,893
Cotton waste	83,64,953	3,53,42,864
	66,92,05,281	1,40,42,42,957
Sub total	73,50,37,676	(94,55,65,670)
Excise duty on (Increase) / Decrease in Inventories	(12,12,688)	(25,00,779)
(Increase) /Decrease in Inventories	73,62,50,364	(94,30,64,891)
NOTE 26 : EMPLOYEES BENEFIT EXPENSES		
Salaries, wages and bonus	72,42,53,259	1,01,05,48,496
Contribution to provident funds & other funds	11,40,68,917	10,76,10,754
Staff welfare expenses	6,59,38,454	9,59,50,896
	90,42,60,630	1,21,41,10,146
NOTE 27 : FINANCE COST		
Interest expenses from bank		
- On Non convertible debentures	3,74,08,075	4,18,02,328
- On Borrowings	83,13,84,176	79,33,69,986
Other borrowing cost	8,46,16,928	9,72,08,455
	95,34,09,179	93,23,80,769
NOTE 28 : OTHER EXPENSES		
Store, spares and packing materials consumed (Net)	33,28,00,662	46,70,10,816
Sub contracting charges	1,83,92,245	3,97,91,398
Power, fuel & water	97,13,14,530	1,14,07,41,256
Rent	7,69,67,178	17,89,07,109
Rate & taxes	51,43,274	41,43,145
Repair & maintenance		
- Plant & machinery	2,40,78,838	4,79,37,042
- Building	24,76,872	18,71,826
- Others	70,87,961	64,84,030
Insurance expenses-		
- Buildings	94,136	7,41,996
- Plant & machinery	82,07,370	1,84,68,796
- Stock	11,86,306	9,02,151
- Others	56,23,148	39,86,268
Communication expenses	96,37,731	1,26,89,572
Travelling & conveyance expenses	5,20,38,788	4,72,58,507
Legal & professional charge	5,64,01,096	10,31,12,274
Payment to auditors (excluding service tax):		
- Audit Fees	17,45,660	17,00,000
- For other services	70,000	45,000
- For reimbursement of expenses	1,22,904	1,10,341

(Amount in `)

	2011-12	2010-11
Commission on sales	14,48,38,968	15,95,01,740
Freight outward and clearing charges (net of recoveries)	19,95,22,899	44,84,58,197
Director sitting fees	6,21,200	3,22,700
Impairment loss on asset held for sale	41,33,096	-
Impairment loss on Fixed Assets	-	41,07,20,720
Loss on sale of assets held for sale	25,25,820	1,96,59,578
Loss on sale of fixed assets	7,07,273	-
Selling & distribution expenses	5,57,58,035	8,45,58,954
Bad debts written off	5,54,75,198	7,45,28,900
Cost of outstanding sources	1,40,28,190	3,76,58,273
Printing & stationery expenses	2,25,078	2,81,277
Loss on sale of raw material	1,90,18,110	1,89,460
Service tax cenvat reversal	42,64,859	-
Miscellaneous expenses	20,64,05,774	26,16,39,66
	2,28,09,13,199	3,57,34,20,972

NOTE 29 : EXCEPTIONAL ITEMS :

Provision for doubtful advances	16,73,95,417	-
	16,73,95,417	-

NOTE 30

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" notified under section 211(3C) of the Companies Act, 1956.

The Financial Statements of the following subsidiaries, drawn upto March 31, 2012, along with Spentex Industries Limited, the Parent, constituting the group, are considered in preparation of the consolidated financial statements :-

Name of Company	Relationship	Country of Incorporation	Percentage of ownership interest as on March 31, 2012	Percentage of ownership interest as on March 31, 2011
Spentex (Netherlands), B.V. (100 % held by the Company and its nominees)	Subsidiary	Netherlands	100.00%	100.00%
Spentex Tashkent Toytepa LLC (STTL)(99.18% held by Spentex (Netherlands), B.V. and 0.82% held by Spentex Industries Limited)	Subsidiary	Uzbekistan	100.00%	100.00%
Spentex (Mauritius) Pvt. Ltd. (a 100% subsidiary of the Company)*	Subsidiary	Mauritius	-	100.00%
Spentex (Cyprus) Pvt. Ltd. (a 100% subsidiary of Spentex Mauritius Pvt. Ltd.)*	Subsidiary	Cyprus	-	100.00%
Schoeller Textile (Netherland), B.V. (a 100% subsidiary of Spentex (Netherlands), B.V.)	Subsidiary	Netherlands	100.00%	100.00%
Schoeller Litvinov K.S. #(25 % with Schoeller Textile (Netherlands), B.V. (limited partnership) and 75% with Schoeller Textil, GmbH & Co. KG (unlimited partnership))	Subsidiary	Czech Republic	100.00%	100.00%
Schoeller Textil GmbH & Co. KG #(100 % limited partnership interest of Schoeller Textile (Netherlands), B.V. and unlimited partnership interest of Schoeller Textiles Verwaltungs, GmbH)*	Subsidiary	Germany	-	100.00%
Schoeller Textil Verwaltungs GmbH (a 100% subsidiary of Schoeller Textile (Netherlands), B.V.)*	Subsidiary	Germany	-	100.00%
M/s. Botekos Plus s.r.o.(90% of Schoeller Textile (Netherlands), B.V and 10% Spentex (Netherlands), B.V.)	Subsidiary	Czech Republic	100.00%	100.00%
Amit Spinning Industries Limited (ASIL)	Subsidiary	India	50.96%	50.96%

Note : # These are partnership firms which have been considered for the purpose of consolidation as per AS -21

* Spentex (Mauritius) Pvt. Ltd., Spentex (Cyprus) Pvt. Ltd., Schoeller Textil GmbH & Co. K.G and Schoeller Textil Verwaltungs GmbH are in the process of liquidation.

NOTE 31 : CONTINGENT LIABILITIES :

1. Contingent Liabilities not provided for in respect of :

(Amount in `)

Description	Year ended March 31, 2012	Year ended March 31, 2011
(a) Demands from income tax authorities under appeal	3,79,71,404	6,21,39,030
(b) Demands from sales tax authorities under appeal	55,32,038	29,61,560
(c) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts	25,48,41,194	18,87,07,841
(d) Show cause notices/demands raised by MP Government / MPEB department, not acknowledged as debts	19,04,43,830	18,46,74,369
(e) Claims against the company not acknowledged as debts	32,05,86,680	31,30,151
(f) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end	25,59,38,318	30,23,56,085
(g) Bills discounted with banks on behalf of the company, outstanding at the year end	67,69,75,025	1,17,58,03,012
(h) Corporate guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited	21,18,23,570	24,83,13,698
(i) Corporate guarantee given to AXIS Bank Ltd. & UCO Bank for loan to M/s Amit Spinning Industries Limited	35,42,91,492	39,97,99,476
(j) Corporate guarantee given to Tashkent Toytepa Textil for deferred payment of purchase consideration on behalf of Spentex Tashkent Toytepa LLC Current Year USD 43,250,000 (previous year USD 43,250,000)	2,20,01,27,500	1,92,85,17,500
(k) Corporate guarantee given to CVCI for investment in Spentex (Netherlands) B.V. Current Year USD 2,000,000 (previous year USD 2,000,000)	10,17,40,000	8,91,80,000
(l) Corporate guarantee given to SBI - Tokyo Branch for loan to Spentex (Netherlands) B.V. Current Year USD 32,275,704 (previous year USD 32,275,704)*	1,53,84,80,837	1,35,63,52,800

* The Company believed that the corporate guarantee given to Lehman Brothers is no longer valid as Lehman Brothers did not comply with the terms and conditions of the loan agreement based on which the guarantee was given. Accordingly, the figure for the current year and previous year do not include the portion of the guarantee relating to the loan from Lehman Brothers.

The amount shown in the items (a) to (e) represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. The amount shown in items (f) to (l) represent guarantees given and bills discounted in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of beneficiaries fulfilling their ordinary commercial obligations.

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(Amount in `)

Description	Year ended 31st March, 2012	Year ended 31st March, 2011
Estimated value of contracts remaining to be executed on capital account (Net of advances)	1,01,36,935	86,40,175

NOTE 32 : DEFINED BENEFIT PLAN :
(i) Post Retirement Employee Benefits
(a) Defined Contribution Plans:

The Company has defined contribution plans for post retirement employment benefits' namely Provident Fund and Employee State Insurance Scheme. Expenses for the same is being charged to statement of profit and loss for the year.

(b) Defined Benefit Plans:

The liability for gratuity is determined on the basis of an actuarial valuation, using the Projected Unit Credit (PUC) method at the end of the year. Gains and losses arising out of actuarial valuations are recognised in the statement of profit and loss for the year.

(ii) Other Employee Benefits

Other employee benefits are accounted for on accrual basis. Liabilities for compensated absences which is a defined benefit plan are determined based on independent year end actuarial valuation and the resulting charge is being accounted in statement of profit and loss.

(Amount in `)

	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
A. Components of Employer expenses	Funded	Unfunded	Funded	Unfunded
Current service cost	77,35,044	37,17,888	63,31,676	29,32,359
Interest cost	58,95,079	14,31,736	48,22,578	12,66,801
Curtailment cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Return on plan assets	(23,21,183)	-	(20,15,134)	-
Past service cost	-	-	-	-
Actuarial losses/(gains)	1,19,02,028	55,48,540	62,61,347	26,88,251
Total expenses recognised in the statement of profit and loss account	2,32,10,968	1,06,98,164	1,54,00,467	68,87,411

The gratuity and leave encashment expenses have been recognised in "salaries, wages and bonus" under note 26 of financial statement.

B. Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2012.

Present value of DBO at the beginning of year	6,73,72,321	1,63,62,698	5,86,16,085	1,54,46,105
Current service cost	77,35,044	37,17,888	63,31,676	28,83,604
Interest cost	58,95,079	14,31,736	48,22,578	12,66,801
Curtailment cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Plan amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains)/losses	1,19,02,344	55,48,540	62,61,347	26,88,251
Benefits paid	(84,15,311)	(58,80,886)	(86,59,365)	(59,22,063)
Present value of DBO at the end of year	8,44,89,477	2,11,79,976	6,73,72,321	1,63,62,698

C. Net Asset / (Liability) recognised in Balance Sheet as at March 31, 2012.

Present value of defined benefit obligation	8,44,89,477	2,11,79,976	6,73,72,321	1,63,62,698
Fair value on plan assets	2,68,08,820	-	2,56,29,822	-
Status [surplus/(deficit)]	(5,76,80,657)	(2,11,79,976)	(4,17,42,499)	(1,63,62,698)
Unrecognised past service cost	-	-	-	-
Net Asset/(Liability) recognised in balance sheet	(5,76,80,657)	(2,11,79,976)	(4,17,42,499)	(1,63,62,698)

D. Experience Adjustment

(Amount in `)

	2011-12		2010-11		2009-10		2008-09		2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefit obligation	8,44,89,477	2,11,79,976	6,73,72,321	1,63,62,698	5,94,94,533	1,54,46,105	-	-	-	-
Fair value on plan assets	2,68,08,820	-	2,56,29,822	-	2,21,81,824	-	8,44,89,477	2,11,79,976	6,73,72,321	1,63,62,698
Status [surplus/(deficit)]	(5,76,80,657)	(2,11,79,976)	(4,17,42,499)	(1,63,62,698)	(3,64,34,261)	(1,54,46,105)	2,68,08,820	-	2,56,29,822	-
Experience adjustment on plan liabilities loss / (gain)	56,37,402	48,25,702	57,91,134	24,32,572	(26,11,096)	(11,62,307)	(29,57,968)	(9,52,579)	-	-
Experience adjustment on plan assets (loss) / gain	1,13,733	-	12,235	-	(57,121)	-	(80,904)	-	-	-

E. Change in Fair Value of Assets During the Year Ended March 31, 2012.

(Amount in `)

	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
Plan assets at the beginning of year	2,56,29,822	-	2,21,81,824	-
Acquisition adjustment for plan assets	-	-	-	-
Expected return on plan assets	23,21,669	-	20,15,134	-
Actuarial gains/(losses)	(169)	-	-	-
Actual company contribution	43,83,292	-	52,90,266	-
Benefits paid	(55,25,794)	-	(29,60,962)	-
Plan Assets at the end of year	2,68,08,820	-	2,65,26,262	-

F. Current & Non current liabilities as at March 31, 2012.

Current liabilities	38,61,274	28,75,670	18,12,639	57,65,187
Non-current liabilities	5,14,11,770	3,88,66,829	4,43,93,905	1,05,97,511
	5,52,73,044	4,17,42,499	4,62,06,544	1,63,62,698

G. Actuarial Assumptions

	Percentage		Percentage	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Discount rate (%) at March 31, 2012	8.25%	8.25%	8.25%	8.25%
Expected return on plan assets at March 31, 2012	8.95%	N.A.	8.95%	N.A.
Annual increase in salary cost	3-5%	3-5%	3-5%	3-5%

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

H. Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

NOTE 33 : SEGMENT REPORTING :

In accordance with Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India, the Company has identified two business segments viz. Textile Manufacturing and Textile Trading. Further, two geographical segments by location of customers have been considered as secondary segments viz, within India and outside India .The segment wise disclosure are as follows:

A. Business Segment Reporting

(Amount in `)

DESCRIPTION	TEXTILE-MANUFACTURING	TEXTILE-TRADING	TOTAL
Segment Revenue			
Total Revenue	9,66,90,98,487	1,70,89,62,660	11,37,80,61,147
	(15,64,40,95,760)	(1,52,46,68,418)	(17,16,87,64,178)
Inter - segment sales	47,20,58,402	-	47,20,58,402
	(79,18,26,370)	(-)	(79,18,26,370)
External Sales	9,19,70,40,084	1,70,89,62,660	10,90,60,02,745
	(14,85,22,69,391)	(1,52,46,68,418)	(16,37,69,37,808)
Segment Results	(1,32,64,88,029)	4,52,12,274	(1,28,12,75,755)
	(1,06,52,82,928)	(-9,989,217)	(1,05,52,85,791)
Unallocated corporate expenses (Net)	-	-	34,41,80,393
	(-)	(-)	(11,35,26,973)

Operating Profit	-	-	(1,62,54,56,145)
	(-)	(-)	(94,17,58,818)
Finance charges	-	-	95,34,09,179
	(-)	(-)	(93,23,80,769)
Interest income	-	-	95,50,586
	(-)	(-)	(81,10,912)
Dividend income	-	-	3,207
	(-)	(-)	(8,004)
Profit/(Loss) before Prior period items, exceptional and Tax	-	-	(2,56,93,11,531)
	(-)	(-)	(1,74,96,965)
Exceptional Item	-	-	16,73,95,417
	(-)	(-)	(-)
Income Tax	-	-	-
	(-)	(-)	(150)
Income Tax written back	-	-	(65,76,928)
	(-)	(-)	(-)
MAT credit entitlement reversal	-	-	3,68,52,305
	(-)	(-)	(-)
Fringe Benefit Tax	-	-	-
	(-)	(-)	(-)
Prior Period Items	-	-	-
	(-)	(-)	(-)
Profit/(Loss) after tax	-	-	(2,76,69,82,325)
	(-)	(-)	(1,74,96,815)
OTHER INFORMATION			
Segment Assets	10,84,68,42,464	15,60,67,273	11,00,29,09,737
	(13,73,50,35,292)	(28,17,44,439)	(14,01,67,79,731)
Unallocated corporate assets	-	-	43,70,30,023
	(-)	(-)	(-347,812,384)
Total Assets	-	-	11,43,99,40,760
	(-)	(-)	(13,66,89,67,347)
Segment liabilities	2,86,84,83,156	3,31,56,953	2,90,16,40,108
	(3,33,72,46,524)	(3,76,54,554)	(3,37,49,01,078)
Unallocated corporate liabilities	-	-	10,18,54,92,217
	(-)	(-)	(9,01,77,96,657)
Total Liabilities	-	-	13,08,71,32,325
	(-)	(-)	(12,39,26,97,735)
Capital expenditure incurred during the year	-	-	11,77,70,276
	(-)	(-)	(43,49,99,099)
Depreciation and amortisation for the year	-	-	78,17,31,879
	(-)	(-)	(74,23,62,934)

B) GEOGRAPHICAL SEGMENT REPORTING:

(Amount in `)

DESCRIPTION	REVENUE	ASSETS
Domestic	2,54,03,56,647	4,18,57,77,555
	(2,21,74,89,554)	(5,91,43,51,227)
Outside India	8,36,56,46,099	7,25,41,62,205
	(14,15,94,48,253)	(7,75,46,16,120)
Current Year	10,90,60,02,745	11,43,99,39,760
Previous Year	(16,37,69,37,808)	(13,66,89,67,347)

NOTES 34 : RELATED PARTY DISCLOSURES :

In accordance with the requirements of Accounting Standard (AS) - 18 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are :

Enterprises Under Significant Influence:

- i) Himalayan Crest Power Private Limited.
- ii) CLC & Sons (P) Limited
- iii) CLC Technologies Private Limited

Key Management Personnel

- i) Mr. Ajay Kumar Choudhary Chairman & Whole Time Director
- ii) Mr. Mukund Choudhary Managing Director
- iii) Mr. Kapil Choudhary Deputy Managing Director
- iv) Mr. Amrit Agrawal Director - Finance
- v) Mr. Sitaram Parthasarathy Director - Works

(Amount in `)

1. Remuneration to Key Management Personnel	Current Year	Previous Year
i) Mr. Ajay Kumar Choudhary	75,61,195	69,48,000
ii) Mr. Mukund Choudhary	75,61,195	69,48,000
iii) Mr. Kapil Choudhary	75,61,195	69,48,000
iv) Mr. Amrit Agrawal	68,37,040	59,49,996
v) Mr. Sitaram Parthasarathy	66,96,468	65,49,990
Total	3,62,17,093	3,33,43,986
2. Allotment of Equity Shares to Enterprises under significant influence		
CLC Technologies Private Limited	1,95,00,000	7,58,90,000
Total	1,95,00,000	7,58,90,000
3. Issuance of Share Warrant to Enterprises under significant influence		
CLC Technologies Private Limited	-	11,00,07,500
Total	-	11,00,07,500
4. Guarantees outstanding at year end.		
M/s Himalayan Crest Power Private Limited	21,18,23,570	24,83,13,698
Total	21,18,23,570	24,83,13,698

NOTE 35 : EARNING PER SHARE

The following table reconciles the numerators and denominators used to calculate basic and diluted EPS for the year:

(Amount in `)

Description	Current Year	Previous Year
Net profit/(loss) attributable to equity shareholders	(2,76,69,82,325)	1,74,96,816
Weighted Average Shares Outstanding		
Weighted average shares outstanding	8,30,58,336	7,69,73,940
Effect of dilutive securities	-	2,86,563
Diluted weighted average shares outstanding	8,30,58,336	7,72,60,503
Nominal value of equity shares (`)	10	10
Basic earnings per shares (`)	(33.31)	0.23
Diluted earnings per shares (`)	(33.31)	0.23

NOTE 36 : TAXATION**Deferred Tax****Break-up of Deferred Tax Assets and Liabilities.**

(Amount in `)

Description	Current Year	Previous Year
Deferred tax liability recognised on account of timing difference:		
Tax impact of difference in net book value of fixed assets as per Accounts & Tax	38,59,67,401	41,47,39,944
Total Deferred Tax liabilities [A]	38,59,67,401	41,47,39,944
Deferred tax asset recognised on account of timing difference:		
Tax impact of provision for doubtful debts and advances	8,96,68,235	1,61,01,180
Tax impact of disallowances under section 43B of the Income tax Act, 1961	9,35,59,834	1,41,78,611
Tax Impact on carrying charges 40 (a)	-	1,29,60,877
Realisation of tax impact of:		
Tax impact of Unabsorbed depreciation and business losses	92,62,84,398	71,47,50,075
Total Deferred Tax Asset [B]	1,10,95,12,467	75,79,90,743
Deferred Tax Asset/ (Deferred Tax Liability) (B-A)	72,35,45,066	34,32,50,799
Charge to Statement of Profit and Loss	-	-
Net Deferred Tax Asset/ (Deferred Tax Liability)	72,35,45,066	34,32,50,799

Note: The Company has not recognised above Deferred Tax assets on account of prudence

NOTE 37

During the year 2006-07, Spentex (Netherlands) B.V received USD 15,000,000 from Citigroup Venture Capital International Growth Partnership Mauritius Ltd. (CVC) for issue of Preference Share Capital which is still pending allotment at the year end.

NOTE 38

Gain/(Loss) on foreign currency translation on restatement of balance brought forward from previous year represents foreign currency fluctuation on restatement of profit brought forward in respect of foreign subsidiaries.

NOTE 39

The Butibori Unit of the Synthetic Division had been exporting its goods under Rule 18 of the Central Excise Rules 2002 and claiming rebate on both input and output stage of duty. The Central Excise Department disallowed the rebate on Input Stage of duty at Butibori unit. The Synthetic Division has filed a revision petition with the Joint Secretary, Government of India who allowed rebate for both the stages of duty.

However, the Department appealed in the Hon'ble High Court of Mumbai which was upheld by the Hon'ble High Court. The Synthetic Division has now filed a Special Leave Petition before the Hon'ble Supreme Court of India for quashing the Hon'ble High Court Order and allowing the rebate on input stage of duty.

Pending the decision in the matter by the Hon'ble Supreme Court, the Synthetic Division has not yet reversed the rebate receivable on input duty aggregating to ` 52,879,724 (including ` 2,826,621 at its Pithampur Unit).

Further, relying on the judgment of the Hon'ble High Court of Mumbai for the Butibori unit, a demand has been raised by the Department on the Pithampur unit of the Synthetic Division against the refund already given of the rebate on input stage of duty amounting to ` 60,216,366 along with interest. Also, pending claims for the input stage of duty amounting to ` 2,826,621 have been disallowed during 2006-07. The Pithampur unit has gone into appeal against the said demand / disallowance. The Commissioner (Appeals) has rejected the appeal of the Synthetic Division for the pending claim, while the decision has been kept pending against the demand till the final order is received from the higher authority (Revision Authority).

While the management is hopeful of the decision of the case in its favour, it is also reasonably confident of the liquidation / utilization of these cenvat balances of ` 113,096,090.

NOTE 40

The Finance Act, 2001 has introduced, with effect from assessment year 2002-03 (effective April 1, 2001), detailed Transfer Pricing regulation for computing the taxable income from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within the due date of filing of Return of Income. For the year ended March 31, 2012, the Company has initiated the process of compliance with the said transfer pricing regulations for which the prescribed certificate of the accountant will be obtained and the Company does not envisage any tax liability.

SPENTEX INDUSTRIES LIMITED

NOTE 41

Pursuant to the exemption granted by the Department of Company affairs, Government of India, the Parent Company is publishing the consolidated and standalone financial statements of Spentex Industries Limited and its subsidiaries. The financial statements and auditors' report of the individual subsidiaries are available for inspection by the shareholders at the registered office. However, the information in aggregate on capital, reserves, total assets, total liabilities, details of investments turnover, profit before taxation, provision for taxation, profit/(loss) after taxation and proposed dividend for each subsidiary follows:

Sl. No.	Name of Subsidiary	Amit Spinning Industries Ltd.	Schoeller Textile (Netherlands) B.V.	Spentex Tashkent Toytepa, LLC	Schoeller Textil Verwaltungs GmbH	Spentex (Netherlands) B.V.	Spentex (Mauritius) Pvt. Ltd.	Botekos Plus s.r.o.	Spentex Cyprus Pvt. Ltd.
1	Share Capital (including share application money)	20,58,48,335	12,21,307	88,78,39,909	-	76,44,01,718	-	5,15,595	-
		(20,58,48,335)	(11,37,313)	(80,86,04,468)	(15,79,601)	(67,01,01,641)	(89)	(4,80,135)	(1,02,646)
2	Reserves and Surplus	(59,35,73,368)	(1,00,89,36,148)	17,57,93,748	-	18,33,90,572	-	-	-
		(-293,402,807)	(93,81,69,999)	(37,43,35,815)	(2,51,030)	(27,30,96,226)	(17,02,744)	(-)	(8,16,086)
3	Total Assets (Fixed Assets + Incidental Expenditure Pending Capitalisation + current assets + Deferred Tax Asset + Miscellaneous Expenditure	77,93,43,627	(13,163)	4,18,60,14,062	-	1,60,44,83,853	-	5,15,595	-
		(91,09,36,538)	(7,393)	(4,23,75,58,168)	(13,28,571)	(1,46,74,22,521)	-	(4,80,135)	-
4	Total Liabilities (Debts + Current Liabilities+Deferred Tax Liability)	1,16,70,91,891	1,09,01,25,944	3,12,23,80,405	-	2,48,15,48,784	-	-	-
		(99,85,14,241)	(10,49,28,329)	(3,05,46,17,840)	-	(2,12,37,99,717)	(18,05,301)	-	(7,13,440)
5	Investment	23,231	19,48,97,306	-	-	1,82,48,57,237	-	-	-
		(23,231)	(18,30,41,355)	-	-	(1,59,95,75,078)	(1,02,646)	-	-
6	Turnover	57,79,79,523	-	40,60,28,613	-	-	-	-	-
		(1,26,26,04,035)	-	(4,11,81,43,120)	-	-	-	-	-
7	Profit/(loss) before Taxation	(30,01,70,561)	(14,37,365)	(49,48,87,167)	-	(12,07,31,744)	-	-	-
		(-2,258,982)	(5,12,573)	1,60,36,202	-	(2,85,69,905)	-	-	-
8	Provision for Taxation (Deferred Tax)	-	-	-	-	-	-	-	-
		(150)	-	-	-	-	-	-	-
9	Profit/(loss) after Taxation	(30,01,70,561)	(14,37,365)	(49,48,87,167)	-	(12,07,31,744)	-	-	-
		(-2,259,132)	(5,12,573)	(1,60,36,202)	-	(2,85,69,905)	-	-	-
10	Proposed Dividend	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Figures shown in brackets represents previous year figures.

NOTE 42

The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figure have also been reclassified to conform to this year's classification.

NOTE 43

The outstanding balance as on 31st March, 2012 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation and consequential adjustment if any from the respective parties. The management, however, does not expect any material variations.

Notes referred to above form an integral part of Consolidated Financial Statements

For **J.C. Bhalla & Company**
Firm Reg. No. 001111N
Chartered Accountants

Akhil Bhalla
Partner
Membership No : 505002

On behalf of the Board
Mukund Choudhary Managing Director
Kapil Choudhary Deputy Managing Director
Sitaram Parthasarathy Director - Works
Amrit Agrawal Director - Finance
Ranjan Mangtani Sr. Vice President Corporate and Legal Affairs & Company Secretary

Place : New Delhi
Date : August 9, 2012

SPENTEX INDUSTRIES LIMITED

Regd. Office: A-60, Okhla Industrial Area, Phase II, New Delhi 110 020

ATTENDANCE SLIP

DP ID

Regd. Folio No.

Client ID

No. of Shares held

I certify that I am a registered Member/Proxy for the registered member of the Company. I hereby record my presence at the 20th Annual General Meeting of the Company on Friday the 28th September, 2012 at 10.30 A.M. at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019

.....
Name of the Member/Proxy (in BLOCK LETTERS)

.....
Signature of Member/Proxy

Note: Please complete this attendance slip and hand it over at the Entrance of the Meeting Hall

SPENTEX INDUSTRIES LIMITED

Regd. Office: A-60, Okhla Industrial Area, Phase II, New Delhi 110 020

PROXY FORM

I/We of being a member/members of the above named Company hereby appoint Mr./Mrs./Ms. or failing of as my/our Proxy to attend and vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held on Friday the 28th September, 2012 at 10.30 A..M. at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019.

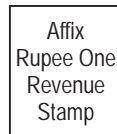
Signed this day of 2012.

Signature

DPID & Client ID No.

Folio No.

No of Shares held



Note : THIS FORM DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

SPENTEX INDUSTRIES LTD.-BARAMATI



CIMMCO SPINNERS. SOLAPUR



SPENTEX INDUSTRIES LTD.-PITHAMPUR



SPENTEX INDUSTRIES LTD.-BUTIBORI



AMIT SPINNING INDUSTRIES LTD.-KOLHAPUR



SPENTEX TASHKENT TOYTEPA LLC-TASHKENT



SPENTEX INDUSTRIES LTD. - CZECH REPUBLIC



SPENTEX TASHKENT TOYTEPA LLC-TOYTEPA

