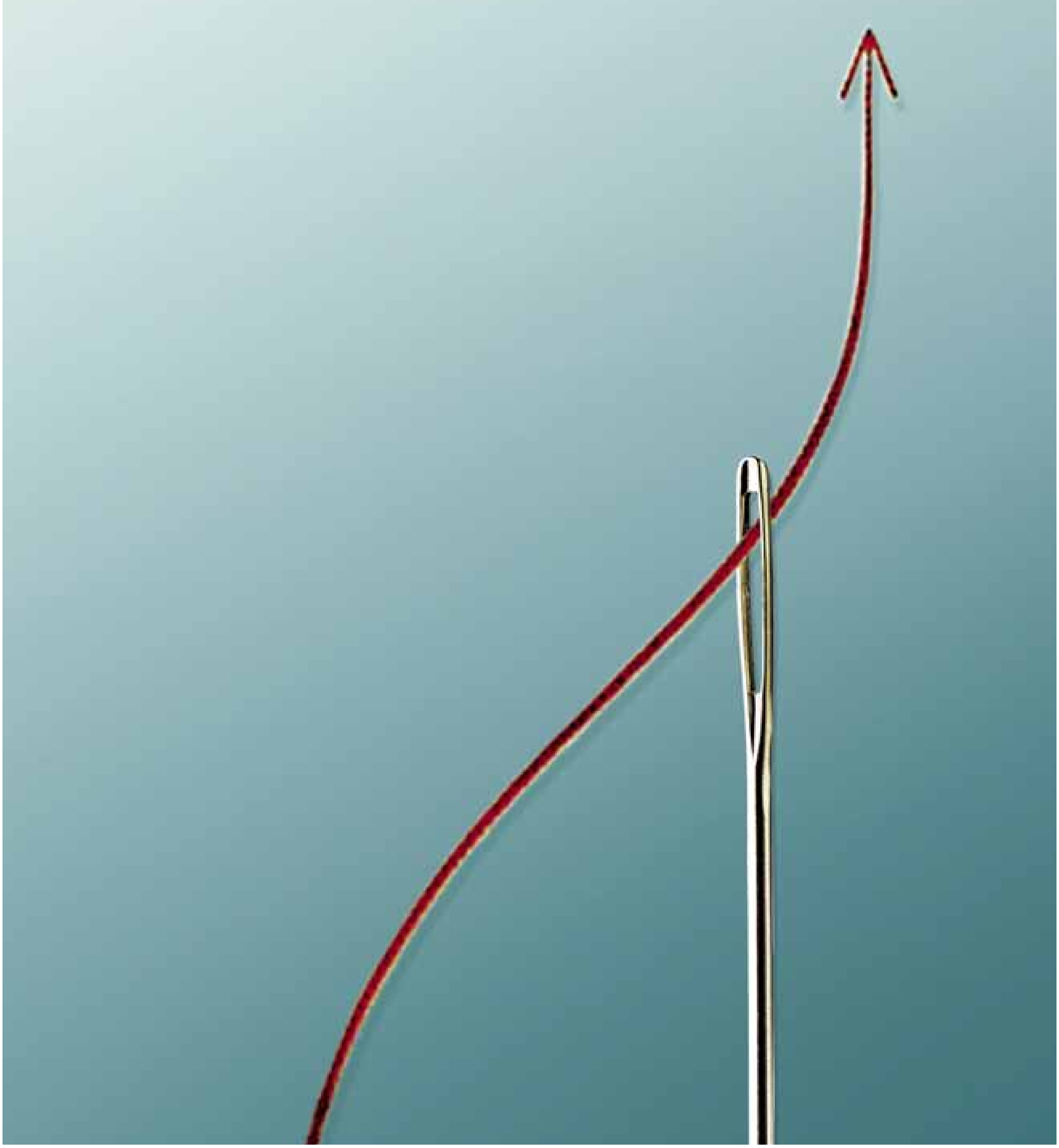
FORM A

1.	Name of the Company	Sutlej Textiles and Industries Limited
2.	ISIN	INE645H01019
3.	Scrip Code:	
	Bombay Stock Exchange Limited	532782
	National Stock Exchange of India Limited	SUTLEJTEX
4.	Annual Financial Statements for the year ended	31st March, 2013
5.	Type of Audit Observation	Un-qualified / No matter of Emphasis
6.	Frequency of Observation	Not Applicable
7.	Signed by –	
(i)	Chief Executive Officer/~~Managing Director~~	For Sutlej Textiles and Industries Ltd. S. K. Khandelia President
(ii)	Chief Financial Officer	For Sutlej Textiles and Industries Ltd. Sunil Sharma Chief Financial Officer
(iii)	Auditor of the Company	For SINGHI & CO. Chartered Accountants FRN No. 302049E B. K. SIPANI Partner (M. No. 88926)
(iv)	Audit Committee Chairman	For Sutlej Textiles and Industries Ltd. Rajan Arvind Dalal Chairman – Audit Committee

Sutlej Textiles and Industries Limited

Staying ahead of the CURVE



sutlej
textiles and industries limited

Annual Report 2012-13

In a cyclical global textiles industry, success comes from the ability to stay ahead of the curve.

By engaging in a number of initiatives during the downturn. Enhancing capacity. Introducing innovative products. Widening the product chain. Deepening distributional footprint.

So, even as most industry experts advised caution, Sutlej implemented these initiatives to stay ahead of the industry curve.

CONTENTS

This is the result: Sutlej revenues grew 9.32% to Rs. 1,680.24 crore and bottomline 142.58% to Rs 76.97 crore in 2012-13.

Sutlej is not just another textiles company.

The Company manufactures niche spun-dyed yarns that fetch higher realisations than the sectoral average.

The Company works with a number of raw materials to produce yarns, making it possible to absorb input volatility without affecting product viability.

The Company has extended from yarns to fabric to home textiles, addressing a larger share of the customer's wallet.

The result is that Sutlej has attractively outperformed its average sectoral growth in the years leading to 2012-13.

President Mr. S.K.Khandelia receiving FIEO's Niryat Shree Gold Tropy Award from Hon'ble President of India, Shri Pranab Mukherjee

Parentage

- The Company was incorporated in 2005 out of a corporate restructuring exercise in which the textile divisions of Sutlej Industries Ltd. (SIL) and Damanganga Processors Ltd. were demerged to create a single cohesive Company.
- The Company is among India's leading textile producers, with a value-chain extending from yarns and fabrics to home textiles.
- The Company had an employee base of 11,242 as on March 31, 2013.
- The Company had a promoter holding of 63.83 % and market capitalisation of Rs. 224 crore as on March 31, 2013.

Products

- Cotton yarns and other natural yarns, man-made fibre yarn, and blended yarns of various natural and man-made fibres
- All types of spun yarns
- Fabrics
- Home textiles furnishing

Presence

- Headquartered in Mumbai, the Company has four manufacturing units across Jammu & Kashmir, Rajasthan and Gujarat.
- Sutlej enjoys a global presence in the following countries: Australia, Austria, Argentina, Bangladesh, Belgium, Bahrain, Brazil, Cambodia, Cuba, Cyprus, Canada, Chile, China, Colombia, Ecuador, Egypt, France, Germany, Greece, Hong Kong, Indonesia, Italy, Iran, Israel, Jamaica, Japan, Jordan, Kuwait, Malaysia, Mauritius, Mexico, Morocco, New Zealand, Oman, Pakistan, Panama, Philippines, Poland, Portugal, Russia, Saudi Arabia, Dominican Republic, Singapore, Syria, Sri Lanka, South Africa, Taiwan, Tanzania, the Netherlands, the UAE, Tunisia, Turkey, Thailand, the United States of America, Ukraine, the United Kingdom, Uruguay, Venezuela and Vietnam, among others.

Clientele

The Company services the growing requirements of Raymonds, Harry's Collection, Digjam, Marks & Spencer, JC Penney, Next, ASDA, Grasim, Donear, Siyaram's, Arrow, Sears, Kohl's, Arvind and John Miller, among others.

Accreditations and awards

- The Company possesses the trading house certificate (conferred by the Government of India) with IS/ISO-9001:2008 quality certification.
- The Company was awarded the Niryat Shree - Gold Trophy by Hon'ble President of India, Shri Pranab Mukherjee in October 2012 for its export performance of Rs. 300.19 crore in 2009-10, an increase of about 77.19% over the preceding financial year.
- The Company was awarded Silver Trophy by SRTEPC for second best export performance in the category of spun yarn for 2011-12.
- The Company was awarded the Gold Trophy by SRTEPC for best performance for export of fabrics to focused Latin American countries for 2011-12.

General Manager Mr. Dhiraj Banka receiving SRTEPC Award for Second Best Export Performance in the category of spun yarn (Silver Trophy).

Senior Vice President Mr.R.R.Kankani receiving Award for Best Export Performance in the category of Exports of Fabrics/Made-ups to "Focus LAC Countries" (Gold Trophy) for the year 2011-12.

Manufacturing units

Rajasthan Textile Mills
Location: Bhawanimandi (Rajasthan)
Product: Cotton yarns and man-made fibre yarns
Capacity: 89,488 spindles and 336 rotors

Chenab Textile Mills
Location: Kathua (Jammu and Kashmir)
Product: Cotton yarns and man-made fibre yarns
Capacity: 171,000 spindles

Damanganga Fabrics
Location: Daheli (Gujarat)
Product: Fabrics and processed fabrics
Capacity: 4.9 million metres (Fabric) (60 looms) and 20 million metres (Processed fabric) per annum

Damanganga Home Textiles
Location: Daheli (Gujarat)
Product: Home textiles furnishing
Capacity: 2.5 million metres per annum (32 shuttle less looms)

Performance

Revenue

9.32% growth

Rs. 1,537.01 crore	Rs. 1,680.24 crore
2011-12	2012-13

EBIDTA

31.44% growth

Rs. 178.26 crore	Rs. 234.31 crore
2011-12	2012-13

Profit after tax
142.58%
growth

Rs. 31.73 crore	Rs. 76.97 crore
2011-12	2012-13

Cash profit (PBDT)
55.60%
growth

Rs. 108.61 crore	Rs. 169.00 crore
2011-12	2012-13

Gross block
1.72%
growth

Rs. 1,123.32 crore	Rs. 1,142.69 crore
2011-12	2012-13

ROCE (on EBIDTA)
5.58%
growth

17.62%	23.20%
2011-12	2012-13

Net margin (before tax and exceptional item)
3.30 %
growth

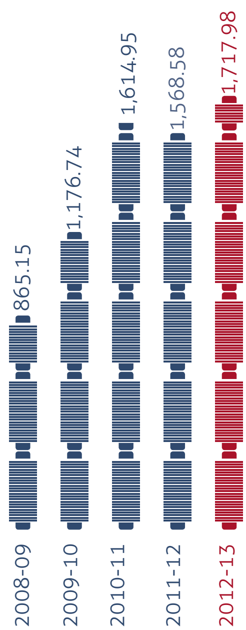
2.58%	5.88%
2011-12	2012-13

RONW (on PAT but before exceptional item)
11.32% growth

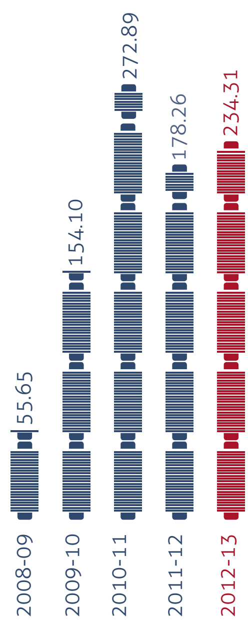
9.79%	21.11%
2011-12	2012-13

AHEAD OF THE CURVE.
AHEAD OF THE REST.

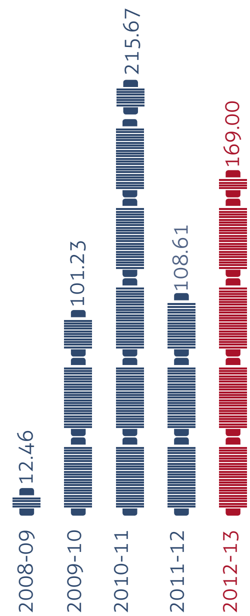
Total income (Rs. cr)



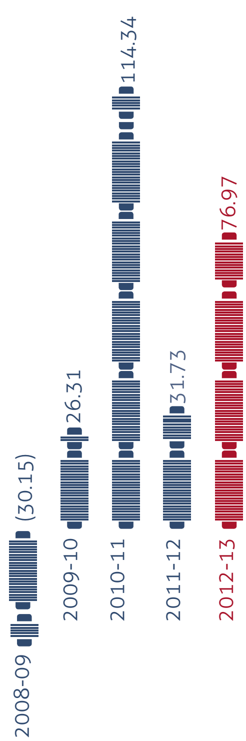
EBIDTA (Rs. cr)



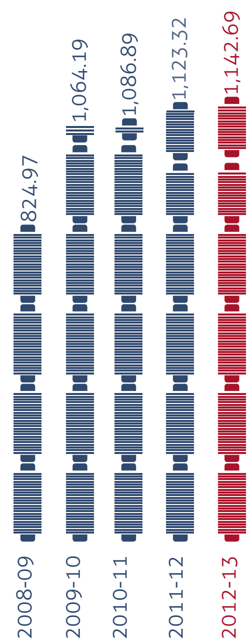
Cash profits (Rs. cr)



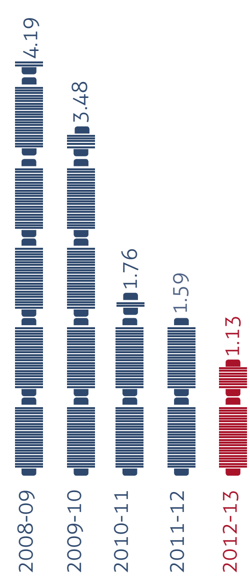
Post-tax profit (Rs. cr)



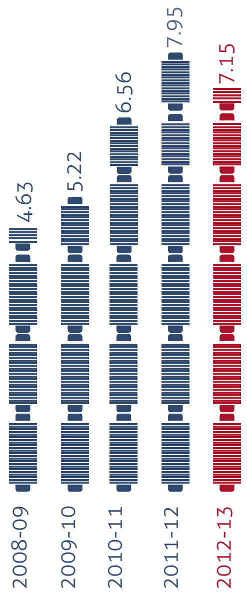
Gross block (Rs. cr)



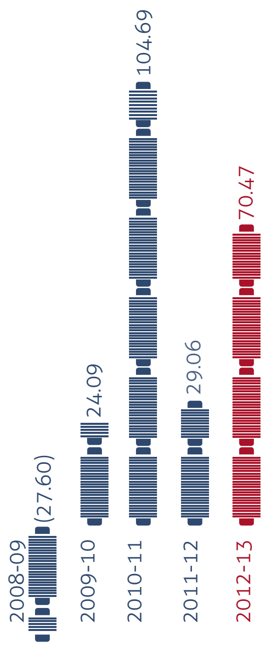
Debt equity ratio



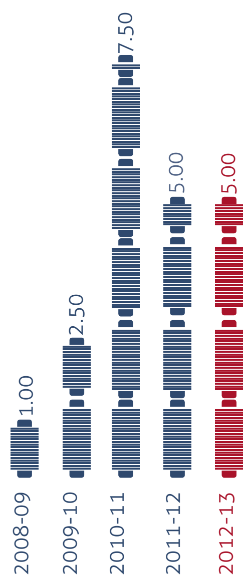
Average rate of loans (after TUF subsidy) *(%)*



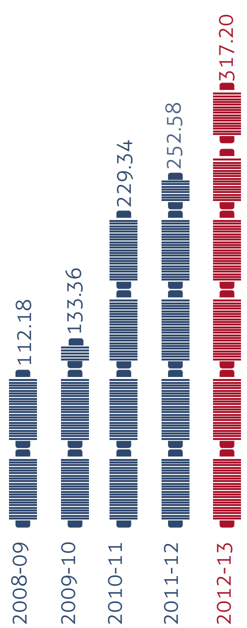
Earnings per share (Rs.)



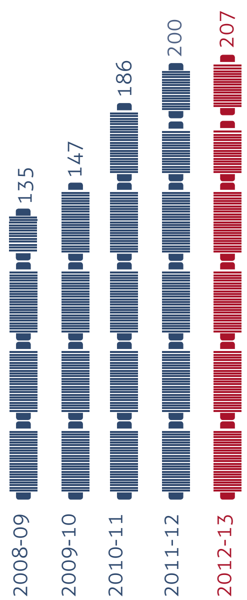
Dividend per share (Rs.)



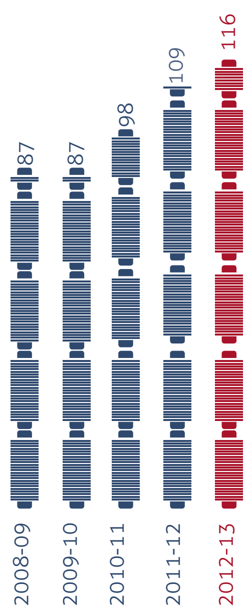
Book value per share (Rs.)



Average yarn realisation (Rs/Kg)



Average fabric realisation (Rs/Mtr)



Our business model

Investing across industry cycles. To stay ahead of the curve.

Over the decades, the Company has invested extensively in its business to protect its downside during industry troughs and maximise its upside during sectoral rebounds.

Overall strategy

- Sutlej has been one of the most aggressive investors in its sector; the Company invested Rs. 915 crore in modernisation, upgradation and cutting-edge technologies in the ten years leading to 2012-13 (77 % of its overall gross block).
- Sutlej invested in building wider and deeper relationships with organised brand-led corporate customers through the development of multi-products and multi-grades.
- Sutlej possesses one of the largest product portfolios (spun-dyed and mélange yarns) customised around specific customer needs.
- Sutlej provides world-class products around a superior price-value proposition.

Financial strategy

- Sutlej leverages its growing procurement of inputs (raw materials and equipment), the consistency of its presence and the soundness of its Balance Sheet to negotiate more effectively with its vendors.
- Sutlej leverages its cash and bank balance of Rs. 4.76 crore and annual depreciation provision of around Rs. 70.15 crore to fund its capacity expansions; 30% of its investments in the three years leading to 2012-13 were funded from within.
- Sutlej rationalised its debt through accruals, strengthening its gearing from 4.19 in 2008-09 to 1.13 in 2012-13.
- Sutlej possesses a clean record, making on-time payments to lenders with no record for debt restructuring.

Scale strategy

- Sutlej invested in scale, emerging as India's largest producer of spun-dyed yarns - daily yarn production of 191 tonnes – with corresponding economies-of-scale, diverse product mix and the ability to provide material expeditiously.
- Sutlej is extending its competitive advantage through the proposed addition of 26,064 spindles (project likely to be completed in 2014-15) to manufacture specialised mélange yarns (9.08% of the Company's post-expansion capacity), raising overall spindleage to 286,552.
- Sutlej widened its product mix, positioning the Company as a one-stop source for all types of spun yarn.

Sutlej rationalised its debt through accruals, strengthening its gearing from 4.19 in 2008-09 to

1.13

in 2012-13.

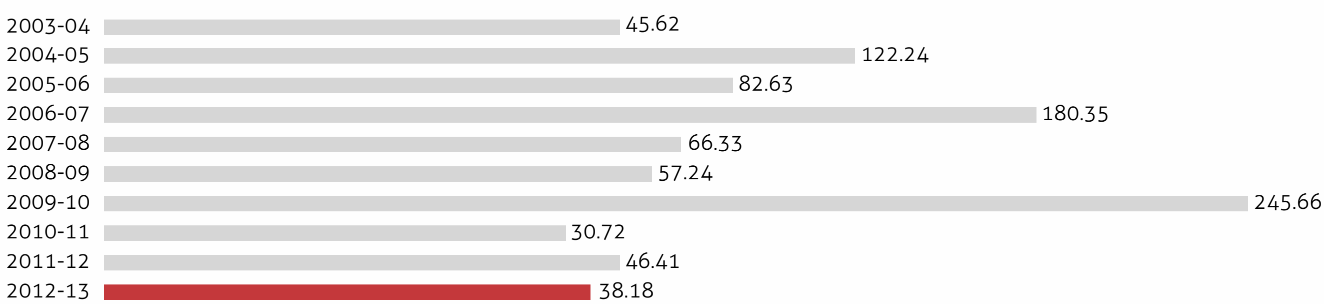
Staying ahead of the curve

Cutting-edge technology

In the challenging global textiles industry, customers are demanding consistently improving products around the highest value-proposition.

Continuous asset investment

Investment in fixed assets
(Gross block) (Rs. crore)

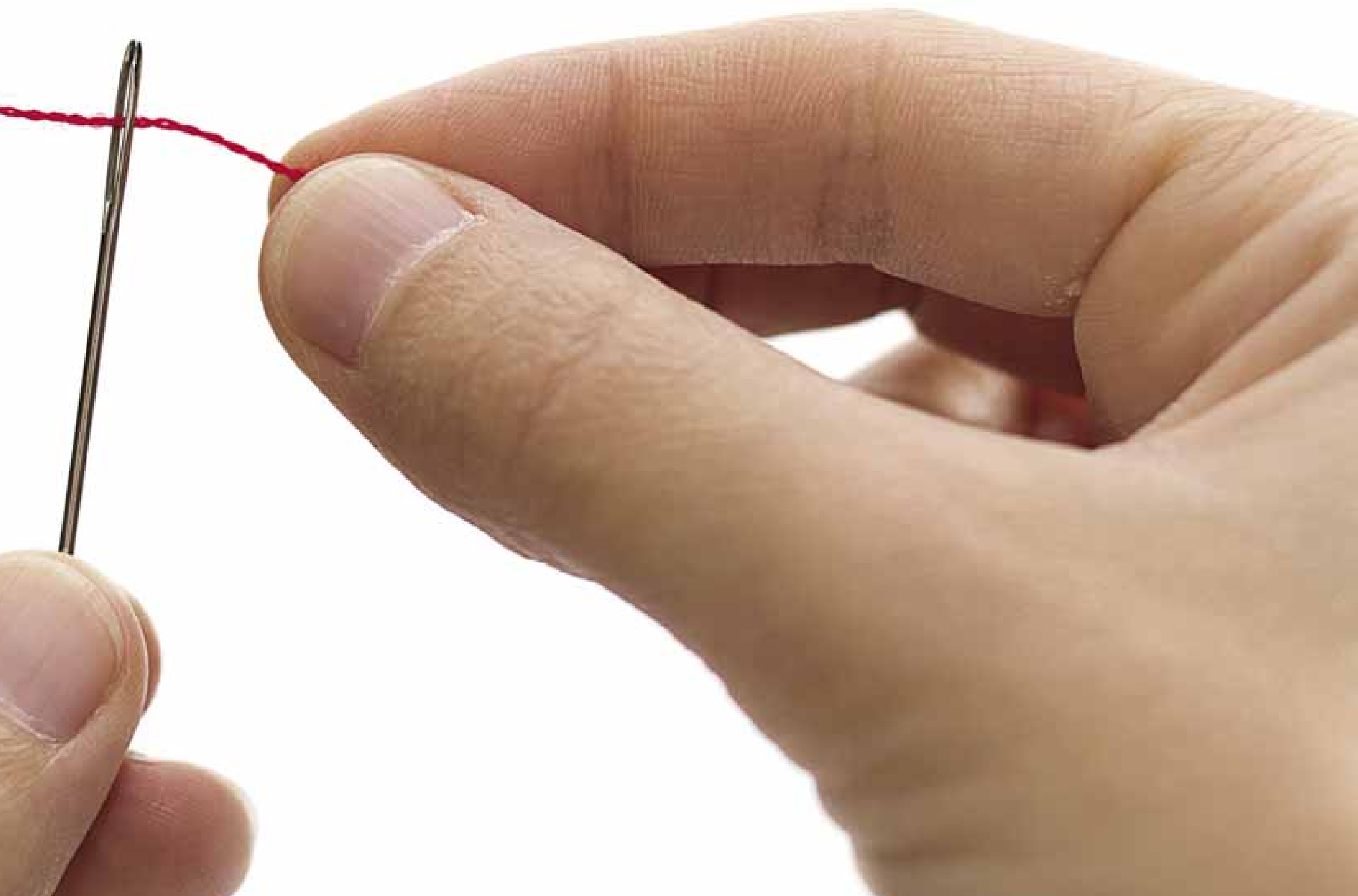


Over the years, Sutlej has stayed ahead of the curve through proactive investments in capacities and technologies, reducing its sensitivity to industrial cyclicality and strengthening its response to emerging opportunities.

These are some of the initiatives that helped the Company grow its business:

- The Company has progressively invested in large capacities. The Company doubled its capacity from 123,392 spindles in 2002-03 to 260,488 spindles in 2012-13 following an investment of more than Rs. 900 crore.
- The result is that the Company is the largest spun-dyed yarn manufacturer in India today (capacity 260,488 spindles and 336 rotors).
- The Company invested continuously in modernisation; 151,000 spindles out of 171,000 spindles in the Kathua unit were less than 10 years old towards the close of 2012-13; 81,000 spindles out of 89,488 spindles were less than 10 years old in the Bhawanimandi unit.
- The Company invested in advanced equipment (Savio Autoconer, Uster Tester 5400 with Hariness Module, Uster Quantum Clearer and Yarn Fault Classifying System) from reputed manufacturers like Itema (Asia) Ltd., Hong Kong, Uster Technologies AG, Switzerland, Keisokko Kogyo Co.Ltd., Japan, resulting in high operating efficiencies (higher asset utilisation, lower wastage, lower energy consumption and higher per person productivity).

Result: The progressive technology investments have made it possible for Sutlej to converge volume, efficiency and quality, translating into customer loyalty, revenue predictability and rising profits.



Staying ahead of the curve

Value-added and one-stop

In the challenging global textiles industry, customers are selecting to progressively work with vendors who can service all their requirements at a single point.

Over the years, Sutlej has stayed ahead of the curve through its progressive evolution from a manufacturer into a comprehensive solutions provider, reflected in its ability to work with different fibres, different customers and across different price points.

These are some of the initiatives that helped the Company strengthen its customer relevance:

- Sutlej has progressively addressed the evolving needs of its customers, migrating from a mere vendor to a partner to a one-stop solutions provider.
- The Company possesses the ability to transform its reading of emerging marketplace trends to ensure timely productisation supported by relevant capacities, quality and value-addition measures.
- The Company possesses one of the widest portfolios across spun-dyed and mélange yarn products; its expertise extends from the use of cotton to polyester to viscose to acrylic to modal to lycra to teflon to linen resulting in the manufacture of customised products.
- The Company possesses the credentials to manufacture yarn of any fibre (synthetic and natural) in any blend (grey, dyed and mixture) and across a wide count range (6-50 counts).
- The Company is the largest of five privileged Indian licensed producers using modal, a special fibre from Lenzing, Austria
- The Company's plants are IS/ISO 9001:2008 certified with the right to use the 'usterised' trademark by Uster Technologies AG Switzerland (following a detailed examination of the facility's quality assurance system).

Result: Over the years, the wide portfolio has translated into the ability to engage different kinds of customer, grow their exposure, emerge as the preferred supplier and attract new customers, creating a virtuous cycle of growth and profitability.

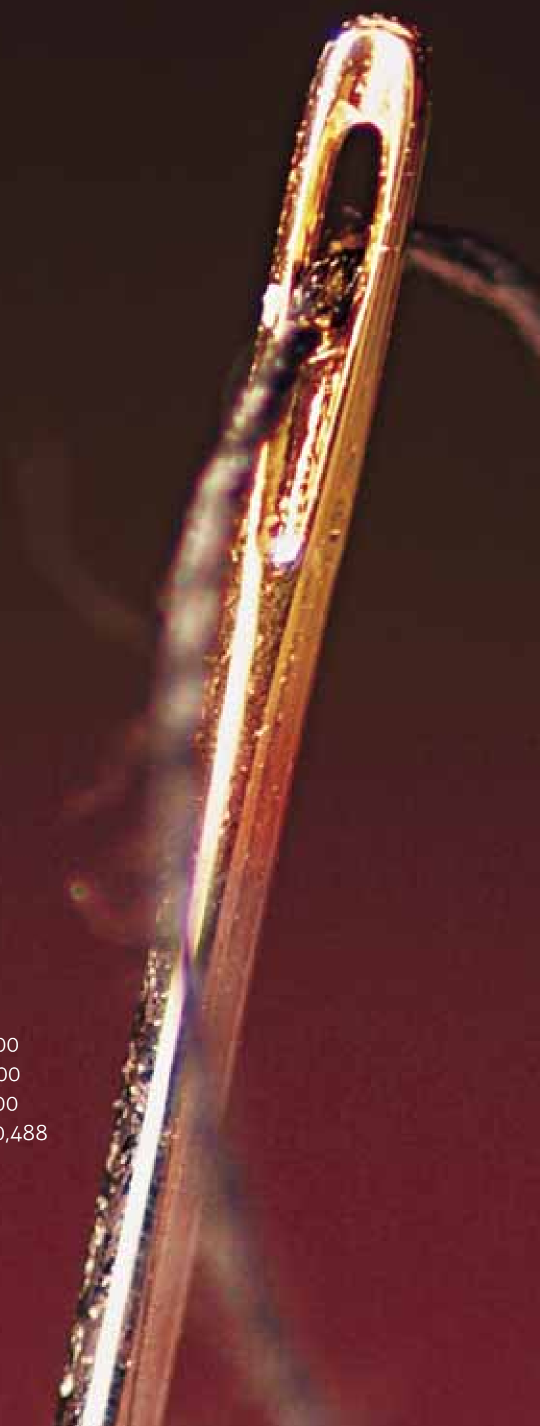
Continuous turnover growth

Turnover (Net) (Rs. crore)

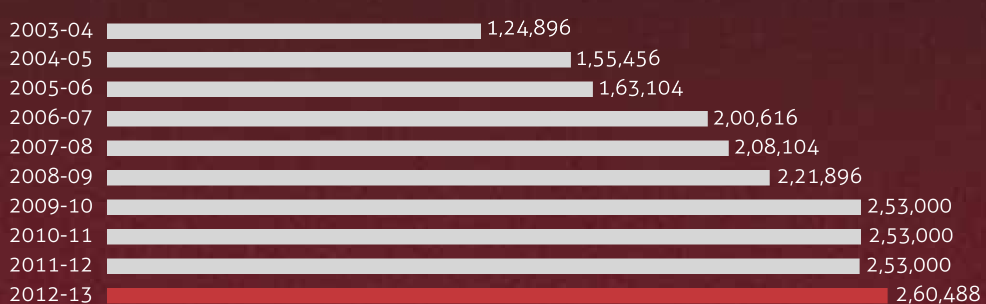
Staying ahead of the curve

Superior service

In the challenging global textiles industry, customers are selecting to work only with vendors who deliver core offerings around the highest reliability.



Yarn capacity (No. of spindles)



Over the years, Sutlej has stayed ahead of the curve through progressive investments in systems - raw material procurement and supply chain management - that strengthened its service-centric mindset.

The Company strengthened its service commitment through the following initiatives:

Supply management

Sutlej works closely with customers to understand requirements, leverage its rich knowledge, provide advice and arrive at the right products.

- The Company ensures that its products matches the standards expected by the customer's, thereby sustaining the relationship and graduating to larger orders.
- The Company possesses a large network of employees, agents and dealers in proximity to markets.
- The success of the Company's marketing initiatives is reflected via the enduring relationships with leading Indian textile manufacturers (Raymond's, Siyaram, Digjam, Pantaloons, Reliance and Grasim, among others) and exports to more than 60 countries with an impressive client list.

Procurement management

- The Company procures adequate raw materials from respected manufacturers resulting in lower process losses and downtime; it procures adequate raw material resources with proper production planning.
- The Company's manufacturing facilities are located within India for easy, uninterrupted and cost-effective raw material supply.

Result: The Company's material cost as a proportion of sales declined from 63.97% in 2008-09 to 61.88% in 2012-13 indicating attractive value-addition.

Raw material procurement

The Company's principal raw materials comprise cotton and man-made fibres (polyester staple fibre, viscose staple fibre, acrylic staple fibre and other specialty fibres).

Cotton is procured from Punjab, Haryana, Rajasthan, Gujarat, Madhya Pradesh and Maharashtra. Viscose staple fibre is sourced from Grasim Industries. Polyester staple fibre is sourced from Reliance Industries. Acrylic staple fibre is sourced from Indian Acrylics and Pasupati Acrylon. Modal/Lyocell staple fibre is imported from Lenzing, Austria.

The principal raw materials required for the manufacture of blended fabrics comprise polyester viscose- blended yarn, which is largely manufactured in-house, while wool yarn is outsourced.

Our big numbers

2,60,488
Total capacity (spindles)

60
Total capacity (looms)

207
Yarn realization (Rs/kg)

116
Fabric realization (Rs/ metre)

915.38
Gross block addition over the last ten years (Rs crore)

1,37,096
Added over the last ten years (spindles)

The Company's principal raw materials comprise cotton and man-made fibres (polyester staple fibre, viscose staple fibre, acrylic staple fibre and other specialty fibres).

60

Export locations (countries)

7.15

Average rate of
loans (after TUF subsidy) (%)

11,242

Number of
employees

14.95

Average realization per
person (Rs lakhs)

Chairman's overview

Sutlej has emerged as a sustainable profit-making company in a cyclical industry

In the cyclical business of textiles manufacturing and marketing, success is derived from the ability to remain liquid and profitable across all industry cycles.

The Company vindicated its long-standing business strategy in 2012-13. It reported a 9.32% increase in topline and a 142.58 % growth in its profit after tax. This positive divergence indicates that the Company was one of the quickest to respond to the sectoral improvement, with profitability increasing faster than revenue growth. This volume-value play vindicates the Company's enduring strategy of investing during sectoral downtrends and capitalising on the sectoral rebound.

The year 2012-13 was marked by declining growth the world over. The growth in the World Gross Product (WGP) was estimated to be 2.3% in 2012. Many large developing countries including Brazil, China and the Russian Federation, saw a significant deceleration in GDP growth in the past two years. This deceleration was attributed to a combination of weak external conditions and domestic impediments.

India was no exception. The Indian economy, Asia's third-largest, slowed sharply to 5% in FY 2012-13 from the scorching growth notched a few years ago due to a string of factors including high inflation, high interest rates, decelerated global economy, delay in project implementation, policy logjam, industrial growth slump, declining business sentiment and high current account deficit. In 2012-13, farm sector grew 1.9% and manufacturing sector grew 1% compared with 3.6% and 2.7% respectively in 2011-12.

Despite this challenging scenario, Sutlej strengthened its performance in 2012-13 through the following achievements:

- 9.32% growth in topline to Rs. 1,680 crore
- 142.58% growth in bottomline to Rs. 77 crore
- 5.58% growth in EBIDTA margin on capital employed to 23.20%
- 3.5% growth in average yarn realisation to Rs. 207 per kg

Countering challenges

The global textile industry was affected by volatile raw material and finished goods prices, result was that the exchange rate fluctuations, increase in costs and inconsistent governmental policies. The Indian market also witnessed a decline of 7.2% (April, 2012 to January, 2013) in textile exports over the corresponding period in the previous year.

The Indian story

The demand for textile and clothing is on the rise globally with the Indian market on the forefront. Despite the upheavals which we have witnessed globally and within India, the state of Indian textile and clothing industry has remained strong – and it will continue to become stronger owing to the burgeoning domestic market.

The catalyst for the Indian economy will be increasing consumption rates. Much of the demand in Asian countries comes from exports to the developed world, while in India most demand is based on domestic consumption growth.

Considering that Indian GDP will continue to remain upwards of 6% and India having the world's largest population below the age of 40 years and having significant purchasing power, the business opportunities will touch new echelons. The growth of our economy and the rising desires and aspirations of the Indian youth will ensure that the demand for textile and clothing keeps on surging year after year.

Sutlej addressed these challenges through the following initiatives:

Raw material management: The volatile textiles industry is marked by daily movements in raw material prices drawing cues from the global market. Sutlej embarked on prudent raw material management resulting in the timely procurement of the quality material at optimal costs. The volatility notwithstanding, the Company's average realisations were higher than the average increase in raw material costs, enhancing profitability.

Increase in costs: During the year under review, wages and power costs increased by 15% for the Company as a whole. This increase notwithstanding, the Company responded with higher equipment and people productivity, strengthening EBIDTA margins by 5.58% to 23.20 % in 2012-13.

Exchange rate fluctuation: The Company was affected by exchange rate fluctuations in a business where 20.29% of its revenues are derived from exports. To mitigate this risk, the Company hedged its payables and receivables.

Strengthening the business

The Company strengthened its business during the year under review through the following initiatives:

- The Company shelved its garments business as it was not enhancing corporate value, accounting for only 0.39% of its topline.
- The Company focused on client acquisition and relationship management, accounting for a larger share of the customer's wallet.
- The Company strengthened its focus on the domestic market, marked by superior realisations and offtake stability over a competitive global market marked by rising competition. As a result, domestic sales increased by 19.45 % to Rs. 1,339 crore.

Outlook

Year 2013 appears to be a repeat of 2012, with both trade and output expanding below their long-term averages.

As per a report released by the United Nations, the global economic activity is projected to slowly gain momentum, but growth will continue to be below potential employment gains will remain weak. Growth of world gross product (WGP) is now projected at 2.3% in 2013, the same pace as in 2012, before gradually strengthening to 3.1% in 2014, supported by an expected pickup in activity in the US. This pick up is set to be spurred by the avoidance of the fiscal cliff and expansion of monetary easing, along with gradual recovery in the housing sector.

This improvement in 2013 may only partly offset the continued weakness of the EU, whose economy is expected to remain flat or could even contract slightly. In the first quarter of 2013, the US recorded a strong rise in the manufacturing segment, Japan's production growth was less negative, and China and the Republic of Korea showed modest improvements. On a positive note, some factors that held back trade growth in 2012 could subside in 2013.

The softening global commodity prices, improved economic conditions in the US and a pick up in the Indian export prospects are expected to contribute positively to better GDP growth. Sutlej expects to report satisfactory performance in terms of revenue and profitability in 2013-14 as well.

Going forward, the Company expects to strengthen its competitive advantage through an additional investment in 26,000 spindles for the manufacture of specialised mélange yarns, expected to be commissioned in 2014-15, thereby enhancing value-addition, payback and profitability.

Despite various challenges, the Company posted substantial growth in terms of revenues as well as profits in the last few years. With a view to share this success with the shareholders, the Board has proposed an issue of bonus shares in the ratio of one share for every two existing shares held in the Company.

C.S. Nopany
Chairman

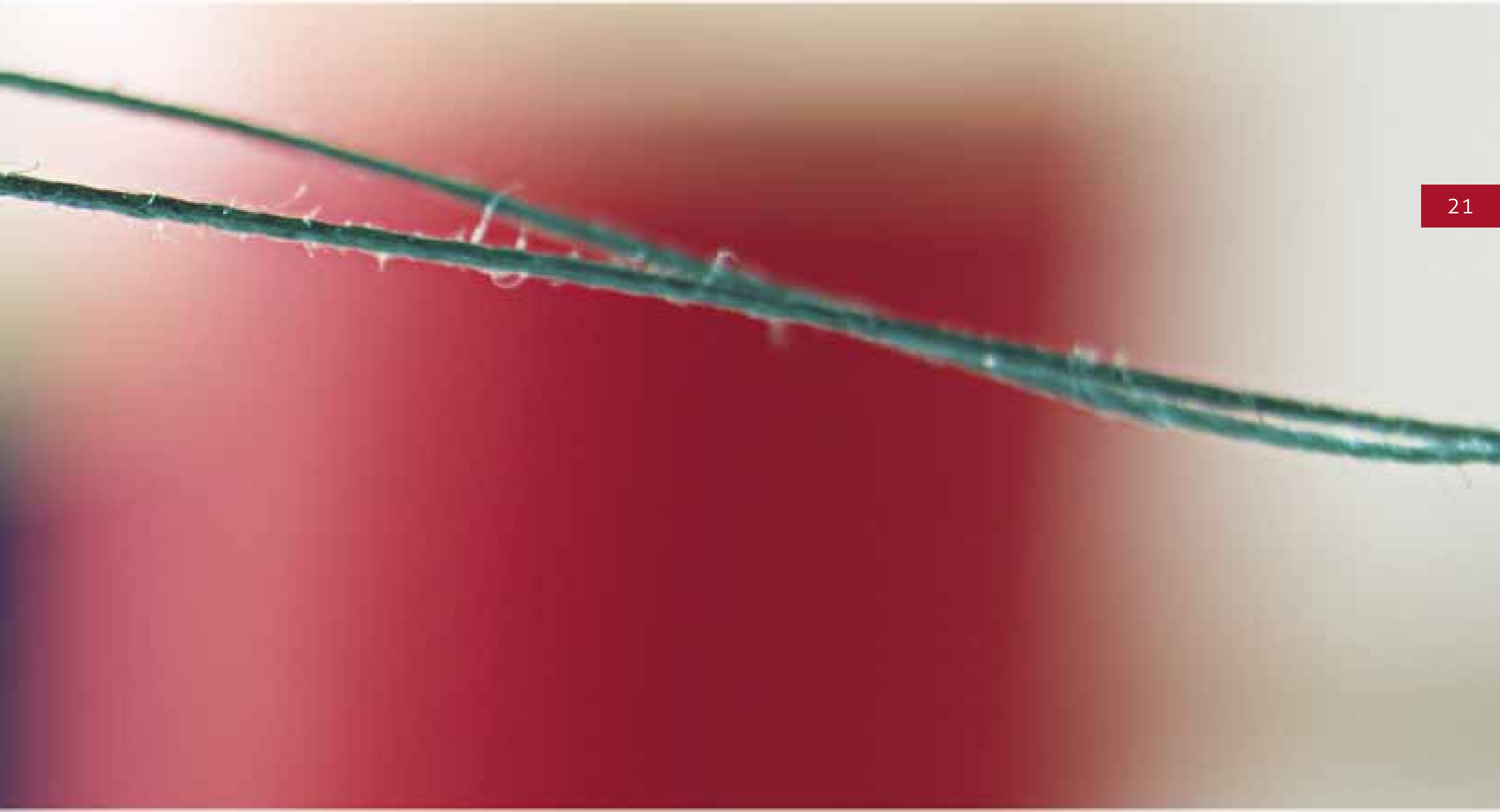
Ahead of the curve, through our competencies

Brand: Sutlej is respected as an innovative global yarn producer using a range of inputs (cotton, acrylic, and polyester, viscose and modal, among others) with a one-stop source for all types of spun yarns for its customers.

Robust model: Sutlej's value chain extends from yarns to fabrics to home textiles.

Product mix: Sutlej selected to be present at the value-end of the pyramid within the yarns business (accounting for 93.21% of revenues, 2012-13).

State-of-the-art equipment: The Company invested Rs. 915.38 crore in its business in the decade leading to 2012-13, one of the highest investments in the niche end of India's yarns business. Nearly 89% of the Company's spindleage was less than a decade old, an index of its manufacturing efficiency.



Strong financials: The Company's gearing stood at 1.13 in 2012-13.

Widespread footprint: The Company's operations were spread across 60 countries (14 new markets in 2012-13). No country accounted for more than 3.79 % of the Company's revenues in 2012-13.

Strong R&D: The R&D team successfully delivered customised products, addressing specific client needs.

Strategic location: All the Company's plants are situated in the vicinity of raw material-producing and marketing centres.

Business segments

1 Yarn

Sutlej manufactures niche quality synthetic and blended yarns marketed to prominent labels within India and abroad. The Company is a one-stop shop for all kinds of spun yarn; it pioneered the development of a variety of contemporary blends and shades.

	2012-13	2011-12
Net sales (Rs.crore)	1,587.88	1,458.83
EBIDTA (Rs.crore)	234.19	176.82
Profit before tax (Rs.crore)	124.25	59.85
Contribution to total revenue (%)	93.21	93.40
Installed capacity (spindles)	260,488	253,000
Capacity utilisation (%)	94.41	93.86

Sutlej Textiles is one of the largest Indian producers and exporters of value-added synthetic and blended dyed spun yarns. The division accounts for 93.21% of the Company's revenues; it has been profitable for nine of the 10 years in the last decade.

The Company's spinning units - Rajasthan Textile Mills (RTM) in Bhawanimandi, Rajasthan and Chenab Textile Mills (CTM) in Kathua, Jammu and Kashmir – manufacture a range of dyed spun yarns that address the demanding needs of fabric makers and are also consumed within the Company to manufacture fabrics and home furnishings. Over the years, Sutlej emerged among a handful of Indian companies with the competence to weave specialty yarns (lycra, coolmax, modal and tencel yarns, among others).

Strengths

Raw material security: The Company procures raw materials from select manufacturers; an adequate raw material inventory (equivalent to eight weeks of production) counters stockouts

Advanced technology: The Company invested Rs. 791 crore in asset modernisation/ expansion in the ten years leading to 2012-13. Nearly 89% of the Company's spindleage was less than a decade old.

Quality compliance: A major portion of the Company's products were marketed to prominent quality-respecting labels in 2012-13. The Company was certified across the IS/ISO 9001:2008. The Company invested in cutting-edge quality testing equipment (HVI spectrum, AFIS Pro UT-4, Tensojet and Classimat, among others). Uster Technologies AG Switzerland extended the rights to the Company to use the 'usterised' trademark, following a detailed examination of the facility's quality assurance systems.

Relationship-driven: The Company evolved from a vendor to a partner to a solutions provider, marked by the ability to convert incipient trends into tangible products, address value-added customer needs and respond with speed to post-sale customer requirements.

Beyond commodity: The Company is present in the value-added yarns segment. Realisations strengthened from Rs. 139 per kg in 2007-08 to Rs. 207 in 2012-13.

Comprehensive distribution: The Company's extensive network comprises 198 branches/depots and agents across India making it possible to service the growing needs of customers; the Company's network of 86 export agents makes it possible to track demand across major markets in real time.

International brand: The Company is one of the largest Indian exporters of polyester-viscose blended yarn. Exports accounted for 20.29% of the Company's revenues in 2012-13. The Company exported yarns to more than 37 countries (Argentina, Bangladesh, Belgium, Brazil, Canada, Chile, China, Colombia, Cuba, Egypt, Germany, Hong Kong, Indonesia, Iran, Israel, Italy, Mexico, Morocco, the Netherlands, Pakistan, Philippines, Poland, Portugal, Russia, Saudi Arabia, South Africa, Sri Lanka, Syria, Tanzania, Thailand, Tunisia, Turkey, the USA, Ukraine, the UK, Uruguay and Venezuela, among others).

Privileged: The Company is the largest among five privileged Indian licensed producers of the yarn varieties through the consumption of modal, a special fibre from Lenzing, Austria.

Highlights, 2012-13

- Increased average yarns realisations from Rs.200 per kg to Rs.207 per kg
- Grew yarn volumes by 4.58%, from 66.66 million kgs in 2011-12 to 69.71 million kgs
- Reduced yarn exports by 22.92% owing to better realisations from within India. Yarns exports stood at 14.30 million kg with a value of Rs.288.91crore.
- Domestic volumes increased 20.51% from 53.61 million kgs in 2011-12 to 62.04 million kgs; domestic realisations improved by 4% to Rs 208 per kg
- Achieved an average spindle utilisation of 94.41% (93.86% in the previous year).
- Exported yarns to new markets like Cuba, Indonesia, the Netherlands, Tunisia, Ukraine, Uruguay and among others, taking the total number of export locations to 37.
- Established two full-fledged product development centres for polyester-blended yarn and cotton melange and cotton-blended yarn.

Going ahead, the Company embarked on an expansion of 26,064 spindles to manufacture additional specialised mélange yarn.

Rich product basket

Regular qualities: *100% polyester *100% viscose *100% acrylic *100% modal and tencel *100% cotton melange and cone-dyed *Polyester/viscose *Polyester/cotton *Acrylic/cotton *Polyester/acrylic *Modal/ cotton *Modal/polyester *Viscose/cotton *Bamboo/cotton

Premium qualities: *Micro-polyester (soft touch) *Micro-acrylic (for chenille) *Micro-modal (super-soft silky) *Hamel covered yarns (stretch) *Low piling yarns *Carpet backing and pile yarns *Yarns on ready- to-dye package *Cationic dyeable yarns *Tencel *Yarns from soy milk fibre *100% bamboo

Core competencies

*Production of almost every grade across different yarn varieties (cotton, man-made fibres and blended)

*Manufacture of single-ply, double-ply, and multi-ply grindle, roving grindle, core spun, slub and other fancy yarns

*One of the few manufacturers of fibre-dyed yarns

*Ability to provide virtually any shade of yarn

4.58%

Growth in yarn volumes from 66.66 million kgs in 2011-12 to 69.71 million kgs

The division accounts for

93.21%

of the Company's revenues; it has been profitable for nine of the 10 years in the last decade.

Business segments

2 Fabric

The Company markets a wide and value-added product range supported by its design studio that analyses prevailing trends (colours, designs, fall, look and textures) and develops contemporary varieties.

	2012-13	2011-12
Net sales (Rs.crore)	75.54	66.02
EBIDTA (Rs.crore)	(0.82)	(0.81)
Profit before tax (Rs.crore)	(13.60)	(12.15)
Contribution to total revenue (%)	4.43	4.23
Installed capacity (million metres per annum)	4.90	4.90
Capacity utilisation (%)	81.34	76.85

The division was started in 2000-01 as an initiative to integrate the Company's spinning capabilities. This marked the Company's entry into the premium fabric segment. Over the years, the Company's fabric unit - Damanganga Fabrics in Bhilad (Gujarat) – was reinforced with cutting-edge equipment and skilled workers translating into the manufacture of premium fabrics and the engagement of brand-enhancing customers. The fabric division accounted for 4.43% of the Company's revenues.

The Company's product portfolio comprised:

- **Advance teflon:** Water and stain-repellent across 20 washes; also stain release property, highly recommended for uniform wear.
- **Teflon finish:** Superior water and stain-repellent property, remains from 10 to 30 washes.
- **Enzyme wash:** Provides extreme softness and wool touch to the fabric.
- **Wrinkle-free:** Anti-wrinkle property that provides a fresh look to the fabric at all times.
- **Aroma finish:** Aromatic property enhances a fresh aroma when the fabric is rubbed.
- **Anti-microbial:** Prevents bacterial growth on the fabric, protecting the skin.
- **Ice touch:** Fabric maintains a lower temperature to the extent of around 6°C, compared to the exterior.
- **Chemical stretch:** Enables the fabric to stretch for enhanced body comfort.
- **Temperature control:** Possesses excellent insulation for a cool feel in the summer and warm comfort in winter.
- **Insect-repellent:** Prevents insects from getting near the fabric.
- **UV-resistant:** Protects unwanted UV rays from entering the body; prevents the skin from damage.

Malodour resistant: Prevents bad body odour, providing a fresh feel.

Highlights, 2012-13

- The Company replaced 30 old Dornier looms with 30 Picanol looms. Picanol, a Belgian company develops, produces and markets the finest weaving machines.
- The Company enhanced its focus to produce special value-added and innovative fabrics like teflon coated, insect-repellent and malodour resistant ones across its fabric range without compromising overall comfort, style and affordability.
- The Company explored tie-ups with foreign marketers and manufacturers
- Volumes declined from 5.37 million kg in 2011-12 to 5.36 million kgs in 2012-13; capacity utilisation increased from 76.85% to 81.34%

The Company plans to ramp its fabric output and produce new special fabric varieties.

Diversified product range

Premium blends: *Poly viscose *Poly viscose lycra *Poly wool *Pure wool *Poly wool lycra

Exotic blends: *Poly modal *Poly tencel *Poly viscose linen *Poly viscose cotton *Poly silk *Linen cotton *Pure linen

Finishes: *Advanced dual-action teflon *Repel teflon *Release teflon *Teflon HPR *Ultra-release teflon *Enzyme-washed *Wrinkle-free *Aroma finish *Anti-microbial *Ice touch *Chemical stretch *Temperature control *Insect-repellent *UV-resistant

Business segments

3 Home textiles

This represents a value-added extension in terms of the Company's premium yarns. The Company invested in state-of-the-art equipment, translating into a wide range of furnishing fabrics and made-ups.

	2012-13	2011-12
Net sales (Rs.crore)	33.79	27.48
EBIDTA (Rs.crore)	2.73	3.23
Profit before tax (Rs.crore)	(3.75)	(1.57)
Contribution to total revenue (%)	1.98	1.76
Installed capacity (million metres per annum)	2.5	2.5
Capacity utilisation (%)	77.36	77.44

The Company ventured into the home textiles segment in 2006 following investment in a modern plant (Damanganga Home Textiles) with state-of-the-art equipment. The forward extension into home furnishings enabled the Company to address a growing market and enhance yarn realisations following the conversion.

The Company progressively invested in its business through collaborations with reputed European design studios, investments in advanced testing laboratories and enduring customer relationships. The home furnishings division accounts for 1.98% of the Company's revenues.

Highlights, 2012-13

- Home textiles sales grew by 22.93%, from Rs. 27.48 crore ore in 2011-12 to Rs 33.79 crore
- Exports increased 24.12 %; export volumes stood at 0.64 million metres with a value of Rs. 12.27 crore; Exported textiles to new markets like Egypt, Germany, the Netherlands, Oman, Pakistan and Panama
- Decreased capacity utilisation slightly from 77.44% in the previous year to 77.36%

Going ahead, the Company will focus towards enhancing market penetration and increasing its presence in value-added segments.

Diversified product range

Its product range comprises furnishing fabrics and made-ups of jacquard and dobby weaves using cotton, polyester, rayon blends, chenille, flax, silk, jute, linen and other blends.

Made-ups: *Curtain fabric *Upholstery fabric for sofa sets/ seats and seat covers *Fabrics for automobile seats *Mattress covers *Readymade curtains *Shams *Duvets *Throws *Wall hangings and decorations *Bed spreads and bed covers *Quilts and quilting materials *Chenille items *Baby bedding

Finishes: *Fire-retardant *Bio-finish *Aroma finish *Other add-on finishes as per the buyer's requirement.

22.93%

Growth in home textiles sales

De-risking the business

Industry risk

A downturn in the Indian textiles industry can affect the Company's growth.

Risk response

- The domestic textile and apparel market was worth Rs. 2,73,350 crore (USD 58 billion) in 2011 and is expected to grow at 9% annually to reach Rs. 6, 63,800 crore (USD 141 billion) by 2021.
- The Indian textile and clothing industry remained strong – and will continue to become stronger owing to the burgeoning domestic market driven by greater consumption.
- Fitch rated the outlook for India's synthetic textiles as 'stable'.
- Export demand is expected to be fairly robust as new economies - China, India, Russia, the UAE, and South Africa, among others - emerging as hubs of consumption.
- The Indian textiles and clothing export has the potential to reach USD 45 billion by 2015 and USD 80 billion by 2020.

Strategy risk

In a competitive industry, strategic errors could impact market share and profitability.

Risk response

- During the year, the Company exited the operation of its loss-making garments business. Closure of the garment segment will give more focus on the fabrics and home textiles.
- The Company has volume of 260488 spindles and is a one stop shop for all value added spun dyed yarn, the combination of both makes us an attractive player in the market.
- Sutlej is the largest producers in India for dyed yams.
- Positioned among the largest exporter of value-added synthetic and blended spun yarn in India
- Existing presence across 60 countries.
- The Company enhanced its focus on the domestic markets owing to better realisations in India.
- The Company is among the few companies in India to produce specialty yarns (modal, tencil, lycra and coolmax).
- Focused more on corporate customers, thereby bringing consistency to the business.

Currency fluctuation risk

The Company derived 20.29% of its revenues from exports, attracting the risk of an adverse currency fluctuation.

Risk response

- The Company possesses a strong in-house forex team to track global currency movements.
- Established a policy where all its receivables as well as payables are hedged.
- Enjoyed a natural hedge through the import of certain raw materials and the export of finished products to more than 60 countries.

Quality risk

Poor yarn quality could impact the Sutlej brand of textiles.

Risk response

- The Company's quality commitment is reinforced via globally benchmarked quality assurance protocols.
- Extensive checks were conducted on raw materials, materials-in-process and finished products.
- The Company installed online monitoring systems and modern assets, comprising evenness testers, classimats, and friction testers and wrapping instruments, among others, across all its manufacturing facilities.
- The Company possessed high-speed, internationally-benchmarked equipment.
- The Company certified for IS/ISO 9001:2008 across all units.
- The Company's units were equipped with world-class and advanced quality-testing equipment, comprising HVI spectrum, AFIS Pro UT-4, Tensojet and Classimat, among others.
- The Company's assets enjoyed quality recognition from a number of international brands.
- Uster Technologies AG Switzerland granted the right to use 'usterised' trademark, following a detailed examination of the facility's quality assurance systems.

Costs risk

The textile industry witnessed a significant rise in production costs, an escalation in which could impact margins adversely..

Risk response

- Sutlej focuses on achieving and maintaining economies-of-scale to manage costs. The Company possesses an aggregate spindle capacity of 260,488 across its spinning units in Rajasthan and Jammu & Kashmir.
- The Company intends to add 26,064 spindles, a project likely to be completed in 2014-15.
- The major raw materials consumed for the manufacture of yarn comprise polyester, viscose and acrylic. The Company's centralised purchase department demonstrates fiscal prudence through better bargaining in the procurement of large quantities.
- Sutlej's excellent earnings over the past three years resulted in debt reduction, strengthening our financial position and enabling the Company to negotiate funds at competitive interest rates.
- The Company has a diversified procurement base to address its raw material requirements.
- Cutting-edge equipment and procedural expertise helped the Company achieve an optimal input-output ratio.
- Besides, a wide portfolio of value-added products and prudent cost management helped the Company report an attractive ROI of 23.20 % (17.62 % in 2011-12) even as input prices increased.

Statutory Section

DIRECTORS' REPORT

Dear Shareholders,

1. Your Directors are pleased to present their Eighth Annual Report on the business and operations of your Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

(Rs. in lakhs)

Particulars		Year ended 31st March, 2013	Year ended 31st March, 2012
Revenue from Operations (Gross)		169036.95	154170.79
Gross Profit		**16899.52**	**10860.78**
Less:	Depreciation and Amortisation expenses	7014.67	6900.36
	Exceptional Item	605.84	-
	Taxation:		
	- Current	1921.00	890.00
	- MAT Credit (entitlement)/reversal	(100.00)	161.00
	- Earlier years (net)	5.33	10.98
	- Deferred (net)	(244.07)	(274.93)
Net Profit		**7696.75**	**3173.37**
Add: Balance brought forward from the previous year		15842.31	13703.63
Profit available for appropriation		**23539.06**	**16877.00**
Appropriations:			
Proposed dividend		546.10	546.10
Corporate dividend tax		92.80	88.59
Transfer to the general reserve		800.00	400.00
Balance in statement of profit and loss		22100.16	15842.31
TOTAL		**23539.06**	**16877.00**

DIVIDEND

2. Your Directors are pleased to recommend dividend of Rs. 5/- per share for the year ended 31st March, 2013, subject to shareholders' approval at the forthcoming Annual General Meeting. The total amount of dividend to be paid to the shareholders will be Rs. 638.90 lakhs (inclusive of dividend tax).

BONUS ISSUE

3. Your Company has posted substantial/significant growth both in revenues as well as profits in the last few years. In view of this successful value creation cycle, and accrued position of Reserves & Surplus as at 31st March, 2013, the Board of Directors have great pleasure in proposing issue of Bonus shares in the ratio of 1 (One) Bonus equity share for every 2 (Two) existing shares; subject to approval by the Shareholders of the Company and other Statutory Approvals as may be required, by capitalizing a sum not exceeding Rs. 5,46,09,540/- (Rupees Five Crore Fortysix Lakhs Nine Thousand Five Hundred Forty Only) from the Capital Reserve, General Reserve and/or Statement of Profit & Loss, (as may be decided by the Board of Directors) and

applying the said sum in paying up in full for issue of up to 54,60,954 Equity Shares of Rs. 10 each to the Members of the Company, in proportion of One (1) Bonus Equity Share of Rs. 10 each for every Two (2) Fully paid-up Equity Shares of Rs. 10 each held by them.

CAPITAL PROJECTS

4. The Company invested Rs.30 crores during the year for modernization. The Company intends to further invest Rs.167 crores for expansion of its Kathua Unit by 26064 spindles for manufacture of value added Cotton Melange and Cotton Blended Dyed yarns and Rs.97 crores for modernization and balancing capital equipments.

The capital purchases will be financed by internal accruals and loans from Banks.

FIXED DEPOSITS

5. At the end of the financial year under review, fixed deposits from the public, shareholders and employees amounted to Rs. 2234.90 lakhs; deposits amounting to Rs.0.20 lakh remained unclaimed as on 31st March, 2013.

PARTICULARS OF EMPLOYEES

6. Information in accordance with Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is given in Annexure-I, which forms a part of this report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

7. The requisite information with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo, in terms of the Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure-II, to this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

8. The detailed review of the operations, performance and outlook of the Company is given separately in the Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement, by way of Annexure–III to this report.

CORPORATE GOVERNANCE

9. Your Company is committed to maintain the highest standards of ethics and governance, resulting in enhanced transparency for the benefit of all stakeholders. As per the revised Clause 49 of the Listing Agreement with stock exchanges, and the requirements set out by the Securities and Exchange Board of India's Corporate Governance Practices, the Company has implemented all the stipulations prescribed. The Company has adopted a code of conduct applicable to the Board and senior management. The Company fully complies with the governance practices as enunciated in the Listing Agreement. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements forms a part of this report as Annexure-IV.

10. The requisite Certificate from the Statutory Auditors of the Company, M/s Singhi & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report by way of Annexure- IV.

11. The General Shareholders Information annexed with Annexure-IV, forms a part of this Report.

COMPLIANCE OF ACCOUNTING STANDARDS

12. As per requirement of the Listing Agreement with Stock Exchanges and Accounting Standards of the Institute of Chartered Accountants of India, your Company has made disclosure in respect of Related Party Transactions and

Deferred Taxation. The Company has duly adopted the applicable Accounting Standards Rules in pursuance to the provision of Section 211 (3A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

13. As required under Section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm:

(i) That in the preparation of the annual accounts, the applicable accounting standards rules relating to material departures, if any, were followed along with proper explanations and the Notes in the Auditors' Report in this regard are self-explanatory;

(ii) That such accounting policies were selected and applied consistently and judgements and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for the year ended 31st March, 2013;

(iii) That proper and sufficient care were taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

(iv) That the annual accounts were prepared on a going concern basis.

DIRECTORS

14. Pursuant to section 256 of the Companies Act, 1956, read with Article 139 of the Articles of Association of the Company, Mr. C.S.Nopany, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment.

AUDITORS' REPORT

15. The Notes on accounts and the observations of the Auditors in their Report on the Accounts of the Company are self-explanatory and in the opinion of the Directors, do not call for any further clarifications.

AUDITORS

16. M/s. Singhi & Co., Auditors (registration No. 302049E) and M/s. S.R. Batliboi & Co. LLP., Branch Auditors(registration No.301003E) retire at the conclusion of Annual General Meeting and are eligible for re-appointment. Certificate from the Auditors have been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. Further they also hold a valid certificate issued by the Peer Review Board of the ICAI as required under revised clause 41 of listing agreement.

COST AUDITORS

17. In accordance with the directives of the Central Government and pursuant to Section 233B of the Companies Act, 1956, M/s. K. G. Goyal & Associates, Jaipur, Cost Accountants, have been appointed as Cost Auditors to audit the cost accounting records relating to Company's units Rajasthan Textile Mills, Chenab Textiles Mills, Damanganga Fabrics and Damanganga Home Textiles for the financial year 2013-14. The appointment is subject to the approval of the Central government.

18. Cost Audit Reports for all the applicable products for the year ended 31.03.2012 were filed in current format on 23.01.2013 with the Cost Audit Cell of the Ministry of Corporate Affairs, within due date viz. 28.02.2013.

ACKNOWLEDGEMENTS

19. Your Directors would like to express their sincere appreciation for assistance and co-operation received from the various stake holders including financial institutions and banks, Governmental authorities and other business associates who have extended their valuable support and encouragement during the year under review. Your Directors take the opportunity to place on record their deep appreciation of the committed services rendered by the employees at all levels of the Company, who have contributed significantly towards Company's performance and for enhancing its inherent strength. Your Directors also acknowledge with gratitude the encouragement and support extended by our valued shareholders.

For and on behalf of the Board

Place: Mumbai
Dated: May 08, 2013

C.S. Nopany
Chairman

ANNEXURE- I TO THE DIRECTORS' REPORT

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

(1) Employed throughout the year and were in receipt of remuneration aggregating not less than Rs.60,00,000/- per annum.

Name & Designation of the Employee	Remuneration received (Rs.)	Qualifications & Experience	Nature of Employment	Nature of duties	Date of commencement of employment	Age (Yrs.)	Last Employment held before joining the Company
Mr. S.K..Khandelia President	2,24,10,393	B.Com., FCA, 37 years.	Regular	Overall Management	July 01, 2005	62	Sutlej Industries Ltd.

(2) Employed for part of the year and were in receipt of remuneration aggregating not less than Rs.5,00,000/- per month: Nil

Notes:

1. Other Terms & Conditions: As per Company's Rules and Regulations.
2. Remuneration received includes Salary, Reward, Encashment of Leave, Medical Expenses, Premium on Personal Accident Policy, Perquisites and Company's contribution to Provident Fund and Superannuation Fund; but excludes Gratuity.
3. Above employee is not a relative of any Director of the Company.
4. Percentage of shares held: Nil

ANNEXURE – II TO DIRECTORS' REPORT

ANNEXURE – II A

Disclosure of particulars with respect to conservation of energy, technology absorption, and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules,1988:

A) CONSERVATION OF ENERGY

(1) Energy conservation measures taken:

Conservation of energy is an essential step towards overcoming energy crisis, environmental degradation & global competitiveness. It not only reduces the cost of production but also helps in conservation of natural resources which are depleting very fast.

The Company has given due importance to conservation of energy. It is making continuous efforts to conserve energy by affecting process & machinery modifications, implementation of technological advancements, development of newer methods, energy audit, proper maintenance, waste heat recovery, etc. These measures have resulted in savings in terms of energy, money and time.

Besides continuing the measures taken in earlier years, following additional steps were taken during the year 2012-13, with a view to reduce the cost of energy and consequently the cost of production.

(i) Rajasthan textile mills, Bhawanimandi Unit

a) Installed Inverters in various departments which resulted in considerable energy savings as under:

No. of Inverters Installed	Capacity of each Inverter	Installed on	Energy Savings	
			(KWH)	(Rs. in lakhs)
4	18.5 KW	Supply air fan, compressor cooling towers & axiflow fan of blowroom	123420	7.23
22	15 KW	Supply air fan/pumps in humidification plants	238854	13.99
1	37 KW	Blow room waste centrifugal fan	87120	5.11
1	55 KW	Dye house	43560	2.55
15	7.5 KW	Transport fan in blow room/carding & cooling towers	119790	7.02
5	15 KW	Hydro extractor machines in dye house	54450	3.19

b) Replacement of 35 Nos. old motors by energy efficient motors on machines in various departments which resulted in saving of 152460 KWH p.a. equivalent to Rs.8.93 lakhs.

c) Replacement of 30 Nos. old pumps and motors by energy efficient pumps with motors in various departments which resulted in saving of 196020 KWH p.a. equivalent to Rs.11.49 lakhs.

d) Energy saving by redesigning compressed air line and by stopping air leakage which resulted in saving of 624360 KWH p.a. equivalent to Rs.36.59 lakhs.

e) Installation of 1 No. heat exchanger which resulted in saving of 32670 KWH p.a. equivalent to Rs.1.91 lakhs.

f) Conversion to Steam heating from Electrical Heating in 1 no. R.F. Dryer which resulted in saving of 130680 KWH p.a equivalent to Rs.7.66 lakhs.

g) Replacement of 19 Nos. old fans by energy efficient fans in Humidification Plants resulted in saving of 137940 KWH p.a. equivalent to Rs.8.08 lakhs.

(ii) Chenab textile mills, Kathua Unit

a) Replacement of 6 Supply Air Fan in existing Humidity Plants which resulted in saving of 42110 units i.e. Rs. 1.27 lakhs per annum.

b) Saving in steam through high temperature drain on installation of Heat Recovery system in Dye House No. 5, 6 & 8 which resulted in saving of about Rs. 35 lakhs per annum.

c) Replacement of 2 Nos. old, small capacity and low efficiency Air Compressor of 155 to 310 cfm with 810 cfm high efficiency Air Compressor which resulted in saving of about 47000 units i.e. Rs.14 lakhs per annum.

d) Steam saving by attending leakages & Trap valve amounting Rs.155 lakhs per annum.

(iii) Damanganga Units, Bhilad

a) Condensate recovery system installed in process house which reduced fuel by 600 tons per annum and saving equivalent to Rs. 28 lakhs.

b) Installation of six no VFD on jet dying which reduced energy consumption by 60000 units per annum and saving equivalent to Rs. 3.82 lakhs.

c) Installation of water level controllers on 8 Jet dyeing which reduced energy consumption by 27000 units per annum and saving equivalent to Rs. 1.72 lakhs.

d) Automation of supply water pumps which reduced energy consumption by 21600 units per annum and saving equivalent to Rs. 1.38 lakhs.

e) Installation of close loop control system on compressors for efficient working which resulted in energy saving by 136000 units per annum and saving equivalent to Rs. 8.66 lakhs.

f) Optimization in utilization of humidification plant which reduced energy consumption by 182500 units per annum and saving equivalent to Rs. 11.63 lakhs.

FORM - A

(A) Power and Fuel Consumption:

1. Electricity:	2012-2013	2011-2012
(a) Purchased:		
Units(in lakhs)	2591.32	2719.50
Total Cost (Rs. in lakhs)	9297.16	8818.41
Rate/Unit (Rs.)	3.59	3.24
(b) Own Generation:		
(i) Through Diesel Generators		
Units (in lakhs)	13.92	15.16
Units per liter of Diesel Oil (KWH/Ltr.)	3.55	3.52
Cost/Unit (Rs.)	11.44	10.47
(ii) Through Furnace Oil Generators		
Units (in lakhs)	3.47	22.33
Units per litre of Furnace Oil	3.57	3.92
Cost/Unit (Rs.)	11.65	8.65
(iii) Through Thermal Power Plant		
Units (in lakhs)	385.87	128.57
Units per MT of Coal	800.18	864.69
Cost/Unit (Rs.)	4.49	4.44
2. Coal		
(a) Steam Coal/Lignite		
Quantity(Tons)	16045.58	16559.69
Total Cost (Rs. in lakhs)	708.83	877.78
Average Rate(Rs.)/ Ton	4417.62	5300.73
(b) Pet Coke		
Quantity(Tons)	7865.05	-
Total Cost (Rs. in lakhs)	786.25	-
Average Rate(Rs.)/ Ton	9996.80	-
3. Furnace Oil		
Quantity (Kilo Litres)	97.17	569.21
Total Cost (Rs. in lakhs)	40.40	193.22
Average Rate (Rs. Per Kilo Litre)	41576.62	33945.29
4. Others:		
Rice Husk(Tons)	3937.31	16307.81
Total Cost (Rs.in lakhs)	181.64	624.69
Average Rate(Rs.)	4613.30	3830.62

(B) Consumption per unit of production:

Production :	2012-2013	2011-2012
Electricity Per Ton of Yarn Production (Units)	4138	4219
Coal per Ton of Yarn Production (Tons)	0.227	0.131
Rice husk per Ton of Yarn Production (Tons)	0.083	0.364
Pet Coke per Ton of Yarn Production (Tons)	0.171	-
Electricity per thousand metres of Grey fabrics(units)	607	734
Electricity per thousand metres of Processed fabrics(units)	224	215
Electricity per thousand metres of Home Furnishings (units)	1050	969
Electricity per thousand pcs. of Trousers (units)	6556	3005
Coal per thousand metres of processed fabrics (Tons)	0.570	0.440

(2) Additional investment & proposals, if any being implemented for reduction of consumption of energy:

Company has following proposals to save energy consumption during the year 2013-14:

(i) Rajasthan Textile Mills

a) Replacement of 50 old Motors with energy efficient motors at a capital cost of Rs. 35 lakhs which is expected to result in annual saving of Rs.11.97 lakhs.

b) To install 38 Nos. inverters at a capital cost of Rs.45 lakhs resulting in expected annual saving of Rs.16.63 lakhs.

c) To replace Pneumatic Accessories for stopping air leakage to save energy at a capital cost of Rs.10 lakhs, which is expected to result in annual saving of Rs.21.27 lakhs.

d) Installation of condensation pump for steam at a capital cost of Rs.8 lakhs resulting in expected annual saving of Rs.5.32 lakhs.

(ii) Chenab Textile Mills

a) To replace 53 Nos. old Supply Air Fan and Return Air Fan by Energy efficient FRP Fans in existing Humidity plants, which is expected to result in saving of 281000 units i.e. Rs. 9.45 lakhs per annum.

b) Energy saving by 23 Nos. Pump modification in Humidification plants in unit nos. 7a, 8a & TFO, which will save about 184000 units i.e.Rs. 6.20 lakhs per annum.

c) To replace old fan by energy efficient fan of Waste Recovery System in unit no. 9 & 10 which will save about 1137000 units i.e. Rs. 38.20 lakhs per annum.

(iii) Damanganga Units

a) Installation of low and high pressure steam line separately to reduce fuel consumption by 600 tons per annum i.e. saving of Rs. 28 lakhs.

b) Installation of under bed firing system in boiler to reduce fuel by 225 tons per annum i.e. saving of Rs. 10.50 lakhs.

c) Replacing 12 old motors by energy efficient motors on machines in various departments which will result in saving of 73000 units per annum i.e. saving of Rs. 4.65 lakhs.

d) Installation of Luwa heat recovery system from waste water to reduce fuel consumption by 365 tons per annum i.e. saving of Rs. 17.03 lakhs.

(3) Impact of the measures at (1) & (2) for reduction of energy consumption and consequent impact on the cost of the production of goods.

The estimated saving is mentioned against each item in (1) & (2) above.

FORM - B

Disclosure of particulars with respect to technology absorption (to the extent possible)

B) TECHNOLOGY ABSORPTION

1) Research & development

a) **Specified areas in which Research and Development carried out by the Company and future plan of action:**

The Company undertakes various research and development activity on a continuous basis for development of new products, reduction in production cost and improvement in quality and productivity. To carry out these activities, the Company has development and design centers and labs across its Units, having well equipped, most modern and state of the art testing and development equipments and managed by committed team of highly qualified and experienced professionals. The Company has latest technological equipments like Evenness Testers, HVI Spectrum, Tenso Jet-4, AFISPRO LMNT, Yarn Classimate, Online monitoring system, Lab Expert system all from Uster, Auto dispenser, Beaker Dyeing Machine, yarn and fibre sample dyeing machines, computerized color matching systems with sophisticated light boxes, simple end warping machine, design computers with latest software etc.

Company has a separate Melange development centre having machines from Blowroom to finishing with 768 spindles and Knitting machines for quick preparation of samples in Knitted form and a PV development centre with 384 spindles and other machines for development of synthetic blended yarn.

During the year, the Company has installed 2 Nos. Evenness Testers UT-5; one each for its Bhawanimandi and Kathua Units, and other quality testing equipments. The Company is also having ISO9001-2000, Usterised, Oeko-Tex and GOTS/EKO & Organic Exchange Certifications.

b) **Benefits derived as a result of above Research and Development**

These measures have helped in production of value added new products, reduction of cost etc. Besides various studies and experiments are undertaken to save energy, improve productivity and quality, control costs etc.

c) **Future Plan of Action**

The Company plans:

1. To set up a new melange development centre having machines from Blow Room to Finishing with 576 spindles, sample dyeing machines and quality testing equipments for lab dip matching to develop the samples of new varieties of fancy yarn with an capital outlay of Rs. 5 crore approx.
2. To purchase Auto Lab Dispensing Unit , Colour Matching Cabinet and IR Beaker Dyeing machine for shade consistency and suitable for development of dyeing samples with an capital outlay of Rs. 36 lakhs.
3. Set up an advanced Fibre Information System "Uster AFIS Pro-2" for improving the process control and testing of various characteristic of cotton fibre with Nep Module, L&M and Trash Module at its Bhawanimandi Unit.

d) **Expenditure incurred on Research and Development**

(Rs. in lakhs)

i. Capital	201.55
ii. Recurring	205.79
iii. Total	407.34
iv. Total R&D Expenditure as a Percentage of total turnover	0.243%

2) Technology Absorption, Adaptation and Innovation

a) **Efforts in brief, made towards technology absorption, adaptation and innovation**

All units of the Company have most modern and state of the art plant and machinery. Most of the machines and equipments are less than 10 years old. Company has been continuously resorting to Technology absorption, adaptation and innovation. Following state of the art machines and equipments were installed and modification/ additions were made in existing machines.

Bhawanimandi Unit

For improving productivity and quality of product:

1. One Blow Room line with chute feed system.
2. Twelve LC-300 AV-3 model cards with coiler size 40"x48".
3. One Rieter make D-22 & two LMW LD-2 Draw Frame.
4. Two high speed LF 4200 Speed Frame.
5. Four "LR 60S" Ring Frame.
6. Three Autoconer Savio Polar with Uster Quantum-3 EYC.

For improving the process control and quality:

Installed One "Uster Tester-5- S400" Evenness Tester.

Kathua Unit

For improving productivity and quality of product:

1) Installed 4 nos. Polar -M Savio Autoconers ;
2) 1 no. RSB-851 Drawframe,
3) 2 nos. LF-4200A Simplex Frame,
4) 1 No. Propeller Assembly Winding,
5) 19 No. Slub Attachment on Ring Frames ,

For improving the process control and quality:

1) Evenness Tester UT-5
2) Dye House Laboratory equipments for shade consistency etc.

Bhilad Units

1) Installation of water level controllers on 8 Jet dyeing to reduce water consumption by 20000 kl per annum.
2) Water recovery system installed in process house for reuse of water to reduce water consumption by 73000 kl per annum.
3) Modernization of 8 year old stenter with latest technology to achieve better productivity & quality at same cost.
4) Boiler up gradation from 5 ton capacity to 7 ton capacity to meet out our additional requirement.
5) Provided Surface Aerator Tank along with necessary equipment at ETP resulted in better quality of treated effluent. This reduces demand of water from outside. Recycling of water increased by 11% and has also eliminated problems related to water quality in processing.

b) **Benefit derived as a result of the above efforts.**

Above efforts have resulted in significant improvement in quality and productivity, besides reduction in production cost.

c) **In case of recently imported technology, the requisite information in brief :**

The Company has not imported any technology.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to Exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

The Company has taken effective steps for exports. During the year, the Company achieved satisfactory export performance. Company is conscious of the challenges posed by the international market and will continue to take steps towards developing exports and concentrate on products with the widest acceptability in the export market.

(b) Total Foreign Exchange earned and used

	(Rs. in lakhs)
i) Total foreign exchange earned	31584.70
ii) Total foreign exchange used	2633.17

ANNEXURE – II B

INVOLVEMENT WITH THE COMMUNITY

Corporate social responsibility is a Company's commitment to its stakeholders to conduct its business in an economically, socially and environmentally sustainable manner.

Sutlej firmly believes the need for giving back to the society as the business sustainability is linked to community upliftment, workplace safety and environmental protection. The result: we embarked on multiple initiatives to ensure the safety of our people and the planet.

The Company performs its CSR activities along the following verticals:

Education

The Company constructed a building for the Government Birla College, Bhawanimandi (Rajasthan), which was under the Company's management, until its upgradation to a Government College. The Company, apart from providing scholarships to deserving students, also donates to various colleges regularly for the construction of classrooms and laboratory blocks, among others. Over 1,000 students have benefited from this initiative annually.

Health and social welfare

The Company organises free medical camps for the benefit of residents around the vicinity of its plants. Along with voluntary organisations, the Company sets up free medical camps and eye check-up camps, among others. The Company constructed facilities for cold drinking water outside its premises of Kathua and Bhawanimandi units to benefit the general public.

Sports

To encourage sports at the local level, the Company provided financial assistance through the local administration and communities for organising sporting events. The Company contributed to the promotion of sports and sponsored state-level sport events.

Social and religious events

The Company constructed temples at all its units, open to staff members as well as general public for worship. Religious functions were held throughout the year especially during festivals.

A socially aware corporate, Sutlej made efforts towards regularly organising welfare camps and providing social infrastructure, enriching human capabilities.

Environment

The Company keeps its campuses as green as possible. The Company policy prescribes a close monitoring of energy and water consumption. Besides, the senior management places sustainability at the forefront of its strategic planning. This is perhaps best expressed in the growing percentage of eco-friendly products and processes in the portfolio and an increasing emphasis on addressing important societal needs such as healthcare, water purification, food and energy.

Workplace safety

A safe workplace represents an enduring priority at Sutlej. The corporate focus revolves around safer processes and minimises the potential for effluent discharge. Regardless of the inherent hazards of operations, the Company remained committed to the ideal of zero workplace injuries.

Financial assistance

The Company was instrumental in setting up and running Jhalawar Nagrik Sahkari Bank Ltd. at Bhawanimandi, which extended financial assistance to residents in Bhawanimandi and nearby areas, to promote inclusive growth and local area development.

The Company was in the forefront to provide relief whenever the common people faced natural calamities. The Company donated to the Prime Minister's/Chief Minister's Relief Funds whenever situations warranted.

At Sutlej, integrity in business practices represented a core corporate value and demanded the highest ethical standards from stakeholders. The Board of Directors and senior management oversaw all governance processes, which involved sharing information to enhance transparency.

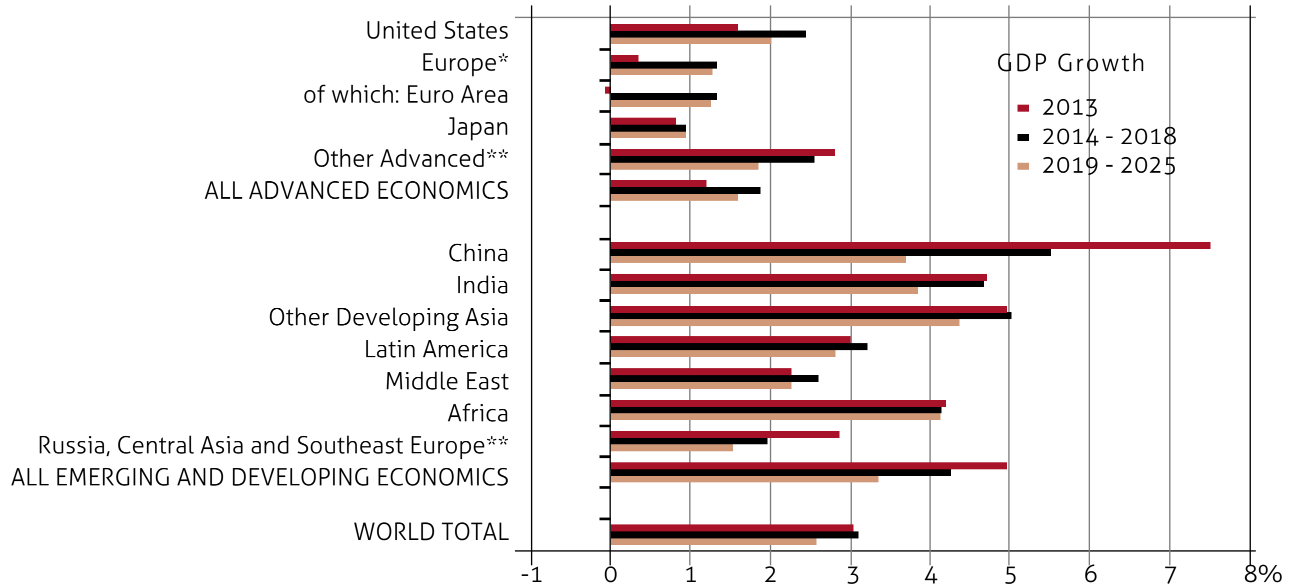
ANNEXURE – III
TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

The global gross domestic product (GDP) grew 2.3 percent in 2012 and could grow 2.4% in 2013 to 3.1 percent in 2014 and 3.3 percent in 2015 (Source: World Bank). The World Bank moderated its US projection for 2013 by 0.5 percentage points resulting in GDP growth of 1.9 percent (down from 2.2 percent in 2012) and projecting an improvement to 3.0 percent by 2015. Growth in the East Asia and Pacific region slowed to an estimated 7.5 percent in 2012 from 8.3 percent in 2011. (Source: World Bank)

GLOBAL OUTLOOK, 2013-2025



Source: The Conference Board Global Economic Outlook 2013, January 2013 update

India's GDP growth was pegged at 5% in 2012-13 compared to 6.2% in 2011-12 (Source: Central Statistical Organisation). The services sector including finance, insurance, real estate and business services sectors are likely to grow by 8.6 per cent this fiscal, against 11.7 per cent last fiscal.

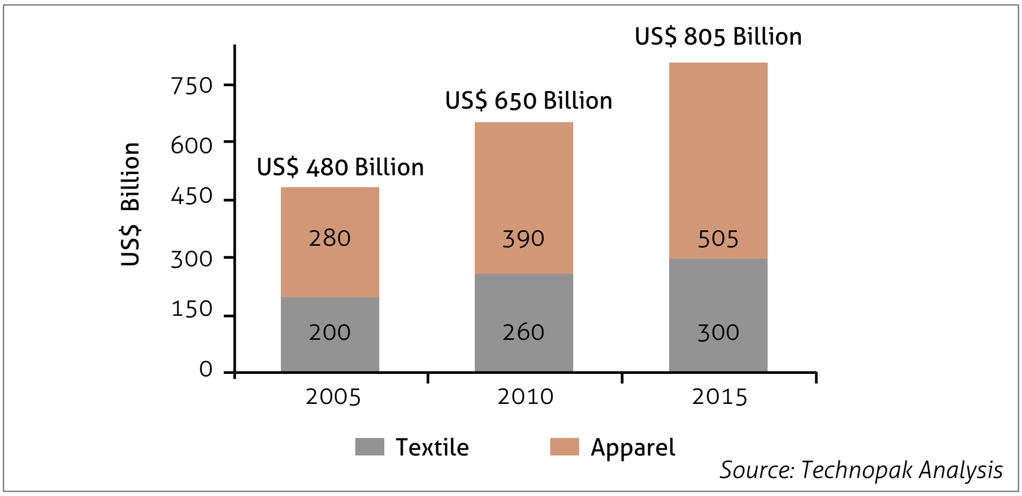
	GDP Growth (%)	Avg. WPI Inflation (%)	CAD (as % of GDP)
2002-03	4.0	3.4	0
2003-04	8.1	5.5	0
2004-05	7.0	6.5	0.4
2005-06	9.5	4.5	1.2
2006-07	9.6	6.6	1.0
2007-08	9.3	4.7	1.3
2008-09	6.7	8.1	2.3
2009-10	8.6	3.8	2.8
2010-11	9.3	9.6	2.8
2011-12	6.2	8.9	4.2
2012-13	5.0	7.55**	4.6*

*April-September; **April-December

The net national income (NNI) at factor cost, at 2004-05 prices is likely to be Rs.47, 64,819 crore during 2012-13, as against the previous year's First Revised Estimate (FRI) of Rs. 45,72,075 crore. In terms of growth rates, the national income registered a growth rate of 4.2 per cent in 2012-13 as against the previous year's growth rate of 6.1 per cent.

GLOBAL TEXTILE AND APPAREL INDUSTRY

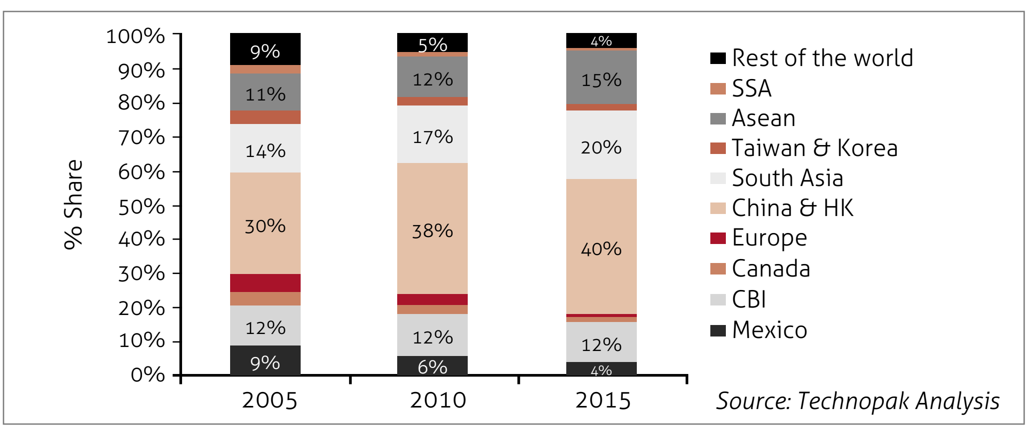
The global textile and apparel trade is expected to climb from US$480 billion in 2005 to US$ 805 billion by 2015 catalysed largely by increased outsourcing by the US and developing economies. While apparel trade is expected to grow faster than textiles, international authority Technopak estimates that home textiles trade could grow the fastest largely on account of the progressive outsourcing of home textiles from low cost countries (China, India, Bangladesh and Pakistan) by 2015.



- Given that the global fibre mix is 41% natural and 59% man-made (MMF), demand for MMF yarns will grow faster than the demand for natural fibre yarns.
- The global fabric trade was estimated to be USD 74 billion in 2011 while the global apparel trade was estimated to be USD 389 billion; knit fabric and apparel are performing better than their woven counterparts in global trade.
- Even as the EU, US, China, Japan and India are the biggest apparel markets, apparel production is concentrated in China, India, Bangladesh, Vietnam and Turkey
- China, India, Pakistan, Bangladesh, Thailand and Indonesia are among the leading countries in terms of installed capacity; China alone enjoys a share of around 45% of the world's installed spinning and weaving capacity.

AMERICAN TEXTILE AND APPAREL MARKET

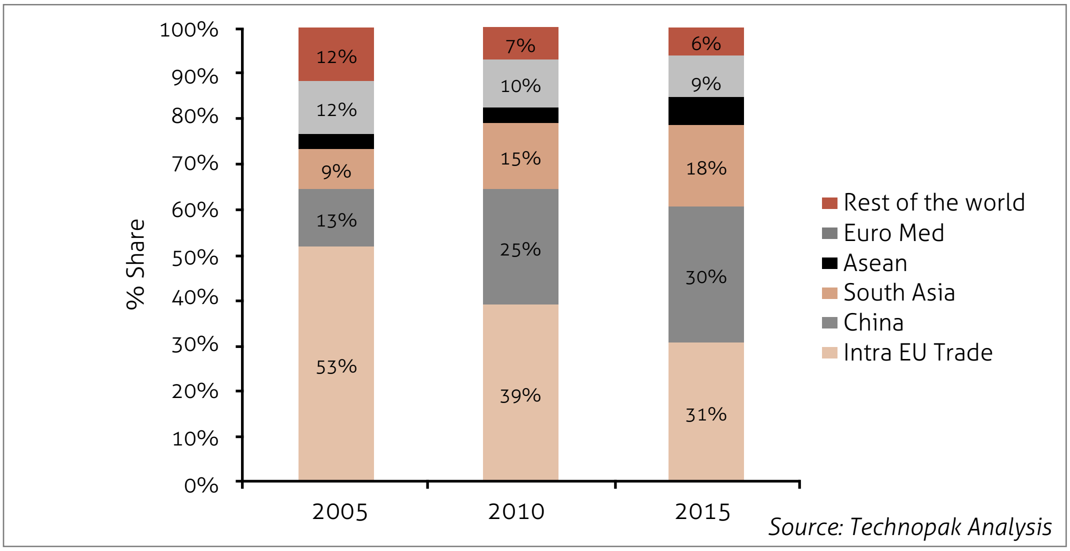
China is expected to be a major beneficiary of the trends in the US market. By 2015 it is expected that China and Hong Kong could potentially carve away a 40% market share of US textile and apparel imports (followed by ASEAN countries).



Expected % shares of major textile and apparel regions in the US market by 2015

EU TEXTILE AND APPAREL MARKET

Although intra-EU countries would continue being the largest trade partners, China would be able to catch up with the aforementioned intra-EU countries by 2015. Despite the turmoil in the European countries, countries like Bangladesh and Sri Lanka that are able to extract EU concessions would be able to capture a larger market share.



Market shares of major textile and apparel regions in the EU, 2015

INDIAN INDUSTRY OVERVIEW

The Indian textile industry is probably one of the largest producers of textiles and garments in the world marked by growing modernisation. This sector contributes about 14% to industrial production, 4% to the gross domestic product (GDP) and 10% to the country's export earnings and is the largest industrial employer (about 45 million people directly). The textiles sector is the second largest provider of employment after agriculture. *(Source: IBEF)*

The Indian textiles industry is integrated: from the procurement of raw materials to production of the actual textile product. The industry can be divided into several segments (cotton textiles, silk textiles, woolen textiles, readymade garments, hand-crafted textiles as well as jute and coir).

EXPORT OF MAJOR TEXTILE ITEMS

COMMODITIES		UNIT	(VALUE IN RS. Mn.)		
			2011-12	2012-13	% Variation
				Apr-Jan	
I	FIBRE				
	Cotton Raw Incl.Waste	TON	166550.04	142065.76	-14.70
	Manmade Staple Fibre		22268.53	21948.85	-1.44
	Silk Waste	TON	422.70	535.99	26.80
II	YARN/FABRICS/MADEUPS				
	Cotton Yarn, Fabrics, Madeups Etc.		269295.89	329111.29	22.21
	Natural Silk Yarn, Fabrics, Madeups		8113.29	7139.26	-12.01
	Manmade Yarn, Fabrics, Madeups		202538.11	203245.29	0.35
	Wollen Yarn, Fabrics, Madeups Etc.		5935.52	5441.26	-8.33
III	RMG		530248.40	561811.37	5.95
IV	JUTE	TON	18616.58	17683.39	-5.01

(Source: Foreign Trade Statistics of India (Principal Commodities & Countries), DGCIS, Kolkata)

MARKET SIZE

The Indian textile industry has capitalised on a rich textile manufacturing tradition, robust domestic consumption, international competitiveness, abundant raw material (cotton, wool, silk, jute and man-made fibres) and a skilled workforce.

TRENDS IN TEXTILES PRODUCTION

Figures in million

Period	Man-made fibre	Man-made filament yarn	Cotton yarn	Blended & 100% Non-cotton yarn	Total spun Yarn	Cloth					
							Decentralized sector				Grand Total (Exc. Khadi, Wool
						Mill Sector	Hand loom	& silk power loom	Hosiery	Total	
	Kg	Kg	Kg	Kg	Kg	Sq. mtr	Sq. mtr	Sq. mtr	Sq. mtr	Sq. mtr	Sq. mtr
2009-10	1268	1522	3079	1114	4193	2016	6806	36997	13702	57505	59521
2010-11	1285	1550	3490	1223	4713	2205	6907	38015	14634	59556	61761
2011-12	1234	1463	3126	1246	4372	2313	6901	37445	12946	57292	59605
(Apr- Mar 2013) (P)	1263	1371	3562	1280	4842	2746	6936	37868	14441	59245	61991
% Variation	2.4	-6.3	13.9	2.7	10.8	18.7	0.5	1.1	11.5	3.4	1.0

(P) – Provisional

*Man-made fibre production remained at same level and filament yarn production recorded a decrease of about 24% during March 2013. Man-made fibre production recorded an increase of 2% and filament yarn production recorded decrease of 6% during the year 2012-13.

*Cotton yarn production increased by about 15% during March 2013 and by about 14% during the year 2012-13. Blended and 100% non-cotton yarn production increased by 10% during March 2013 and production increased by 3% during the year 2012-13.

*Cloth production by mill sector decreased by 5% during March 2013 and increased by 19% during 2012-13.

*Cloth production by handloom and hosiery increased by 2% and 14%, powerloom production decreased by 3% during March 2013. Powerloom and hosiery production increased by 1% and 12% and handloom production remained at the same level during the year 2012-13. The total cloth production increased by 1% during March 2013 and increased by 4% during the year 2012-13.

The domestic textile and apparel market was worth Rs 2,73,350 crores (USD 58 billion) in 2011 and is expected to grow at 9% annually to reach Rs 6,63,800 crores (USD 141 billion) by 2021

2011	Apparel USD 40 bn INR Cr 1,90,300	Home Textile USD 4 bn INR Cr 18,400	Technical Textile USD 14 bn INR Cr 64,650	Total USD 58 bn INR Cr 2,73,350
2016	Apparel USD 63 bn INR Cr 2,94,000	Home Textile USD 6 bn INR Cr 27,350	Technical Textile USD 24 bn INR Cr 1,13,200	Total USD 93 bn INR Cr 4,34,550
2021	Apparel USD 98 bn INR Cr 4,62,250	Home Textile USD 9 bn INR Cr 40,800	Technical Textile USD 34 bn INR Cr 1,60,750	Total USD 141 bn INR Cr 6,63,800
CAGR 2011-21	9%	8%	10%	9%

Overall domestic apparel and textile market

TRENDS IN EXPORTS

Item	Rs in crore		% Variation	US $ million		% variation
	Apr – Dec, '11	Apr – Dec, '12		Apr – Dec, '11	Apr – Dec, '12	
Textile exports	110086.81	117548.81	6.8	23290.72	21581.82	-7.3
Total exports	1065171.44	1152988.03	8.2	226243.35	211597.60	-6.5
Share of textile exports in total exports (%)	10.3	10.2		10.3	10.2	

Source: Ministry of Commerce (updated on 05.02.2013)

Textiles exports were US $ 21.58 billion during Apr – Dec' 12 as compared to US $ 23.29 billion during corresponding period of the previous year, registering a decline of 7.3 percent.

BUDGET HIGHLIGHTS, 2013-14

The highlights of Union Budget (2013-14) proposals made in relation to the textile industry:

- Continuation of TUFS (Technology Upgradation Fund Scheme) in 12th five year plan
- The government announced a financial package of Rs 3,884 crore for the waiver of loans of handloom weavers and their cooperative societies.
- Two mega handloom clusters (Prakasam-Guntur and Godda) to be set up.
- Three proposed weaver service centres (Mizoram, Nagaland and Jharkhand) to provide technical support to poor handloom weavers.
- A Rs 500 crore pilot scheme to promote geo-textiles in North-eastern India.
- A Rs 70 crore power loom mega cluster to be set up in Ichalkaranji (Maharashtra).

OUTLOOK

The industry is expected to grow from USD 89 billion in 2011 to USD 134 billion in 2015 and USD 220 billion by 2020. Export demand is expected to be fairly robust as new economies - China, India, Russia, the UAE, and South Africa, among others - emerging as hubs of consumption. The Indian textiles and clothing export has the potential to reach USD 45 billion by 2015 and USD 80 billion by 2020.

Yarn: The demand for blended yarn is expected to grow faster than cotton and 100 percent non-cotton yarn in five years. The demand for blended yarn is expected to grow at a CAGR of 12.4 percent over FY12-FY17 whereas the cotton yarn and 100 percent non-cotton yarn demand is expected to grow at a CAGR below 10 percent. The demand for yarn is expected to come from the domestic and international markets. The domestic demand comprises yarn used to make apparels and home textiles consumed domestically and exported. Demand is also likely to be driven by rising yarn exports. (Source: CARE Ratings)

Man- made fibres: Domestic man-made fibre consumption is expected to grow to 3,717 thousand tonnes in 2016-17. The share of MMF in the overall fibre consumption by the textile industry is expected to increase from 41 per cent in FY11 to 45 per cent in FY17 and move towards the global average of about 62 percent, catalysed by supply-side cotton constraints and the huge price differential between cotton and MMF prices. The superior quality of polyester and viscose over cotton is likely to have a positive demand impact, especially in the technical textile and blended yarn segments.

SWOT ANALYSIS

Strengths

- The 'Made in India' tag has strengthened the brand, evoking customer trust
- Abundant raw material availability has helped control costs and reduce lead-time across operations. India accounts for about 22 percent of the global cotton production.
- There is a large availability of cotton fibre and a rapidly growing synthetic fibre industry
- India has a large and growing domestic market; new products are gaining rapid acceptance
- The Indian textile industry enjoys a presence across the value chain
- Manufacturing flexibility has enhanced productivity.
- The dollar has appreciated against the rupee, strengthening export prospects

OPPORTUNITIES

- Robust retail boom; favourable consumer demographics; rising disposable incomes; increasing consumption; growing preference for readymade garments
- Significant 6-8 percent annual growth rate of India's textiles industry

- Widening domestic market; elimination of quota restriction widening global market
- Availability of greater investment and FDI opportunities
- Global production base gradually shifting from China to India and other low-cost destinations
- India's share of the global textile industry expected to grow from 4.5 percent in 2010 to 8 percent by 2020 (Source: Technopak)

WEAKNESSES

- The Indian textiles industry is fragmented, marked by a large informal sector
- Infrastructural bottlenecks leading to a loss in transportation and transactional time
- Legacy and inflexible labour laws
- High incidence of power tariffs, indirect taxes and interest rates

THREATS

- Largely competitive market
- Relatively large market segment still unorganised
- Volatile raw material costs; increasing fuel costs
- Export business affected by exchange rate fluctuations

SUTLEJ'S SAGA OF COMPETITIVENESS

Sutlej is attractively placed to grow its business for some good reasons.

- The Company manufactures spun dyed yarns, a segment dominated by few players. Of 1,800-odd spinning mills in India, most of the units manufacture grey cotton yarns but only few units produce spun dyed yarns.
- The Company manufactures niche value-added yarns like cotton mélange yarn, polyester cotton dyed yarn, slub yarn, roving grindle yarn, modal yarn, tencel yarn, linen yarn etc. fetching realisations much higher than normal grey yarn.
- The Company procures raw materials from large quality-respecting suppliers where the customised fibre makes it possible to manufacture specialized yarns.
- The Company leverages its resident knowledge to manufacture new varieties of yarn .
- The Company is positioned as a one-stop-shop for all types of spun yarns. The result is an ability to manufacture yarn from any fibre (synthetic and natural) in 100% or any blend (1 to 99%), in any form (grey, dyed and mixture) in a wide count range (6-60 count), making the Company relevant for a large customer base.
- The Company focuses on efficient sweating, reflected in a high spinning utilization of 94.41% in 2012-13 (93.86 % in the previous year).
- The Company possesses a wide marketing network of agents, dealers and customers.
- The Company provides world-class material at competitive prices; products possess international quality standards certified by ISO 9001 and Uster quality certification.
- The Company strengthened its Balance Sheet through progressive gearing improvement: from 1.59 in 2011-12 to 1.13 in 2012-13.
- The Company invested Rs 881 crore in plant upgradation, modernisation and expansion in the ten years leading to 2012-13, strengthening its portfolio and productivity.

POLICY DEVELOPMENTS AND PROGRAMMES

Technology Upgradation Fund Scheme and Scheme for Integrated Textile Parks: The Ministry of Textiles plans to emphasise the weaving sector through the Technology Upgradation Fund Scheme (TUFS). The scheme, in its latest avatar, was introduced in the 12th Five Year Plan, providing additional incentives. (Formal governmental order is, however, awaited). The Plan allocations increased from Rs. 4,500 crores in 2010-11 to Rs. 5,000 crores in 2011-12 and Rs. 7,000 crores in 2012-13.

The Scheme for Integrated Textiles Parks (SITP) encourages the establishment of greenfield textile infrastructure. The SITP made an allocation of Rs. 1,400 crores as per the12th Five Year Plan; 21 parks were sanctioned in 2011-12 with a corresponding investment of Rs. 3500 crores generating employment for 3.5 lakh workers over four years.

Textiles Ministry recommendation s: The Ministry of Textiles encouraged the industry to leverage government incentives and explore technical textile investments. The technical textiles industry is engaged in the production of specialised variants; these engineered products are used in diverse applications (medical, protective clothing, automotive, industrial and agriculture). The technical textiles industry is expected to grow from Rs 41,000 crore in 2010-11 to Rs 1, 58,000 crore by 2016-17 (Source: Business Standard, 21stMarch, 2013).

National Fibre Policy: The Ministry of Textiles formulated the National Fibre Policy with a decadal perspective (2010-20) that seeks to place India firmly on the global fibre map by strengthening the existing policy framework and providing institutional and technological support for rapid fibre growth.

Integrated Skill Development Scheme: The Indian fabric is globally respected for its durability, texture and design. The Ministry of Textiles launched an Integrated Skill Development Scheme with a 12th Five Year Plan allocation of Rs 1,900 crore to train 15 lakh textile workers.

GROWTH ENABLERS

Rising income levels: India's per capita income at current prices was estimated at Rs 68,747 in 2012-13 compared to Rs 61,564 during 2011-12, a rise of 11.7% (Source: Central Statistics Office (CSO). An analysis of increasing private consumption showcases a greater expenditure in clothes, entertainment and luxury.

Organised retail: India's retail sector accounted for 14% of India's GDP in 2012 and is expected to grow to 24% of the GDP by 2020. About 83% of the Indian readymade garments and apparel market were sourced from unorganised sector and 17% from the organised, a reality that could progressively reverse on account of urbanisation, modernisation, foreign brands, malls, experiential retail purchase, changing lifestyle patterns and growing image consciousness.

Corporate workforce: In 2010, around 757 million people (63% of the total population) represented a large working population, which is expected to grow to 875 million in 2020. A growing corporate workforce and an increasing number of women workers are expected to catalyse spending on apparels and formal wear.

Age profile: The median age of India's population is 26.5 years, signifying that a majority of the population comprises the youth. The majority of garment demand is drawn from the youth. Going ahead, around 76% of the population is projected to be below 45 years by 2016; 65% will be in the age bracket of 15-45 years.

FINANCIAL PERFORMANCE

Below is the brief summary of the financial performance for the year ended March 31, 2013: *Amount in crore (Rs)*

Turnover/Income from operations (net)	1680
Gross profit	169
Depreciation	70
Profit before exceptional item & tax	99
Less: Exceptional item #	6
Profit before tax	93
Profit after tax	77

Provision for loss on fixed assets of the Garment Division.

HUMAN RESOURCES

The Company regularly trains its employees for skill development and motivates them to focus on achieving the Company's goals and objectives. It had 11242 employees on its payroll as on March 31, 2013.

INTERNAL CONTROL SYSTEM

The large size and nature of the business demands the Company to maintain a proper internal control system. Efforts are made by the management to maintain a sound financial and commercial practice capable of improving the efficiency of the operations and sustainability of the business. The system ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and that those transactions are authorised, recorded and reported correctly. Operating managers make sure that all the operations within their area are compliant and safeguarded against any risks, whereas the internal auditors carry out random audits to detect flaws in the system. Internal audit reports are prepared on the respective areas/units to create awareness and corrective actions are taken to rectify them. These reports are reviewed by the management team and then by the Audit Committee of the Board for follow up action.

CAUTIONARY STATEMENT

The statements in this management discussion and analysis report results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts business and other incidental factors.

ANNEXURE-IV TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

A. CORPORATE GOVERNANCE PHILOSOPHY

Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices, which ensure that a Company meets its obligations with the objective to optimize shareholder value and fulfill its responsibilities to the community, customers, employees, Government and other societal segments. Sutlej's philosophy is to conduct business at highest ethical standards for growth and prosperity of all the stakeholders on a sustainable basis in keeping with its corporate social responsibilities. This philosophy is built on a rich legacy of fair, transparent and effective governance, and led by strong emphasis on human values, individual dignity and adherence to honest, ethical and professional conduct.

The Company believes that a sound governance discipline also enables the Board to direct and control the affairs of the Company in an effective manner and maximize stakeholder value, including the society at large. This is an ongoing process with Sutlej; and we continuously endeavor to improve upon our practices in line with the changing demands of the business. Sutlej adopts innovative approaches for leveraging all its resources; and encourages a spirit of conversion of opportunities into achievements. Company's governance structures and systems are the foundation which provides and nurtures ramping up of healthy and sustainable growth of human resources, through empowerment and motivation. In this, your Company is guided by its vision, mission and the code on Corporate Governance.

Keeping in view the Company's size, reach and complexity of operations and corporate tradition, the Corporate Governance framework is based on the following main principles:

- Strategic supervision by the board of Directors which is made up of appropriate size, bouquets of experience and commitment to discharge their responsibilities;
- Timely and adequate flow of information to the Board and its Committees for meaningful and focused discussion at the meetings;
- Independent verification of Company's financial reporting from time to time and on quarterly basis;
- A sound system of internal Controls within the Risk Management framework to mitigate perceived risk factors;
- Timely and balanced disclosure of all material information and disclosure of all deviations, if any, to all stakeholders;
- Compliance with applicable laws, rules, regulations and guidelines;
- Transparency and defined accountability;
- Equitable and fair treatment to all the stakeholders including employees, customers, vendors, shareholders and investors.

The Board of Directors plays an active role in fulfilling its fiduciary obligation to shareholders by efficiently overseeing management functions to ensure their effectiveness in delivering shareholder value. The Governance framework is made effective through an efficient system of timely disclosures and transparent business practices.

B. BOARD OF DIRECTORS

The Board of Directors which is a body formed to serve and protect the overall interest of all the stakeholders, provides and evaluates the strategic direction of the Company; formulates and reviews management policies and ensures their effectiveness. The Chief Executive Officer of the Company who is designated as 'President';and the Wholetime Director (who is also designated as the CFO), manage the business of the Company with the help of a competent team, under the overall superintendence, guidance and control of the Board.

(a) CONSTITUTION

The Company's Board of Directors comprises eight members, seven of whom are Non-executive Directors and one Wholetime Director. Cumulatively, they account for more than 87 per cent of the Board's strength as against the minimum requirement of 50 percent as per the Listing Agreement. The Non-executive Directors are eminent professionals with a vast experience of industry, finance and law. The Board is headed by Non-executive Chairman and it has more than the required number of Independent Directors. All the directors possess the requisite qualifications and experience in general corporate management, finance, banking and other allied fields enabling them to contribute effectively in their capacity as Directors of the Company. None of the Directors are inter se related to each other. Except the Wholetime Director, all directors are liable to retire by rotation.

(b) NUMBER OF BOARD MEETINGS

During the year under review, four Board meetings were held on 16th May, 2012; 25th July, 2012; 9th November, 2012 and 31st January, 2013. The Meetings were held as per the requirements of business; and maximum interval between any two Board Meetings was within the permissible limits. The Board meets at least once in every quarter inter alia, to review the quarterly results and other items on the agenda. The Board is given presentation covering industry environment, project implementation, project financing and operations of the Company. Additional meetings are held when necessary. Senior executives are invited to provide additional inputs at the Board meeting, as and when necessary.

(c) DIRECTORS' ATTENDANCE AT BOARD MEETINGS AND DETAILS OF DIRECTORSHIPS / COMMITTEE POSITIONS HELD

The composition of the Board of Directors, their attendance at the Board meetings during the year and at the last Annual General Meeting and the number of other Directorships/Board level committee positions held by them in other Indian public companies as on 31.3.2013 is as follows:

Name of Directo	Category of Director	Number of Board meetings attended	Attendance at last AGM	Number of Other Directorships in Public Companies	Number of other Companies' Board Committee(s)	
					Chairperson	Member
Mr. C. S. Nopany	NED/PG	4	No	12	1	1
Mr. U. K. Khaitan	I/NED	3	No	11	0	0
Mr. S. M. Agarwal@	I/NED	1	No	0	0	0
Mr. Amit Dalal	I/NED	4	No	6	0	3
Mr. Rajan A.Dalal	I/NED	4	No	1	0	0
Mr. Ashok Mittal	I/NED	3	No	0	0	0
Mr. Rajiv K.Podar	I/NED	2	No	7	0	0
Dr. M.H. Rahman	I/NED	4	No	0	0	0
Mr. C. Singhania	ED	4	Yes	1	0	1

NED – Non Executive Director; PG – Promoter Group, ED – Executive Director, I – Independent, None of the Directors of the Company hold any shares of the Company. @ Ceased to be Director (since 3rd August, 2012) due to demise.

(d) INFORMATION TO THE BOARD

A detailed agenda folder is sent to each director in advance of the Board Meetings. As a policy, all major decisions involving allocation and deployment of funds, investments and capital expenditure, in addition to matters which statutorily require the approval of the Board are placed before the Board for its consideration and directions. Inter alia, the following information, as may be applicable and required, is provided to the Board as a part of the agenda papers.

- Annual operating plans and revenue budgets
- Capital budget expenditures
- Quarterly, half yearly and annual results of the Company
- Minutes of the Audit and other Committees of the Board
- Information relating to recruitment and remuneration of senior level officers just below the Board level.
- Materially important legal or taxation issues
- Status of financial obligations to and by the Company
- Any significant development in human resources or industrial relations
- Details of risk exposure and steps taken by management to limit or restrain the risk
- Compliance status with any regulatory, statutory or listing agreement related requirements or in relation to any shareholder services

Board periodically reviews compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliance, if any.

C. DETAILS OF REMUNERATION PAID TO DIRECTORS

The Wholetime Director receives salary, allowances and perquisites, while all the Non-Executive Directors receive sitting fees and allowances if applicable and annual commission.

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Directors during the year.

i) Remuneration paid to Non-Executive Directors of the Company

The Non-Executive Directors are paid sitting fees for attending each Meeting of the Board of Directors and Committees thereof. The Company also pays to its non-executive directors commission upto 1% of the net profits for all directors put together, with the maximum ceiling* of Rs.2, 00,000/- to each director. The total commission payable to all the non-executive directors for the financial year 2012-13 will be Rs.3767945/- for which provision was made in the books of accounts. The commission shall be paid after the adoption of annual accounts of the Company for the year ended 31st March, 2013 by the shareholders at the forthcoming AGM. Commission to all the Non-Executive Directors of the Company is determined after taking into account their valuable guidance for the various business initiatives and decisions at the Board level and also profitability of the Company. The details of commission payable and sitting fees (including for committee meetings) paid to the directors during the year 2012-2013 are as follows:

Sl. No.	Name of Director	Commission (Rs.)	Sitting Fees (Rs.)
1.	Mr. C. S. Nopany	2500000*	80000.00
2.	Mr. U. K. Khaitan	200000	80000.00
3	Mr. S. M. Agarwal@	67945	40000.00
4.	Mr.Amit Dalal	200000	140000.00
5.	Mr Rajan A.Dalal	200000	180000.00
6.	Mr. Ashok Mittal	200000	80000.00
7.	Mr. Rajiv K. Podar	200000*	140000.00
8.	Dr.M.H.Rahman	200000	100000.00

*Non-Executive Chairman is entitled to a higher commission, subject to a ceiling of Rs.25.00 lakhs.

@ Ceased to be Director during the year due to demise.

ii) Remuneration paid/payable to the Executive Director of the Company for the year ended 31st March, 2013, is as under:-

(Amount Rs. in lakhs)

Wholetime Director	Salary etc.	Perquisites	Retirement Benefits	Total
Mr. C. Singhania	15.20	4.88	1.82	21.90

D. COMMITTEES OF THE BOARD

Pursuant to Clause 49 of the Listing Agreement, the Board of Directors constituted four Committees of the Directors:

- Audit Committee
- Shareholder's / Investors' Grievance Committee
- Remuneration Committee
- Finance & Corporate Affairs Committee

The details of these committees are as follows:

I. AUDIT COMMITTEE

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises four Non-Executive Directors and one Executive Director and is headed by Mr. Rajan A. Dalal, an independent Non-Executive Director. Mr. Rajan A. Dalal, is B.Sc., SME Management from IIM-Ahmedabad, having experience in marketing of textiles and other field like investment bankers, creating dealer network in domestic and international markets, wealth management, investment in equity and debt market, capital raising, mergers and acquisitions etc. The other members of the Committee are: Mr. Amit Dalal, Mr. Rajiv K. Podar, Dr. M.H.Rahman and Mr. Chaturbhuj Singhania.

TERMS OF REFERENCE

The terms of reference of the Audit Committee comprise the following:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, reliable and sufficient.
- Reviewing with the management and statutory auditors the quarterly/annual financial statements before submission to the Board, and focusing primarily on :
  - Any changes in the accounting policies and procedures
  - Compliance with accounting standards
  - Adequacy of the internal control system, including management information system
  - Compliance with listing agreements with the stock exchanges and conformity with their requirements concerning financial statements
  - Major accounting entries based on the exercise of prudential judgment by management
  - Any related party transactions of the Company of a material nature that may cause potential conflict with the interests of the Company
- Reviewing the Company's financial and risk management policies
- Recommending the appointment and removal of statutory and internal auditors and determination of the audit fees and also grant approval for payment for any other services
- Reviewing the scope and adequacy of the internal audit functions and deciding the scope of work of the Internal Auditors, discussing with internal auditors significant audit findings and follow up actions initiated thereon
- Any other matter that may be referred to the Committee from time to time
- The Audit Committee also reviews every quarter the Report on Corporate Governance under clause 49 of the Listing Agreement and Secretarial Audit Report of the Practising Company Secretaries

MEETINGS AND ATTENDANCE

During the year under review, the Audit Committee met four times 15th May, 2012, 24th July, 2012, 8th November, 2012, and 30th January, 2013

The attendance of the members of the committee was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. S. M. Agarwal@	Chairman	Non-executive Independent	1
Mr. Ranjan A.Dalal*	Chairman	Non-executive Independent	2
Mr. Amit Dalal	Member	Non-executive Independent	4
Mr. Rajiv K.Podar	Member	Non-executive Independent	2
Dr. M.H.Rahman#	Member	Non-executive Independent	2
Mr. C. Singhania	Member	Executive Director	4

@ Ceased to be Chairman of the Committee w.e.f. 3rd August, 2012.
* Appointed as Chairman of the Committee w.e.f. 5th October, 2012
# Appointed as the Member of the Committee w.e.f. 5th October, 2012

The constitution of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956. The Committee reviews various aspects of the internal audit control system and financial and risk management policies. The requirements in respect of Clause 49 of the Listing Agreement and as amended from time to time are also reviewed by the Committee. The management makes a presentation before the Audit Committee on the observations and recommendations of the Statutory and Internal Auditors to strengthen controls and compliance. The internal auditors and statutory auditors are permanent invitees of the meeting. Mr. Chaturbhuj Singhania, Wholetime Director, being the Chief Financial Officer of the Company, is a member of the Committee and is a permanent invitee to the meeting. The Company Secretary is the ex-officio Secretary of the Committee.

II. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

COMPOSITION

The Shareholders'/Investors' Grievance Committee was reconstituted by the Board of Directors of the Company and presently comprises of three Non-Executive Directors of the Company. The Committee is headed by Mr. Amit Dalal. The other members of the Committee are: Mr. Ashok Mittal and Mr. Rajiv K. Podar.

TERMS OF REFERENCE

The Committee oversees the redressal of shareholder and investor complaints/ requests for transfer/transmission of shares, subdivision and consolidation of share certificates, the issue of duplicate share certificates, requests for demat & remat of shares, non-receipt of the declared dividend and non-receipt of the Annual Report. It also recommends measures for improvement in investor services. The Committee also keeps a close watch on the performance of M/s. Sharepro Services (India) Pvt. Ltd., the Registrar & Share Transfer Agents of the Company. The Company Secretary designated as the Compliance Officer of the Company, acts as the Secretary of the Committee. The Committee meets as often as is necessary for resolution of important matters within its mandate. There were no investor complaints pending at the end of the financial year.

MEETINGS AND ATTENDANCE

During the year under review the Committee met three times as on 21st July, 2012, 10th October,2012 and 9th January,2013. The attendance of the members of the Committee was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. Amit Dalal	Chairman	Non-executive/Independent	2
Mr. Ashok Mittal	Member	Non-executive/Independent	2
Mr. Rajiv K.Podar	Member	Non-executive/Independent	3

Minutes of the meeting of the Shareholders'/Investors' Grievance Committee are approved by the Chairman of the Committee and are noted by the Board at its next meeting.

INVESTORS' COMPLAINTS RECEIVED AND RESOLVED DURING THE YEAR

During the year under review the Company received 11 complaints/letters from the shareholders which were duly attended. The average period of redressal of grievances is 7 (seven) days from the date of receipt of letters/complaints. There was no unresolved complaint as on 31st March, 2013.

III. REMUNERATION COMMITTEE

COMPOSITION

The Remuneration Committee comprises of two Non-Executive Directors, namely, Mr. U.K.Khaitan and Mr. Rajan A. Dalal. The Committee is headed by Mr. U.K.Khaitan.

TERMS OF REFERENCE

The Company has constituted the Remuneration Committee under the Corporate Governance Code as a non-mandatory requirement. The Committee is empowered to determine the compensation package of the President, Executive Presidents, Wholetime Director, Secretary and other senior managerial personnel.

MEETINGS AND ATTENDANCE

During the year under review, there were two Meetings of the Committee on 23rd July, 2012 and 8th November,2012. The attendance of the members at the Committee meeting was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. U.K.Khaitan	Chairman	Non-executive Independent	2
Mr. S.M.Agarwal@	Member	Non-executive Independent	1
Mr. Rajan A. Dalal#	Member	Non-executive Independent	1

@ Ceased to be Member of the Committee w.e.f. 3rd August, 2012 upon his demise.

Appointed as Member of the Committee w.e.f.24.01.2012.

IV. FINANCE & CORPORATE AFFAIRS COMMITTEE

COMPOSITION

The Finance & Corporate Affairs Committee presently comprises of three Non-Executive Directors and Wholetime Director as members and is headed by Mr. C.S.Nopany, Chairman of the Board. Other members of the Committee are Mr. Rajan A. Dalal, Mr. Rajiv K. Podar and Mr. Chaturbhuj Singhania, Wholetime Director.

TERMS OF REFERENCE

The Committee is authorised to decide upon matters relating to borrowing, Inter corporate loans/deposits, opening and closing of bank accounts and to take appropriate timely action and decide upon various matters related thereto, in terms of the powers delegated to it by the Board. The Committee is also empowered to approve the Unaudited Quarterly Financial results to be submitted to the Stock Exchanges as provided under Clause 41 of the Listing agreement.

MEETINGS AND ATTENDANCE

The Committee met seven times on 2nd April, 2012, 30th April, 2012, 26th May, 2012, 25th July, 2012, 10th October, 2012, 24th November, 2012 and 9th March, 2013 during the year under review. The attendance of the members of the Committee was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. C. S. Nopany	Chairman	Non-Executive	0
Mr. Rajan A. Dalal	Member	Non-Executive / Independent	7
Mr. Rajiv K.Podar	Member	Non-Executive / Independent	5
Mr. C. Singhania	Member	Executive	6

Minutes of the meeting of the Finance & Corporate Affairs Committee are approved by the Chairman of the Committee and are noted by the Board in the next meeting of the Board.

E. REMUNERATION POLICY

The remuneration of employees comprises of the base remuneration, perquisites, bonus and ex-gratia. The components of the total remuneration vary for the different cadres and are governed by industry patterns, qualifications and experience, responsibilities handled and performance. The remuneration policy aims to motivate superior performance, recognize and reward achievement and promote retention.

F. MANAGEMENT

Management Discussion and Analysis is given in a separate section and forms a part of the Directors' Report in this Annual Report.

Disclosures

(i) Materially significant Related Party Transactions

Details of materially significant related party transactions that is the transactions of a material nature between the Company and the Promoters, Management, Directors or their relatives etc. are disclosed in the Note No. 31.07 of the Annual Accounts in compliance with the Accounting Standard relating to "Related Party Disclosures". Details of all such transactions are provided to the Board at the Board Meetings and the interested Directors neither participate in the discussion, nor vote on such matters.

There is no materially significant Related Party Transaction that may potentially conflict with the interests of the Company at large.

(ii) Accounting treatment in preparation of financial statements

The Company has followed the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.

(iii) Risk Management

As required under clause 49 of the Listing Agreement, the Company has established a well documented and robust risk management framework. Under this framework, risks are identified across all business processes of the Company on a continuous basis. Once identified, these risks are classified as strategic risks, business risks or reporting risks. Strategic risks are those which are associated with the longer term interests of the Company. Reporting risks are associated with incorrect or un-timely financial and non-financial reporting.

The Audit Committee and the Board of Directors review the Risk Management Strategy of the Company to ensure effectiveness of the Risk Management Policy and Procedures. Board of Directors of the Company is regularly apprised on the key risk assessment areas and a mitigation mechanism is recommended.

During the year, the Board has reviewed the risk assessment and a risk minimization procedure commensurate to the risks has been adopted; and is in place.

(iv) Corporate Ethics

As a responsible corporate citizen, the Company consciously follows corporate ethics in business and corporate interactions. Company has framed codes and policies providing guidance for carrying business in ethical manner. Some of these policies are:

Code for prevention of Insider Trading;

Code for Corporate disclosure;

Code of Conduct;

Whistle Blower policy;

Safety, health and environment policy in each of the Units;

The Company has established and implemented a Whistle Blower policy under which none of the Company's personnel has been denied access to the Audit Committee.

(v) Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

As per the requirement of Clause 41(ii) and 49(V)of the Listing Agreement, a certificate duly signed by CEO and CFO of the Company, regarding the Financial Statements for the year ended 31st March, 2013, was placed at the Board Meeting of the Company held on 8th May, 2013.

G. SHAREHOLDER INFORMATION

1. **Means of communication**

   In accordance with Clause 54 of the Listing Agreement, the Company has maintained a functional website at www.sutlej-textiles.com containing the basic information about the Company viz. the details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. The contents of the said website are updated from time to time.

   The quarterly and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they had been approved by the Board. The results are normally published in Business Standard in English and Rajasthan Patrika / Dainik Bhaskar in Hindi.

   The results are hosted on the website of the Company at www.sutlej-textiles.com

   Management Discussion and Analysis Report forms a part of this Annual Report.

   Further, the Company disseminates to the stock exchanges that is BSE and NSE wherein the equity shares of the Company are listed, all mandatory information and price sensitive /such other information which in its opinion are material and/ or have a bearing on its performance /operations and issue press releases wherever necessary for the information of the public at large. For the benefit of the shareholders a separate email id has been created for shareholder correspondence viz. stil.investor_grievance@sutlej-rtm.co.in

2. **Annual General Body Meetings of the Company**

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

AGM	Financial year	Date	Time	Venue	Special business/s If any, passed
7th	2011-2012	August 11,2012	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	1. Re-appointment of Mr.C.Singhania as Whole time Director, Inter alia, under Section 269 of the Companies Act, 1956.on certain terms and conditions. 2. Appointment of Dr.M.H.Rahman as Director, who retires by rotation under section 257 of the Companies Act,1956.
6th	2010-2011	August 06, 2011	3.00 p.m	Registered Office: Pachpahar Road Bhawanimandi (Raj)	Payment of commission upto 1% of the net profits of the Company, over and above the usual sitting fees to all the Directors put together, during each of the five financial years commencing from 1st April 2011
5th	2009-2010	August 06, 2010	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	None

The 8th Annual General Meeting of the Company is proposed to be held on 10th August, 2013 at 3.00 P.M. at the Registered Office of the Company.

Postal Ballot: No resolution by way of Postal Ballot was passed during the year 2012-13.

3. **Disclosures regarding Directors seeking re-appointment**

Mr. C. S. Nopany, Director of the Company retires by rotation at this Annual General Meeting and are eligible for re-appointment. Brief particulars of the directors being re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under clause 49 of the listing agreement with the stock exchanges in India, are provided in the notes to the notice of the annual general meeting.

4. **General Shareholders' information**

(i) **8th Annual General Meeting:**

Date	10/08/2013
Day	Saturday
Time	3.00 p.m.
Venue	At Registered Office
	Pachpahar Road,
	Bhawanimandi 326 502 (Raj.)

(ii) **Last date for receipt of Proxies**

Thursday, 8th August, 2013 (before 3.00 p.m.at the Registered Office of the Company)

(iii) **Book closure**

The register of members and share transfer books of the Company shall remain closed from 3rd August, 2013 to 10th August, 2013 (both days inclusive).

(iv) **Tentative financial calendar:**

Next financial year	1st April, 2013 to 31st March, 2014
Audited Annual Results (2012-13)	8th May, 2013
Publication of Audited Results (2012-13)	9th May, 2013
Mailing of Annual Report	End June, 2013
First Quarter Results & Limited Review	End July, 2013
Second Quarter Results & Limited Review	End October, 2013
Third Quarter Results & Limited Review	End January, 2014
Audited Annual Results (2013-14)	Mid May, 2014

(v) **Dividend**

Payment date (tentative): 14th August, 2013.

The Board of Directors at their meeting held on 8th May, 2013, have recommended a Dividend of Rs.5/- per share for the year ended 31st March, 2013, subject to shareholders' approval at the forthcoming Annual General Meeting. If approved the dividend will be paid to the shareholders after 10th August, 2013 but within 7 working days from the date of Annual General Meeting. The Company will continue to use NECS/ECS or any other electronic mode for payment of dividend to the shareholders located in places where in such facilities/system is in existence.

(vi) Listing on Stock Exchanges and stock codes:

The names of the Stock Exchanges on which the Company's equity shares are listed with the respective stock codes are as under:

S. No.	Name of the Stock Exchange	Stock Code
1.	Bombay Stock Exchange Ltd., Mumbai	532782
2.	National Stock Exchange of India Ltd., Mumbai	SUTLEJTEX

Listing fees for the year 2013-14 have been paid to the Stock Exchanges within the stipulated time.

(vii) Corporate Identification Number

Corporate Identification Number of the Company allotted by the Ministry of Corporate Affairs Government of India is L17124RJ2005PLC020927.

(viii) Market price data

High/low market price of the Company's equity share traded on stock exchanges where the Company's shares are listed during the last financial year are as follows:

Month	Bombay Stock Exchange Ltd., Mumbai		National Stock Exchange of India Limited, Mumbai	
	High	Low	High	Low
April, 2012	210.00	160.00	208.00	161.00
May, 2012	209.00	159.10	205.00	152.70
June, 2012	169.55	143.50	169.10	141.70
July, 2012	184.65	160.00	191.60	162.00
August, 2012	189.90	159.10	186.00	160.15
September, 2012	192.00	170.65	189.70	172.00
October, 2012	224.00	170.10	224.90	171.50
November, 2012	247.65	195.00	239.70	206.00
December, 2012	238.00	216.00	239.70	211.20
January, 2013	240.00	212.00	240.45	212.40
February, 2013	239.00	206.05	239.95	202.00
March, 2013	218.00	200.00	218.75	190.30

(ix) Distribution of shareholding:

The distribution of shareholding as on 31st March, 2013 was as follows:

S. No.	Number of equity shares	Number of shareholders	% of total shareholders	Number of shares held	% of total shares
1.	Up to 100	2610	58.311	120989	1.108
2.	101 to 500	1288	28.776	337977	3.094
3.	501 to 1000	271	6.055	204697	1.874
4.	1001 to 5000	240	5.362	557450	5.104
5.	5001 to 10000	22	0.492	153288	1.404
6.	10001 to 100000	30	0.670	897140	8.214
7.	100001 to 500000	9	0.201	1952190	17.874
8.	500001 to above	6	0.134	6698177	61.328

(x) **Details of shareholding as on 31st March, 2013 was as under:**

S. No.	Categor	Number of folios	% of Folios	Number of Shares held	% of share- Holding
1.	Promoters	13	0.29	6971235	63.83
2.	Financial institutions, Banks and mutual funds	3	0.07	2687	0.02
3.	Private corporate bodies/ associates	224	5.00	2029846	18.59
4.	Indian Public	4112	91.87	1887443	17.28
5.	FIIs	0	0	0	0
6.	NRI, Foreign Nationals and OCBs	124	2.77	30697	0.28
7.	**TOTAL**	**4476**	**100**	**10921908**	**100**

(xi) **Dematerialisation of shares and liquidity**

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company entered into an agreement with National Securities Depository Ltd. and Central Depository Services (India) Ltd. As a result, 97% of the total equity share capital of the Company was held in a dematerialised form with NSDL and CDSL as on 31.03.2013.

The Company has paid the requisite fees to all these authorities for the year 2013-14.

(xii) **Share transfer system**

Share transfers were registered and returned normally within 15 days from the date of receipt if the documents were clear in all respects. The Secretary of the Company was authorised to approve the transfer of shares in addition to the Shareholders' / Investors Grievance Committee.

(xiii) **Address for Shareholders' Correspondence**

Shareholders are requested to correspond with the Registrar and Share Transfer Agents at the below given address on all matters relating to transfers, dematerialization of shares, payment of dividend and any other query relating to the equity shares of the Company.

(xiv) **Registrar and Transfer Agent**

The Company appointed M/s. Sharepro Services (India) Pvt.Ltd. as its Registrar & Share Transfer Agent (RTA) for handling share registry (physical and electronic modes). Accordingly, all correspondence, shares for transfer, transmission, demat/ remat requests and other communication in relation thereto should be mailed/hand delivered to the said RTA directly at the following address:

Sharepro Services (India) Pvt.Ltd.
Samhita Complex,
Gala No. 52 to 56, Building No. 13A-B
Near Sakinaka Telephone Exchange,
Andheri – Kurla Road, Sakinaka,
Mumbai 400072
Tel. 022-67720300/400; Fax: 022-28591568

(xv) **Compliance Officer's Details:**

Mr. D.R.Prabhu
Company Secretary & Compliance Officer
Seated at Corporate Office at:
Sutlej Textiles and Industries Limited
Solaris-1, D Wing, 4th Floor,
Opp L&T Gate No-6, Saki Vihar Road,
Powai, Andheri-East, Mumbai-400 068
Tel : 022-4219 8800 / 4219 8824
Fax : 022-4219 8830/31
E-mail ID: prabhu@sutlejtextiles.com

(xvi) **Investor Relations:**

In order to facilitate investor servicing, the Company has designated an e-mail id- stil.investor_grievance@sutlej-rtm.co.in mainly for registering complaints by investors.

H. COMPLIANCE

(i) Statutory Compliance, Penalties and Strictures

The Company has continued to comply with the requirements of the Stock Exchanges, SEBI, and other statutory authorities on all matters relating to the capital market during the last three years. There were no cases of penalties or strictures imposed on the Company by any Stock Exchange or SEBI or any other statutory authorities for any violation related to the Capital market during the last three years.

(ii) Listing Agreement Compliance

The Company complies with all the requirements of the Listing Agreement including the mandatory requirements of the clause 49 of the Agreement.

(iii) Insider trading

The Company adopted the code of internal procedures and conduct framed under the SEBI (Prohibition of Insider Trading) Regulation, 1992 which, inter alia, prohibited the trading in shares by an 'insider' when in possession of unpublished price sensitive information.

(iv) Code of conduct and ethics

The Company laid down a Code of Conduct for the entire Board of Directors and senior management to avoid a conflict of interest. The Directors and senior management have affirmed compliance with Code of Conduct for the year 2012-2013. A declaration to this effect is attached to this report. The Code of Conduct is available on the Company's website www.sutlej-textiles.com .

There was no material, financial and commercial transactions in which the senior management had a personal interest, leading to a potential conflict of interest during the year under review.

(v) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

As on date there are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

(vi) Adoption of Non-Mandatory requirements

The Company has not adopted any non-mandatory requirements except relating to the maintenance of the office of the Non-executive Chairman by sharing the common expenses with other entities and constitution of the Remuneration Committee.

(vii) Auditors' Certificate on Corporate Governance

The Company has obtained a Certificate from its Statutory Auditors regarding compliance of the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement, which together with this Report on Corporate Governance is annexed to the Director's Report and shall be sent to all the shareholders of the Company and the Stock Exchanges along with the Annual Report of the Company.

(viii) Disclosure under Clause 53 of the Listing Agreement regarding certain Agreements with the Media Companies

Pursuant to the requirement of Clause 53 of the Listing Agreement, the Company would like to inform that no agreement(s) have been entered into with media companies and /or their associates which has resulted in/will result in any kind of shareholding in the Company and consequently any other related disclosures viz. details of nominee(s) of the media companies on the Board of the Company, any management control or potential conflict of interest arising out of such agreements, etc. are not applicable. Nor has the Company entered into any other back to back treaties/contracts/agreements / MoUs or similar instruments with media companies and/or their associates.

I. INVESTOR SAFEGUARDS AND OTHER INFORMATION

(i) Dematerialization of Shares

Shareholders are requested to convert their physical holdings to demat/electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc and also to ensure safe and speedy transaction in respect of the shares held.

(ii) National Electronic Clearing Services (NECS)/ Electronic Clearing Services (ECS) mandate

NECS/ECS facility ensures timely remittance of dividend without possible loss/delay in postal transit. Shareholders/Members holding shares in electronic form may register their NECS/ECS details with the respective DPs and Shareholders/Members holding shares in physical form may register their NECS/ECS details with Registrar and Share Transfer Agents to receive dividends, if declared, via the NECS/ECS mode.

(iii) **Timely encashment of Dividends**

In respect of the shareholders who have either not opted for NECS/ECS mandate or do not have such a facility with their banker, are requested to encash dividends promptly to avoid the inconvenience of writing to Company's Share Transfer Agents thereafter for revalidation of dividend warrants and failing their encashment for a period of seven years, they stand to lose the right to claim such dividends owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund.

(iv) **Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)**

Under the Companies Act, 1956, dividends which remain unclaimed for a period of seven years are required to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government. Dates of declaration of dividends since 2005-2006 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government, are given in the table below:

Financial Year ended	Date of Declaration of Dividend	Amount remaining unclaimed /unpaid as on 31/03/2013 (Rs.)	Last date for claiming unpaid Dividend amount (on or before)	Last date for transfer to IEPF
31.03.2006	19.09.2006	667424.00	18.09.2013	18.10.2013
31.03.2007	26.09.2007	476757.00	25.09.2014	25.10.2014
31.03.2008	26.09.2008	174019.00	25.09.2015	25.10.2015
31.03.2009	28.08.2009	216372.00	27.08.2016	27.09.2016
31.03.2010	06.08.2010	416430.00	05.08.2017	05.09.2017
31.03.2011	06.08.2011	1708455.00	05.08.2018	05.09.2018
31.03.2012	11.08.2012	1044280.00	10.08.2019	10.09.2019

Members are once again requested to utilize this opportunity and get in touch with Company's Registrar and Share transfer Agents M/s Sharepro Services (India) Pvt. Ltd. at their communication address for encashing the unclaimed dividends standing to the credit of their account.

Members are further requested to note that after completion of 7 years, no claims shall lie against the said funds or Company for the amounts of dividend so transferred, nor shall any payment be made in respect of such claim.

(v) **Update Address/Bank Details**

To receive all communications/corporate actions promptly, shareholders holding shares in dematerialised form are requested to please update their address/bank details with the respective DPs and in case of physical shares, the update details have to be intimated to the Registrar and Share Transfer Agents.

(vi) **Consolidate Multiple Holdings (in respect of physical holdings)**

Members are requested to consolidate their shareholdings under multiple folios to eliminate receipt of multiple communications and this would ensure that future correspondence / corporate benefits could be sent to consolidated folio.

(vii) Register email address

As you all may be aware, Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing Circulars 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, whereby Companies are permitted to send Notice/ documents including Annual Report comprising Balance Sheet, Statement of Profit and Loss, Directors' Report, Auditors' Report, etc in electronic mode (hereinafter 'documents'), provided the Company has obtained email address of its members for sending these documents through email by giving an advance opportunity to every shareholder to register their email addresses and changes therein from time to time with the Company.

Accordingly, shareholders holding shares in physical form are requested to register their email addresses and changes therein from time to time, by directly sending the relevant email addresses along with the details such as name, address, folio no, no. of shares held to the Registrar and Share transfer Agents, M/s Sharepro Services (India) Pvt Ltd.

In respect of shares held in electronic form, the email address along with DP ID/Client ID and other shareholder details as mentioned above should be registered by the shareholders with their respective Depository Participants. Upon registration of the email address, the Company proposes to send notices and documents, in electronic form to such shareholders.

(viii) Addresses for correspondence:

Sutlej Textiles and Industries Limited
Pachpahar Road
Bhawanimandi-326 502 (Rajasthan)
Telephones: 07433-222052/222082/222090
Fax: 07433-222354
E-mail: hoffice@sutlej-rtm.co.in; stil.investor_grievance@sutlej-rtm.co.in

Sharepro Services (India) Pvt.Ltd.
Samhita Complex,
Gala No. 52 to 56, Building No. 13A-B
Near Sakinaka Telephone Exchange,
Andheri – Kurla Road, Sakinaka, Mumbai 400 072
Tel. 022-67720300/400; Fax: 022-28591568

(ix) Location of the Plants:

Units	Location	Products
Rajasthan Textile Mills	Pachpahar Road, Bhawanimandi 326 502 (Rajasthan)	Cotton yarn and Manmade fibre yarn
Chenab Textile Mills	Kathua 184 102 (Jammu & Kashmir)	Cotton yarn and Manmade fibre yarn
Damanganga Fabrics & Processing	Village Daheli, Near Bhilad, Umbergaon, District: Valsad (Gujarat) 396 105	Fabrics and Processed Fabrics
Damanganga Home Textiles	Village Daheli, Near Bhilad, Umbergaon, District: Valsad (Gujarat) 396 105	Home textiles furnishing

DECLARATION BY THE WHOLETIME DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,

The Members,

Sutlej Textiles and Industries Limited

I hereby confirm that all the Members of the Board and designated Senior Management Personnel of the Company have affirmed due observance of the Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2013.

Place: Bhawanimandi **C. Singhania**

Date: 24th April, 2013. *Wholetime Director*

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO

THE MEMBERS OF SUTLEJ TEXTILES AND INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by M/s Sutlej Textiles and Industries Limited for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Singhi & Co.
Chartered Accountants
Firm Reg.No.302049E

Place: New Delhi **B. K. Sipani**

Date: 8th May, 2013 *Partner*

Membership No.: 88926

INDEPENDENT AUDITOR'S REPORT

To

The Members of Sutlej Textiles and Industries Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Sutlej Textiles and Industries Limited ("the company"), which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on the financial statements of Chenab Textile Mills as noted below, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

b. In the case of Statement of Profit and Loss, of the profit for the year ended on that date; and

c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

OTHER MATTER

We did not audit the financial statements of Chenab Textile Mills, whose financial statements reflect total assets (net) of Rs. 57812.06 lakhs as at 31st March,2013, total revenues(net) of Rs. 104986.54 lakhs and net cash inflow amounting to Rs. 94.28 lakhs for the year then ended. These financial statements have been audited by other auditor whose reports have been furnished to us and our opinion is based solely on the report of the other auditor. Our opinion is not qualified in respect of this matter.

REPORT ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the companies (Auditor's Report) order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statements on the matters specified in the paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
    a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from depots not visited by us;
    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 and with the returns received from depots not visited by us;
    d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
    e. On the basis of written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956.

For Singhi & Co.
Chartered Accountants
Firm Reg. No.302049E

B.K. Sipani
Partner
Membership No. 88926

Camp: Mumbai
Date: 8th May, 2013

Annexure referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements (Re: Sutlej Textiles and Industries Limited)

(i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. Fixed Assets of the Company's units at Bhawanimandi and Daheli (Near Bhilad) have been physically verified by the management during the year and in respect of Chenab Textiles Mills , all fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

c. There was no substantial disposal of fixed assets during the year.

(ii) a. As explained to us inventories (except stock lying with third parties and in-transit) were physically verified during the year by the management at reasonable intervals.

b. In our opinion and according to the information and explanations given to us, 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. In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) a. The Company has granted loan to three bodies corporate covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 8500 lakhs and the year-end balance was nil.

b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

c. In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular.

d. As informed, 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 Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (f) and (g) of the Order are not applicable to the company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) a. According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.

b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under to the extent applicable, with regard to the deposits accepted from the public. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court, or any other Tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

(ix) a. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Wealth Tax, Custom duty, Excise duty, Cess and other statutory dues applicable to it with the appropriate authorities. There was no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.

b. According to the records of the Company, there are no dues outstanding of Sales Tax, Income Tax, Service Tax, Custom

Duty, Wealth Tax, Excise Duty and Cess on account of any dispute, other than the followings:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Forum where dispute is pending	Related period
Central Excise Act, 1944	Disallowances & Penalty on Cenvat on Service Tax	36.05	Commissioner (Appeals), Jaipur	Oct., 05 to Mar., 06
Central Excise Act, 1944	Demand & Penalty for Service Tax	23.91	CESTAT, New Delhi	Dec.,05 to Oct.,06
Central Excise Act, 1944	Penalty against non-reversal of cenvat credit on exempted goods	8.50	Rajasthan High Court, Jaipur	May,99 to Feb.,2002
Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax and Interest	102.48	Rajasthan High Court, Jodhpur	Apr., 06 to Mar., 13
Central Excise Act, 1944	Excise duty on Textile Committee Cess and penalty thereon	17.64	Central Excise & Service Tax Appellate Tribunal, New Delhi	2000– 2005
Central Excise Act, 1944	Excise duty on Clearance of Yarn at Single Stage	23.66	Central Excise & Service Tax Appellate Tribunal, New Delhi	1995 – 1996
Central Excise Act, 1944	Excise duty on Clearance of Capital goods and Scrap Sales, interest and penalty thereon	22.40	Additional Commissioner of Central Excise, Jammu & Kashmir	2009-2012
Gujarat Tax on Entry of Specified Goods into Local Areas Act, 2001	Entry Tax, Penalty and Interest thereon	917.30	Commercial Tax Officer, Vapi	Apr., 06 to Mar., 13

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash loss in the current and immediately preceding financial year.

(xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. We have been informed that the Company did not have any debenture outstanding during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Accordingly, clause 4 (xiii) of the Order is not applicable.

(xiv) The Company does not deal or trade in shares, securities, debentures and other securities except that it has investments in shares and units in mutual funds and these are held in the name of the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantees in favour of financial institution or bank for loans taken by others.

(xvi) According to the information and explanations given to us, term loans obtained during the year were applied for the purpose for which loans were obtained.

(xvii) According to the information and explanation given to us, on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year. Accordingly, clause 4 (xix) of the Order is not applicable.

(xx) The Company has not raised any money through a public issue during the year. Accordingly, clause 4 (xx) of the Order is not applicable

(xxi) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Singhi & Co.
Chartered Accountants
Firm Reg. No.302049E

B.K. Sipani
Partner
Membership No. 88926

Camp: Mumbai
Date: 8th May, 2013

BALANCE SHEET as at 31st March, 2013

(Rs. in lakhs)

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds :			
Share Capital	1	1092.19	1092.19
Reserves and Surplus	2	33552.22	26494.37
		34644.41	27586.56
Deferred Government Subsidies	3	209.29	103.09
Non-Current Liabilities :			
Long-term Borrowings	4	33766.58	41152.46
Deferred Tax Liabilities (Net)	5	4470.96	4715.03
Other Long-term Liabilities	6	339.65	252.69
Long-term Provisions	7	345.42	316.95
		38922.61	46437.13
Current Liabilities :			
Short-term Borrowings	8	20875.63	19272.64
Trade Payables	9	4024.32	3663.28
Other Current Liabilities	10	14533.74	15902.81
Short-term Provisions	7	1706.46	1516.50
		41140.15	40355.23
TOTAL		**114916.46**	**114482.01**
ASSETS			
Non-Current Assets :			
Fixed Assets :			
Tangible Assets	11.1	53964.11	58019.54
Intangible Assets	11.2	71.79	162.12
		54035.90	58181.66
Capital Work-in-Progress		481.15	1260.32
		54517.05	59441.98
Non-Current Investments	12	5000.07	5000.07
Long-term Loans and Advances	13	3699.02	3333.46
Trade Receivables	14	-	-
Other Non-Current Assets	15	-	-
		63216.14	67775.51
Current Assets :			
Current Investments	16	254.00	182.00
Inventories	17	31321.96	29708.59
Trade Receivables	14	14259.13	11233.59
Cash and Bank balances	18	475.69	389.89
Short-term Loans and Advances	13	1870.33	1647.88
Other Current Assets	15	3519.21	3544.55
		51700.32	46706.50
Net Assets of Okara Mills(Pakistan) (Refer Note No. 31.03)		-	-
TOTAL		**114916.46**	**114482.01**
Contingent Liabilities and Commitments	19		
Summary of significant accounting policies and other notes on accounts	31		

The accompanying notes are an integral part of the financial statements.

In terms of our Report of even date attached.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

B. K. Sipani
Partner
Membership No. 88926

Place : Mumbai
Dated : 8th May, 2013

D. R. Prabhu
Secretary

C. S. Nopany
Chairman

C. Singhania
Wholetime Director & CFO

U. K. Khaitan

Amit Dalal

Rajan A. Dalal

Ashok Mittal

Rajiv K. Podar

Dr. M. H. Rahman

Directors

STATEMENT OF PROFIT AND LOSS for the year ended 31st March ,2013

(Rs. in lakhs)

Particulars	Note No.	For the year ended 31st March, 2013	For the year ended 31st March, 2012
REVENUE :			
Revenue from Operations	20	169036.95	154170.79
Less: Excise Duty		1012.83	469.74
Revenue from Operations(Net)		168024.12	153701.05
Other Income	21	3774.15	3156.99
TOTAL REVENUE		**171798.27**	**156858.04**
EXPENSES :			
Cost of Materials Consumed	22	94772.85	92856.54
Purchase of Traded Goods	23	11216.01	10687.50
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	24	574.43	(2990.60)
Employee Benefits Expense	25	13470.43	11450.12
Other Expenses	26	28333.42	27028.03
TOTAL		**148367.14**	**139031.59**
Profit before finance costs, depreciation & amortisation, exceptional item and tax		**23431.13**	**17826.45**
Finance Costs	27	6531.61	6965.67
Depreciation and Amortisation Expenses	28	7014.67	6900.36
Profit before exceptional item and tax		**9884.85**	**3960.42**
Exceptional Item	29	605.84	-
Profit before tax		**9279.01**	**3960.42**
Tax Expense			
Current Tax	30	1826.33	1061.98
Deferred Tax		(244.07)	(274.93)
Profit after tax		**7696.75**	**3173.37**
Basic & Diluted Earnings Per Equity Share (of Rs. 10 each) (Rs.)	31.08	70.47	29.06
Summary of significant accounting policies and other notes on accounts	31		

The accompanying notes are an integral part of the financial statements.

In terms of our Report of even date attached.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

B. K. Sipani
Partner
Membership No. 88926

Place : Mumbai
Dated : 8th May, 2013

D. R. Prabhu
Secretary

C. S. Nopany
Chairman

C. Singhania
Wholetime Director & CFO

U. K. Khaitan
Amit Dalal
Rajan A. Dalal
Ashok Mittal
Rajiv K. Podar
Dr. M. H. Rahman
Directors

Notes annexed to and forming part of Balance Sheet as at 31st March, 2013

NOTE 1 SHARE CAPITAL

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Share Capital		
Authorised		
2,50,00,000 (Previous year 2,50,00,000) Equity Shares of Rs 10 each	2500.00	2500.00
50,00,000 (Previous year 50,00,000) Preference Shares of Rs. 10 each	500.00	500.00
	3000.00	**3000.00**
Issued, subscribed and fully paid-up		
1,09,21,908 (Previous year 1,09,21,908) Equity Shares of Rs. 10/- each fully paid-up	1092.19	1092.19
	1092.19	**1092.19**

Terms/ Rights attached to Equity Shares :

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However, same is subject to the approval of the shareholders in the Annual General Meeting.

Reconciliation of the number of Equity Shares outstanding :

Equity shares outstanding at the beginning of the year	10921908	10921908
Equity shares allotted during the year	-	-
Equity shares outstanding at the end of the year	10921908	10921908

Shareholders holding more than 5 percent Equity Shares of the Company :

S. No.	Name of shareholder	As at 31st March, 2013		As at 31st March, 2012	
		No. of Shares held	% of holdings	No. of Shares held	% of holdings
1	Uttar Pradesh Trading Co.Ltd.	2027798	18.57	2027798	18.57
2	Hargaon Investment & Trading Co., Ltd.	1140931	10.45	1140931	10.45
3	New India Retailing and Investment Ltd.	1137536	10.42	1137536	10.42
4	Yashovardhan Investment & Trading Co., Ltd.	991224	9.08	991224	9.08
5	Birla Institute of Technology and Science	752439	6.89	752439	6.89
6	Ronson Traders Ltd.	648249	5.94	648249	5.94

NOTE 2 RESERVES AND SURPLUS

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
(i) Capital Reserve		
Balance as per last financial statement	530.49	530.49
Closing Balance	**530.49**	**530.49**
(ii) General Reserve		
Balance as per last financial statement	10121.57	9721.57
Add: Additions during the year	800.00	400.00
Closing Balance	**10921.57**	**10121.57**
(iii) Statement of Profit & Loss - Balance		
Balance as per last financial statement	15842.31	13703.63
Add: Profit for the year	7696.75	3173.37
	23539.06	16877.00
Less: Allocation and appropriation		
Proposed Dividend @	546.10	546.10
Corporate Dividend Tax	92.80	88.59
Transfer to General Reserve	800.00	400.00
Total	1438.90	1034.69
Closing Balance	**22100.16**	**15842.31**
Total Reserves and Surplus (i to iii)	**33552.22**	**26494.37**

@ The Board of Directors has recommended dividend of Rs.5 per Equity Share (Previous year Rs.5 per Equity Share) of Rs.10 each for the year ended 31st March, 2013. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Notes annexed to and forming part of Balance Sheet as at 31st March, 2013

NOTE 3 DEFERRED GOVERNMENT SUBSIDIES

(Rs. in lakhs)

Particulars	As at 31st March, 2013		As at 31st March, 2012	
(i) Capital Subsidy sanctioned by The Jammu & Kashmir State Government on specific Fixed Assets				
As per last financial statements	37.15		49.76	
Less : Transferred to Statement of Profit & Loss	9.36	27.79	12.61	37.15
(ii) Capital Subsidy sanctioned by Ministry of Textiles under TUFS on specific Fixed Assets				
As per last financial statements	65.94		85.99	
Add: Sanctioned during the year	151.25		-	
	217.19		85.99	
Less : Transferred to Statement of Profit & Loss	35.69	181.50	20.05	65.94
		209.29		**103.09**

NOTE 4 LONG-TERM BORROWINGS

(Rs. in lakhs)

Particulars	Non-current		Current maturities	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
(i) Secured :				
Term loans from Banks (a)	33626.18	41042.06	8428.03	8317.21
Term loan from a Bank (b)	-	-	-	2000.00
Total (i)	**33626.18**	**41042.06**	**8428.03**	**10317.21**
(ii) Unsecured :				
Fixed Deposits (c)	140.40	110.40	2094.50	1680.70
Total (ii)	**140.40**	**110.40**	**2094.50**	**1680.70**
Total (i)+ (ii)	**33766.58**	**41152.46**	**10522.53**	**11997.91**
(iii) Amount disclosed under the head "Other current liabilities" (Refer Note No. 10)			(10522.53)	(11997.91)
Total (i)+ (ii)-(iii)	**33766.58**	**41152.46**	-	-

(a) (i) Securities :

Term loans are secured/to be secured by first equitable mortgage ranking pari- passu over the Company's Immovable Properties situated at Bhawanimandi (Rajasthan), Kathua (Jammu & Kashmir) and Daheli (Gujarat) and moveable assets (save and except book debts) both present and future, subject to prior charges created/to be created in favour of bankers on moveables including book debts for securing working capital borrowings.

Notes annexed to and forming part of Balance Sheet as at 31st March, 2013

NOTE 4 LONG-TERM BORROWINGS *(Contd.)*

(ii) Terms of repayments of non- current portion :

- Current year :

(Rs. in lakhs)

As at 31st March, 2013	Rate of Interest	Repayments	
		No. of Installments	Periodicity
13519.94	11.75% to 13.00% linked with Base Rate	12-30	Quarterly Equal
961.48	8.00% fixed	1-7	Quarterly Graded
19144.76	11.25% to 12.15% linked with Base Rate	1-31	Quarterly Graded
33626.18			

- Previous year :

(Rs. in lakhs)

As at 31st March, 2012	Rate of Interest	Repayments	
		No. of Installments	Periodicity
13252.81	12.50% to 13.50% linked with Base Rate	2-26	Quarterly Equal
2420.72	8.00% fixed	3-11	Quarterly Graded
20390.17	11.75% to 13.50% linked with Base Rate	1-22	Quarterly Graded
1818.25	12.75% linked with Base Rate	2-28	Quarterly Equal to begin from 01.04.2012.
443.88	12.00% linked with Base Rate	32	Quarterly Graded to begin from 30.11.2013.
2716.23	12.25% linked with Base Rate	32	Quarterly Graded to begin from 31.12.2013.
41042.06			

(b) Previous year Term loan was secured by subservient charge over moveable fixed assets and current assets of the Company, carries rate of Interest 11.25% p.a. and repayable within 1 year from the balance sheet date.

(c) (i) Fixed deposit from public carries rate of interest @ 9.00% to 9.50% p.a.(Previous year 9.50% to 10% p.a.) and are repayable after 2 to 3 years (Previous year 2 to 3 years) from the date of acceptance of Deposits.

(ii) Current maturities of fixed deposits includes amount accepted from related parties Rs.768.80 lakhs (Previous year Rs.678.20 lakhs).

NOTE 5 DEFERRED TAX LIABILITIES (NET)

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Deferred Tax Liability on account of :		
Depreciation	5317.55	5486.36
	5317.55	5486.36
Deferred Tax Assets on account of :		
(i) Accrued expenses deductible on payment basis	664.73	533.16
(ii) Others	181.86	238.17
	846.59	771.33
Deferred Tax Liability/(Assets)(Net)	**4470.96**	**4715.03**

Notes annexed to and forming part of Balance Sheet as at 31st March, 2013

NOTE 6 OTHER LONG-TERM LIABILITIES

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade Deposits	319.41	237.66
Interest accrued but not due on Fixed Deposit	13.74	9.50
Employee Security Deposits	6.50	5.53
	339.65	**252.69**

NOTE 7 PROVISIONS

(Rs. in lakhs)

Particulars	Long- term		Short - term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Employee Benefits (Refer Note No. 31.05)	345.42	316.95	143.52	110.03
Proposed Dividend			546.10	546.10
Corporate Dividend Tax			92.80	88.59
Loss on Forward Contracts			3.62	109.70
Income Tax (Net)			191.46	117.20
Others - Contingencies #			728.96	544.88
	345.42	**316.95**	**1706.46**	**1516.50**

 # Disclosure of provisions and contingencies as per Accounting Standard-29

(Rs. in lakhs)

Particulars	Disputed Statutory Matters	Other Obligation	Total
Opening Balance	544.88	-	544.88
	(472.10)	(-)	(472.10)
Addition	212.85	-	212.85
	(115.04)	(-)	(115.04)
Utilisation	-	-	-
	(-)	(-)	(-)
Reversal/ Paid	28.77	-	28.77
	(42.26)	(-)	(42.26)
Closing Balance	728.96	-	728.96
	(544.88)	(-)	(544.88)

(i) Provision for disputed statutory matters have been made, where the Company anticipates probable outflow. The amount of provision is based on estimate made by the Company considering the facts and circumstances of each case. The timing and amount of cash flow will be determined by the relevant authorities on settlement of cases.

(ii) Figures in brackets represents previous year's amounts.

NOTE 8 SHORT-TERM BORROWINGS

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
A **Secured :**		
Loan repayable on demand		
Working Capital Facilities from banks are secured/to be secured by hypothecation of moveables including book debts, both present and future, of the unit, ranking pari-passu inter se.	20875.63	14814.65
Total (A)	**20875.63**	**14814.65**

Notes annexed to and forming part of Balance Sheet as at 31st March, 2013

NOTE 8 SHORT-TERM BORROWINGS *(Contd.)*

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
B **Unsecured :**		
Short Term Loan from a Bank	-	3500.00
Buyer's Credit from Banks (Guaranteed by the Company's bankers)	-	757.99
Inter corporate deposit (repayable on demand)	-	200.00
Total (B)	-	**4457.99**
Total (A+B)	**20875.63**	**19272.64**

NOTE 9 TRADE PAYABLES *

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade payables (including acceptances)	4024.32	3663.28
	4024.32	**3663.28**

* The Company has not received any intimation from its suppliers being registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Hence the necessary disclosure required under MSME Act, 2006 can not be made. However, the company generally makes payment to its suppliers within the agreed credit period (generally less than 45 days) and thus the management is confident that the liability of interest under this Act, if any, would not be material.

NOTE 10 OTHER CURRENT LIABILITIES

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Current maturities of long-term debts (Refer Note No.4)	8428.03	10317.21
Current maturities of fixed deposits (Refer Note No.4)	2094.50	1680.70
Interest accrued and due on borrowings	506.24	456.87
Interest accrued but not due on borrowings	125.63	176.40
Credit balance & advances received from customers	615.82	438.90
Unpaid Dividend	47.03	36.92
Unpaid matured deposit & interest accrued thereon	0.20	0.43
Creditors for capital goods	231.21	186.45
Statutory dues	268.17	259.91
Employees liabilities	1734.23	1481.12
Security Deposits	35.90	44.38
Rebate and Claims	166.51	168.10
Director's Commission	33.91	34.77
Others	246.36	620.65
	14533.74	**15902.81**

Notes annexed to and forming part of Balance Sheet as at 31st March, 2013

NOTE 11.1 & 11.2 FIXED ASSETS

(Rs. in lakhs)

Description	Gross Block (Cost/Book Value)				Depreciation				Net Block	
	As at 31st March, 2012	Additions	Deductions	As at 31st March, 2013	As at 31st March, 2012	For the year ended 31st March, 2013	Deductions	As at 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
Note No. 11.1										
(A) Tangibe Assets								#		
Land	920.39	43.00	-	963.39	42.03	4.80	-	46.83	916.56	878.36
Building	21588.26	208.24	19.53	21776.97	3881.87	548.53	9.85	4420.55	17356.42	17706.39
Plant & Equipment	86596.18	3166.07	1718.89	88043.36	48322.20	6161.85	815.17	53668.88	34374.48	38273.98
Vehicles	766.23	207.30	119.62	853.91	305.57	73.64	87.58	291.63	562.28	460.66
Furniture & Fixtures	976.54	49.17	8.65	1017.06	615.54	46.98	7.38	655.14	361.92	361.00
Office Equipments	890.27	144.06	13.79	1020.54	551.12	88.54	11.57	628.09	392.45	339.15
Total (A)	**111737.87**	**3817.84**	**1880.48**	**113675.23**	**53718.33**	**6924.34**	**931.55**	**59711.12**	**53964.11**	**58019.54**
Note No.11.2										
(B) Intangible Assets										
Software and Designing rights	37.99	-	-	37.99	28.96	4.08	-	33.04	4.95	9.03
Software IT (ERP)	556.03	-	-	556.03	402.94	86.25	-	489.19	66.84	153.09
Total (B)	**594.02**	**-**	**-**	**594.02**	**431.90**	**90.33**	**-**	**522.23**	**71.79**	**162.12**
(C) Capital Work-in- Progress									481.15	1260.32
Total (C)									**481.15**	**1260.32**
Total (A+B+C)	**112331.89**	**3817.84**	**1880.48**	**114269.25**	**54150.23**	**7014.67**	**931.55**	**60233.35**	**54517.05**	**59441.98**
Previous Year	108688.54	4640.91	997.56	112331.89	48147.25	6900.36	897.38	54150.23	59441.98	

Notes:

1 Land includes Freehold Land of Rs.511.11 lakhs (Previous year Rs.511.11 lakhs) and Leasehold Land of Rs. 452.28 lakhs (Previous year Rs.409.28 lakhs). In case of Kathua unit Leasehold Land for Rs. 306.37 lakhs (Previous year Rs.263.37 lakhs) are pending for registration in the name of the unit.

2 Fixed assets includes share of the Company in a Holiday Home at Haridwar jointly owned with other Bodies Corporates.

3 Additions includes Borrowing Cost Nil (Previous Year Rs.20.28 lakhs) & Employees Cost Nil (Previous year Rs.7.86 lakhs).

4 Depreciation including relating to earlier year in Plant & Machinery Rs.2.92 lakhs (Previous year Nil).

Represents Amortisation of Lease Rent.

Notes annexed to and forming part of Balance Sheet as at 31st March, 2013

NOTE 12 NON-CURRENT INVESTMENTS

(Rs. in lakhs)

Particulars	Shares (Nos.)	Face Value per Share (Rs.)	As at 31st March, 2013	As at 31st March, 2012
Long Term Investment (Non-Trade)				
Unquoted (Fully paid-up) (at cost)				
(A) In Equity Shares of Co-operative Bank :				
The Jhalawar Nagrik Sahkari Bank Ltd., Bhawanimandi	50	100	0.05	0.05
(B) Investments in Government & Trust Securities :				
National Saving Certificates (VIII Issue)				
(Lodged as Security Deposit)			0.02	0.02
(C) Investment in Preference Shares :	50000000	10	5000.00	5000.00
8.50% Cumulative Redeemable Preference Shares fully paid-up in The Oudh Sugar Mills Ltd.				
Aggregate amount of Unquoted Investments			**5000.07**	**5000.07**

NOTE 13 LOANS AND ADVANCES

(Rs. in lakhs)

Particulars	Long- term		Short - term	
(Unsecured, Considered Good unless otherwise stated)	As at 31st March, 2013	As at 31st March, 2012	As at 31st March,2013	As at 31st March, 2012
(i) Capital Advances	**404.67**	**325.51**	**-**	**-**
(ii) Security Deposits	**720.57**	**531.78**	**18.04**	**18.69**
(iii) Balances with Excise and Custom Department				
Considered Good	-	-	432.40	373.55
Considered Doubtful	-	-	108.11	137.12
	-	-	540.51	510.67
Less: Provision for non-usable Cenvat credit	-	-	(108.11)	(137.12)
	-	**-**	**432.40**	**373.55**
(iv) Advances Recoverable in Cash or in Kind				
Considered Good	-	2.05	1345.81	1181.27
Considered Doubtful	-	-	12.06	12.06
	-	2.05	1357.87	1193.33
Less: Provision for doubtful	-	-	(12.06)	(12.06)
	-	**2.05**	**1345.81**	**1181.27**
(v) Other Loans and Advances				
Income Tax Refund Receivable	-	-	1.15	1.15
MAT credit entitlement @	2564.64	2464.64	-	-
Prepaid Expenses	9.14	9.48	72.93	73.22
	2573.78	**2474.12**	**74.08**	**74.37**
Total (i to v)	**3699.02**	**3333.46**	**1870.33**	**1647.88**

@ Represents that portion of MAT liability, which can be recovered and set off in subsequent years based on the provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on the present trend of profitability and also the future profitability projections, opines that there would be sufficient taxable income in future, which will enable the Company to utilize MAT credit entitlement.

NOTE 14 TRADE RECEIVABLES

(Rs. in lakhs)

Particulars	Non-current		Current	
(Unsecured, Considered Good unless otherwise stated)	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
(a) Outstanding for more than six months (from due date)				
Considered Good	-	-	225.40	244.44
Considered Doubtful	-	-	138.71	203.01
			364.11	447.45
Less: Provision for Doubtful	-	-	(138.71)	(203.01)
			225.40	244.44
(b) Other receivables	-	-	14033.73	10989.15
			14259.13	**11233.59**

NOTE 15 OTHER ASSETS

(Rs. in lakhs)

Particulars	Non-current		Current	
(Unsecured, Considered Good unless otherwise stated)	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
(i) Export Benefits/ Claims Receivable				
Considered Good #	-	-	1086.90	1379.95
Considered Doubtful	-	-	41.18	162.15
			1128.08	1542.10
Less: Provision for Doubtful	-	-	(41.18)	(162.15)
			1086.90	**1379.95**
(ii) Others, Considered Doubtful	-	-	42.49	42.49
Less: Provision for Doubtful	-	-	(42.49)	(42.49)
			-	-
(iii) Government Subsidies Receivable				
Considered Good	-	-	2116.47	2097.26
Considered Doubtful	-	-	177.19	177.19
		-	2293.66	2274.45
Less: Provision for Doubtful	-	-	(177.19)	(177.19)
	-	-	**2116.47**	**2097.26**
(iv) Fixed Assets held for sale				
Written down value	-	-	862.41	31.02
Less: Provision for loss	-	-	(605.84)	-
Carrying value of fixed assets held for sale	-	-	**256.57**	**31.02**
(At lower of net book value or net realisable value)				
(v) Interest accrued on Deposits	-	-	59.27	36.32
Total (i to v)	-	-	**3519.21**	**3544.55**

Includes Rs.108.33 lakhs (Previous year Rs.108.33 lakhs) being not allowed by Excise Department for simultaneous claim for rebate of duty on input & finished goods, The Hon'ble Rajasthan High Court, Jaipur Bench has dismissed the writ petition and Company has filed a Special Leave Petition before the Hon'ble Supreme Court of India against order of the Hon'ble Rajasthan High Court, Jaipur Bench. A Review Petition has also been filed before the Hon'ble Rajasthan High Court, Jaipur Bench to allow re-credit of the amount in Cenvat account. Pending disposal of appeal by the Supreme Court and review writ petition by the Hon'ble Rajasthan High Court, above amount has been considered good by the Company.

Notes annexed to and forming part of Balance Sheet as at 31st March, 2013

NOTE 16 CURRENT INVESTMENTS

(Rs. in lakhs)

Particulars	Units (Nos.)	Face Value Per Unit (Rs.)	As at 31st March, 2013	As at 31st March, 2012
Unquoted (Fully paid-up) (Non-Trade)				
Investments in Mutual funds (at cost or fair value whichever is lower)				
UTI-MIS-Advantage Plan -Growth	241714.56 (241714.56)	10	45.00	45.00
UTI-Fixed term income fund series XI-IX Growth plan	2089990 (1370000)	10	209.00	137.00
Earmarked in compliance with the provisions of Companies (Acceptance of Deposits) Rules, 1975				
Aggregate amount of Unquoted Investments			**254.00**	**182.00**

NOTE 17 INVENTORIES

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
(Valued at lower of cost or net realisable value except waste at net realisable value)		
Raw Materials (includes own produced goods)	12818.28	10761.43
Work-in-Progress	4990.04	4421.57
Finished Goods	11305.44	12557.15
Traded Goods	154.55	156.17
Stores and Spare-parts,etc.	1829.31	1698.36
Waste	224.34	113.91
	31321.96	**29708.59**
Goods in transit included in above inventories are as under :		
Raw Materials	378.31	750.00
Finished Goods	-	155.79
Stores and Spare-parts,etc	65.46	69.21

NOTE 18 CASH AND BANK BALANCES

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) **Cash and cash equivalents :**		
Cash Balance on hand	30.89	30.57
Cheques/ Drafts in hand	15.10	19.90
Balance with banks in :		
Current Accounts	347.67	265.58
Cash Credit Accounts (debit balance)	2.50	0.13
(b) **Earmarked balances with banks :**		
Unpaid Dividend Account	47.03	36.92
Fixed Deposit Accounts (lodged as Security Deposit)	15.12	14.41
Employees Security Deposit Accounts	17.36	22.36
Deposit in Post Office Saving Bank Accounts (lodged as Security Deposit)	0.02	0.02
	475.69	**389.89**

Notes annexed to and forming part of Balance Sheet as at 31st March, 2013

NOTE 19 CONTINGENT LIABILITIES AND COMMITMENTS

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
A. Contingent Liabilities (Not provided for) in respect of :		
1 Claim against the Company not acknowledged as debts :		
(a) Labour Matters, except for which the liability is unascertainable	64.60	84.31
(b) Demand raised by Excise Department for various matters	174.40	66.28
(c) Demand for Service Tax, being contested by the Company	23.91	23.91
(d) Demand for Entry Tax (penalty & interest)	420.04	365.25
Note: The Company has a strong chance of success in above cases, therefore no provision is considered necessary.		
2 Bills Discounted with Bankers (Since Realised upto 30.04.13 Rs.1093.30 lakhs, Previous year Rs.1106.11 lakhs)	2772.96	1961.03
3 The Company has procured certain capital goods under EPCG Scheme at concessional rate of duty. As on 31st March, 2013, the Company is contingently liable to pay differential custom duty Rs.2345.45 lakhs (Previous year Rs.3257.92 lakhs) on such import. In view of past export performance and future projections, the management is hopeful of completing the export obligation within stipulated time and expect no cash outflow on this account.		
B. Commitments :		
(a) Estimated amount of Contracts remaining to be executed on Capital Account [Net of Advances Rs.404.67 lakhs (Previous Year Rs.325.51 lakhs)] and not provided for	1759.12	302.34
(b) The Company has availed certain government subsidies/ grants. As per the terms and conditions, the Company has to continue production for specified number of years failing which amount of subsidies availed alongwith interest, penalty etc. will have to be refunded.		

Notes annexed to and forming part of Statement of Profit & Loss for the year ended 31st March, 2013

NOTE 20 REVENUE FROM OPERATIONS

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(i) Sale of Manufactured goods :		
Cotton Yarn	41691.52	33605.26
Man Made Fibres Yarn	100768.13	94584.71
Fabrics	5483.29	4689.57
Trousers	548.89	705.41
Home Furnishing Fabrics	3218.21	2653.96
Waste	2333.10	1937.72
Total (i)	**154043.14**	**138176.63**

Notes annexed to and forming part of Statement of Profit & Loss for the year ended 31st March, 2013

NOTE 20 REVENUE FROM OPERATIONS *(Contd.)*

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(ii) Sale of Traded goods :		
Cotton Yarn	7159.26	6421.81
Man Made Fibres Yarn	4299.34	4640.17
Fabrics	404.36	741.43
Others	-	7.37
Total (ii)	**11862.96**	**11810.78**
(iii) Sale of services :		
Job Processing	1441.28	1329.57
Others	179.78	402.80
Total (iii)	**1621.06**	**1732.37**
Aggregate sale of goods and services (i to iii) @	**167527.16**	**151719.78**
(iv) Other Operating Revenue :		
Export incentives	1509.79	2451.01
Total (iv)	**1509.79**	**2451.01**
Revenue from Operations (Gross) (i to iv)	**169036.95**	**154170.79**
Less: Excise Duty	1012.83	469.74
Revenue from Operations (Net)	**168024.12**	**153701.05**

@ Sales includes Export Sales of Rs.32574.81 lakhs (Previous year Rs.39117.91 lakhs).

NOTE 21 OTHER INCOME

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Dividend from Non-current Investment (Non-Trade)	0.01	-
Profit on sale of Current Investment	13.40	7.99
Interest from Bank Deposits	2.69	2.04
Interest from Inter-Corporate Deposits	828.06	713.57
Interest from others #	1811.57	1312.47
Profit on sale/discard of Fixed Assets (Net)	94.47	-
Miscellaneous Income	265.15	268.51
Excess provisions and unspent liabilities written back	159.70	637.20
Net Gain on Foreign Currency transactions and translation ##	240.24	-
(Including Gain on Cancellation of Forward Contracts Rs.2.63 lakhs}		
Provision for Doubtful Refund/ Debts written back	147.64	-
Sundry credit balances written back (net)	66.28	102.54
Insurance Claims	87.10	63.64
Deferred Government Subsidies	45.05	32.66
Bad Debts Recovered	-	3.54
Others	12.79	12.83
	3774.15	**3156.99**

Includes Rs.97.04 lakhs (Previous Year Rs.123.17 lakhs) on account of Interest subsidy under Rajasthan Investment Promotion Scheme (RIPS) and Rs.750.21 lakhs (Previous Year Rs.427.71 lakhs) being 3% Central interest subsidy received on working capital loans.

The Company has complied with the announcement issued by the Institute of Chartered Accountants of India (ICAI) on Accounting for Derivatives' requiring provision for loss on outstanding derivative contracts not covered by AS-11 by marking them to market rate. Accordingly loss on forward contracts amounting to Rs.3.62 lakhs is net off herein above (Previous year Rs.109.70 lakhs included in Net loss on Foreign Currency transactions and translation under Note No. 26-Other expenses).

Notes annexed to and forming part of Statement of Profit & Loss for the year ended 31st March, 2013

NOTE 22 COST OF MATERIALS CONSUMED

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Cotton	20506.31	18732.46
Man Made Fibres	64550.08	67102.59
Yarn	4668.64	3005.11
Grey Fabric	101.76	121.97
Dyes & Chemicals	4845.46	3715.94
Others	100.60	178.47
	94772.85	**92856.54**

NOTE 23 PURCHASE OF TRADED GOODS

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Cotton Yarn	6779.22	5872.85
Man Made Fibres Yarn	4078.57	4172.57
Fabrics	358.22	635.67
Others	-	6.41
	11216.01	**10687.50**

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

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Inventories as at 31st March, 2013		
Work-in-Progress (A)	4990.04	4421.57
Finished Goods (B)	11305.44	12557.15
Traded Goods (C)	154.55	156.17
Waste	224.34	113.91
	16674.37	**17248.80**
Inventories as at 31st March, 2012		
Work-in-Progress (A)	4421.57	3866.39
Finished Goods (B)	12557.15	9787.04
Traded Goods (C)	156.17	456.75
Waste	113.91	148.02
	17248.80	**14258.20**
	574.43	**(2990.60)**
Details of Inventories are given below:		
(A) Work-in-Progress :		
Cotton Yarn	1383.72	1131.19
Man Made Fibres Yarn	2861.85	2605.80
Yarn	146.72	147.14
Fabrics	463.56	394.35
Job work	134.19	143.09
	4990.04	**4421.57**
(B) Finished Goods :		
Cotton Yarn	1233.61	1031.33
Man Made Fibres Yarn	7872.21	9482.39
Fabrics	943.74	899.75
Trousers	-	126.46
Home Furnishing Fabrics	1255.88	1017.22
	11305.44	**12557.15**
(C) Traded Goods :		
Cotton Yarn	100.21	29.35
Man Made Fibres Yarn	45.35	108.44
Fabrics	8.99	18.38
	154.55	**156.17**

Notes annexed to and forming part of Statement of Profit & Loss for the year ended 31st March, 2013

NOTE 25 EMPLOYEE BENEFITS EXPENSE

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Salaries, wages and bonus	11769.17	10154.82
Contribution to provident and other funds	1404.98	1071.31
Employee welfare expenses	296.28	231.85
	13470.43	11457.98
Less: Amount capitalised during the year	-	7.86
	13470.43	**11450.12**

NOTE 26 OTHER EXPENSES

(Rs. in lakhs)

Particulars		For the year ended 31st March, 2013	For the year ended 31st March, 2012
Processing and Job Charges		850.17	1102.63
Consumption of Stores & Spares		2778.07	2542.48
Consumption of Packing Materials		2126.70	1914.92
Power, Fuel and Water Charges		13049.36	11523.62
Rent		164.95	158.40
Insurance(Net)		145.29	122.80
Rates and Taxes *		24.10	94.23
Repairs and Maintenance:			
Buildings		335.19	308.00
Machinery		1705.55	1272.02
Others		112.84	90.24
Freight & Forwarding Expenses, etc .		3008.59	2716.84
[Net of recovery of Rs.547.57 lakhs (Previous year Rs.431.09 lakhs)]			
Selling Commission & Brokerage		1401.47	1403.90
Rebates, Compensation and Cash Discounts		810.51	713.72
Miscellaneous Expenses $		1556.95	1422.97
Auditors Remuneration: #			
Statutory Auditors:			
As Auditors		12.87	11.79
For Tax Audit		2.85	2.58
For Limited Review		2.72	2.59
In other Capacity, for			
Certifications and other matters		3.76	1.37
Travelling and other out of pocket expenses		1.97	2.27
Branch Auditors:			
As Auditors		16.25	15.00
Travelling and other out of pocket expenses		2.00	0.79
Cost Auditors:			
As Auditors		1.30	1.30
Certification and Advices		0.20	-
Travelling and other out of pocket expenses		0.24	0.34
Adjustment relating to previous year (Net)		9.02	4.71
Loss on sale/discard of Fixed Assets (Net)		-	4.12
Charity and Donations		110.93	90.78
Net loss on Foreign Currency transactions and translation		-	1116.04
{including loss on Cancellation of Forward Contract of Rs.178.45 lakhs}			
(other than considered as finance costs)			
Bad Debts/ Refund	109.89		
Less: Provision for Bad Debts/ Refund	(109.89)	-	-
Provision for Doubtful Refund/ subsidies & Debts		43.24	342.74
Directors' Commission & Fees		56.33	44.84
		28333.42	**27028.03**

* Includes excise duty on increase/(decrease) of finished goods stock (Rs.7.84 lakhs) (Previous year Nil), Wealth Tax Rs.7.57 lakhs (Previous year Rs.6.49 lakhs) and Sales tax Rs.3.99 lakhs (Previous year Rs.56.82 lakhs).

$ Amount is net of credit of Rs.235.51 lakhs(Previous year Rs.196.40 lakhs) for Sharing of Common Expenses with a body corporate.

\# Including service tax wherever applicable.

NOTE 27 FINANCE COSTS

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Interest Expenses #	6455.75	6602.50
Other Borrowing costs	65.60	160.48
Loss on Foreign Currency transactions and translation (considered as finance costs)	10.26	222.97
	6531.61	6985.95
Less: Amount capitalised during the year	-	20.28
	6531.61	**6965.67**

Net of interest subsidies under TUF (Technology Upgradation Fund) Scheme amounting to Rs.2104.87 lakhs (Previous year Rs.2353.15 lakhs).

NOTE 28 DEPRECIATION AND AMORTISATION EXPENSES

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Depreciation of tangible assets (Refer Note No.11.1)	6924.34	6792.76
Amortisation of intangible assets (Refer Note No.11.2)	90.33	107.60
	7014.67	**6900.36**

NOTE 29 EXCEPTIONAL ITEM

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Provision for loss on fixed assets held for sale #	605.84	-
	605.84	-

In view of un-economic working, Garment Division, not a major line of activity, of the Company was closed w.e.f. 31st January, 2013. Provision for loss on fixed assets held for sale of the Garment Division has been considered as an exceptional item being non-recurring in nature.

NOTE 30 CURRENT TAX

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Current Tax for the year @	1921.00	890.00
Less: MAT Credit (Entitlement) / Reversal	(100.00)	(75.00)
Add: MAT Credit Reversal relating to earlier year	-	236.00
	1821.00	1051.00
Current Tax adjustments for earlier years (Net)	5.33	10.98
	1826.33	**1061.98**

@ The Minimum Alternate Tax (MAT) provided during the year is as per provisions of section 115 JB of the Income Tax Act, 1961 and same is eligible for set off in the specified assessment years as per the provisions of the Income Tax Act,1961.

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

NOTE 31 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES ON ACCOUNTS

31.01 NATURE OF OPERATIONS

The Company is a manufacturer of Synthetic Staple Fibres Yarn, Man made Fibres blended yarn & Cotton Yarn and Fabrics. It has two spinning units viz. Rajasthan Textile Mills, Bhawanimandi (Raj) & Chenab Textile Mills, Kathua (J & K), one weaving & processing unit viz. Damanganga Fabrics, one Garments unit viz. Damanganga Garments and one Home Textiles unit viz. Damanganga Home Textiles at Village Daheli, near Bhilad (Gujarat). The Management has decided to close the operations of Damanganga Garments w.e.f. 31st January, 2013, in view of its un-economic working.

31.02 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued under the Accounting Standard Rules, 2006 notified by the Central Government and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis except in case of claims lodged with Insurance Companies but not settled and interest on overdue debts from customers which are accounted for on receipt basis on account of uncertainties.

(B) Use of Estimates

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

(C) Classification of Assets and Liabilities as Current and Non Current

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current/ non-current classification of assets and liabilities.

(D) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The carrying amounts are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(E) Expenditure on new projects, substantial expansion and during construction period

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period, which is not related to the construction activity nor is incidental thereto is charged to the Statement of Profit & Loss. Income earned during construction period is deducted from the total of the indirect expenditure.

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

NOTE 31.02 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

Expenditure during construction/installation period is included under capital work-in-progress and the same is allocated to respective fixed assets on the completion of its construction.

(F) Investments

Long term investments are stated at cost . The Company provides for diminution other than temporary in the value of long term investments. Current investments are valued at lower of cost or fair value.

(G) Inventories

(i) Inventories are valued as follows:

Raw materials, stores and spares	Lower of cost and net realisable value. Cost is determined on a weighted average basis. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress, finished goods and traded goods	Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads. Cost of finished goods includes excise duty, wherever applicable. Also refer Note No. 31.02 (I) (iii) herein below.
Waste	At net realisable value.

(ii) Work-in-progress, finished goods and traded goods have been valued as per the principles and basis consistently followed.

(iii) Provision for obsolete/ old inventories is made, wherever required.

(iv) Inter unit transfers of material for further processing is being made at market rate prevailing at the time of such transfers and inventories of such "transfers" could not be identified separately. Therefore for the purpose of determining weightage average cost, transfer price has been considered. In the opinion of the management such valuation have no material impact on inventory valuation and such stock at the year end are shown as part of raw materials inventory.

(v) In view of substantially large number of items in work- in- progress, it is not feasible to maintain the status of movement of each item at shop floor on perpetual basis. The Company, however, physically verifies such stocks at the end of every month/ quarter and valuation is made on the basis of such physical verification.

(H) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions except those disclosed elsewhere in the notes to the financial statements, are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(I) Revenue Recognition

(i) Revenue from sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

(ii) Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

(iii) Revenue from process of fabrics are recognised on delivery of the goods to customers/when the goods are ready for delivery. When goods are partly processed, the expenses so incurred is shown as work- in-progress.

(iv) Interest include other than interest on overdue debts from customers, is recognised on time proportion basis.

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

NOTE 31.02 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

(J) Government Grants and Subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income or deducted from the relevant expense in the year of sanction of grant or subsidy.

Government subsidies relating to depreciable fixed assets are treated as deferred income as per Accounting Standard - 12, which are recognised in Statement of Profit and Loss over the useful life of the respective assets.

(K) Excise Duty on job work

Excise duty is paid on clearance of processed fabrics (for work done on job basis for outside parties). No provision for excise duty is made in the accounts for fabrics processed (for work done on job basis for outside parties) and lying in factory premises at the end of the year as the same is recoverable from the parties.

(L) Retirement and other employee benefits

(i) Retirement benefits in the form of provident fund and superannuation scheme, which are defined contribution plans, are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

(ii) Gratuity and leave encashment which are defined benefits, are accrued based on actuarial valuation at the balance sheet date carried out by an independent actuary using the projected unit credit method.

(iii) Gratuity liability is being contributed to the gratuity fund formed by the Company.

(M) Foreign Currencies

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Monetary items related to foreign currencies transactions are restated at year end exchange rates. All exchange differences arising from such conversion including gain or loss on cancellation of foreign currency forward covers are included in the Statement of Profit and Loss. Premium/Discount on forward contracts covered by AS-11 is recognised over the length of the contract.

(N) Derivatives

Outstanding derivatives contracts, other than those covered under AS-11, at the year end are marked to market rate, and loss, if any, are accounted for in the Statement of Profit and Loss. As prudent accounting policy, gain on marked to market at the end of year are not accounted for.

(O) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying fixed assets, are capitalised as part of the cost of such assets upto the date of commencement of commercial production/put to use of plant. Other borrowing costs are charged to revenue.

(P) Depreciation

Depreciation on fixed assets installed upto 31.3.1992 continues to be provided at written down value method and depreciation on assets installed on or after 1.4.1992 has been charged at straight line method as per the rates and manner prescribed in the Schedule XIV of the Companies Act, 1956. Depreciation on additions due to machinery spares is provided retrospectively from the date the related assets are put to use. Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Additions on rented premises are being amortised over the period of rent agreement. Software and designing rights being intangible assets are depreciated over five years.

NOTE 31.02 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

(Q) Taxation

Current tax is measured at the amount expected to be paid to the revenue authorities, using the applicable tax rates and laws. Deferred tax for timing differences between the book and taxable Income for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future and the same is reviewed at each Balance Sheet date.

Minimum alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and written down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(R) Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company.

Primary Segments are identified based on the nature of products and services, the different risks and returns and the internal business reporting system. Revenue, Expense, Assets and Liabilities, which relate to the Company as a whole and could not be allocated to segments on a reasonable basis, have been classified as unallocated.

Secondary segment is identified based on geography by location of customers i.e. in India and outside India.

Inter-segment revenue have been accounted for based on the transaction price agreed to between the segments, which is primarily market based.

31.03 In respect of Okara Mills, Pakistan, (Which remained with the Company as a result of transfer of textiles division of Sutlej Industries Limited with the Company) no returns have been received after 31.03.1965. Against net assets of Okara Mills, Pakistan amounting to Rs.232.35 lakhs, the demerged/transferor Company had received adhoc compensation of Rs.25.00 lakhs from Government of India in the year 1972-73. These assets now vest in the Custodian of Enemy Property, Pakistan for which claim has been filed with the Custodian of Enemy Property in India .The Company shall continue to pursue its claim for compensation/ restoration of assets. Hence, further compensation, if any received, credit for the same will be taken in the year of receipt. In the year 2003-04, net assets of Rs. 207.35 lakhs (net of compensation received) as on 31.03.1965, valued at pre-devaluation exchange rate, being diminution in value has been provided for.

31.04 Proportionate expenses reimbursed for utilising services of establishments maintained by other entities have been included in respective heads of expenses.

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

NOTE 31.05 DISCLOSURE AS PER ACCOUNTING STANDARD - 15 (EMPLOYEE BENEFITS)

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Define Contribution Plan -		
The Company has recognized the following amounts in the Statement of Profit and Loss for the year		
Contribution to employees provident fund	798.32	647.81
Contribution to superannuation fund	22.72	19.43
Define Benefit Plan -		
The following table set out the status of the gratuity plan as required under AS 15 (Revised 2005):		
(a) A reconciliation of opening and closing balances of the present value of the defined benefit obligation (DBO):		
Opening DBO	1901.80	1739.21
Past & current service cost	222.11	188.92
Interest cost	152.14	147.83
Contribution by planned participants actuarial (gain)/loss	80.55	(50.28)
Benefits paid	(159.90)	(123.88)
Closing DBO	2196.70	1901.80
(b) A reconciliation of opening and closing balances of the fair value of plan assets:		
Opening fair value of plan assets	1901.80	1739.21
Expected return	151.89	125.51
Actuarial gain/(loss) [Previous year (Rs.121)]	14.04	
Contribution by the employer	288.87	160.96
Benefits paid	(159.90)	(123.88)
Closing fair value of plan assets	2196.70	1901.80
(c) A reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets to the assets recognized in the balance sheet:		
Present value of defined benefit obligation at the end of the period	2196.70	1901.80
Fair value of the plan assets at the end of the year	2196.70	1901.80
Liability recognized in the balance sheet	-	-
(d) The total expense recognised in the Statement of Profit and Loss:		
Past & Current service cost	222.11	188.92
Interest cost	152.14	147.83
Expected return on plan assets	(151.89)	(125.51)
Actuarial (gains)/loss	66.51	(50.28)
Net gratuity cost	288.87	160.96
(e) For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets:	%	%
State/Govt. of India securities	31	29
Corporate Bond/Fixed Deposit	22	23
Special Deposit Scheme	18	20
HDFC group unit linked plan - Option B	27	26
Other investments- UTI master shares	2	2

NOTE 31.05 DISCLOSURE AS PER ACCOUNTING STANDARD - 15 (EMPLOYEE BENEFITS) *(Contd.)*

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
(f) Actual return on plan assets	8.73%	7.22%
(g) Following are the principal actuarial assumptions used as at the balance sheet date:		
Discount rate	8.00%	8.50%
Expected rates of return on any plan assets	8.73%	7.22%
Average salary escalation rate	5.50%	6.00%
Average remaining working life of the employees (years)	23.85	23.94

The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

(h) The amounts for the current and previous four periods in respect of gratuity plan are as follows:

(Rs. in lakhs)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Defined benefit obligation	2196.70	1901.80	1739.21	1391.82	1159.68
Plan assets	1907.83	1740.84	1383.94	1196.62	966.62
Surplus / (deficit)	288.87	160.96	355.27	195.20	193.06
Experience adjustment on plan assets- gain/(loss)	40.24	3.04	(54.81)	66.28	(27.92)
Experience adjustment on plan liabilities- gain/(loss)	(71.04)	43.36	34.58	(33.55)	(49.74)

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

NOTE 31.06 SEGMENT REPORTING

The following tables present the revenue, profit, assets and liabilities information relating to the Business/Geographical segment for the year ended 31.03.2013.

Information about Business Segment - Primary

(Rs. in lakhs)

Reportable Segments	Yarn		Fabrics and Apparels		Total	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012	For the year ended 31st March, 2013	For the year ended 31st March, 2012	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Revenue						
Revenue from operations	156465.70	143385.02	11558.42	10316.03	168024.12	153701.05
Inter Segment Revenue	2322.23	2497.98			2322.23	2497.98
Total revenue from operations	**158787.93**	**145883.00**	**11558.42**	**10316.03**	**170346.35**	**156199.03**
Result						
Segment result	14932.79	9648.24	(833.91)	(519.58)	14098.88	9128.66
Finance costs					6531.61	6965.67
Exceptional items #					605.84	-
Unallocated corporate income (Net of expenses)					2317.58	1797.43
Profit before tax					**9279.01**	**3960.42**
Less:Provision for taxation - Current tax					1826.33	1061.98
- Deferred tax					(244.07)	(274.93)
Profit after tax					**7696.75**	**3173.37**
Other Information						
Segment assets	92710.54	91816.10	14018.45	14831.65	106728.99	106647.75
Unallocated corporate assets					8187.47	7834.26
Total Assets					**114916.46**	**114482.01**
Segment liabilities	6222.20	5730.09	2306.35	1992.23	8528.55	7722.32
Unallocated corporate liabilities (Including Deferred tax liabilities Rs.4470.96 lakhs) (Previous year Rs.4715.03 lakhs)					5404.25	5564.89
Total Liabilities					**13932.80**	**13287.21**
Capital expenditure	2688.25	3377.04	429.58	1923.62	3117.83	5300.66
Depreciation	6177.37	6244.12	837.30	656.24	7014.67	6900.36
Non-cash expenditure other than Depreciation & Amortisation					43.24	342.74

Secondary Segment - Geographical by location of customers

(Rs. in lakhs)

Reportable Segments	Domestic		Export		Total	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012	For the year ended 31st March, 2013	For the year ended 31st March, 2012	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Revenue from operations	136261.74	114630.11	34084.61	41568.92	170346.35	156199.03

Provision for loss on fixed assets held for sale of the Garment Division.

NOTE 31.06 SEGMENT REPORTING *(Contd.)*

Other Information:

(i) The Company is organised into two main business segments, namely;

- Yarn comprising of Cotton and Man Made Fibres Yarn;
- Fabrics and Apparels comprising woven of Worsted/ Synthetic Staple Yarn, Fabric Processing , Home Furnishings and Garments.

(ii) The segment revenue in the geographical segments considered for disclosure are as follows:

(a) Revenue within India includes sales to customers located within India and earnings in India.

(b) Revenue outside India includes sales to customers located outside India and earnings outside India and export incentives benefits.

(iii) The company has common assets for producing goods for domestic market and overseas market. However, it has export trade receivable Rs.2998.83 lakhs (Previous year Rs.1703.96 lakhs).

NOTE 31.07 RELATED PARTY DISCLOSURE

(a) Key Management Personnel and their relatives

Shri S.K. Khandelia [President]
Smt. Manju Khandelia (wife), Smt. Indra Devi Khandelia (mother), Shri Ashish Khandelia (son) & Shri Anurag Khandelia (son)

Shri C. Singhania (Wholetime Director)

Shri K.C. Agarwal (Joint Executive President, Daheli Unit) (upto 11.01.2013)
Smt. Savita Agarwal (wife), Ms. Sweta Agarwal (daughter), Smt. Indra Devi Agarwal (mother), Shri Harsul Agarwal (son) & Radhey Shyam Agarwal (father) HUF

(b) Transactions with Related Parties during the year:

(Rs. in lakhs)

Particulars	Key Management Personnel		Relatives of Key Management Personnel	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012	For the year ended 31st March, 2013	For the year ended 31st March, 2012
1 Fixed deposits received				
Shri S.K. Khandelia	15.40	102.00		
Smt. Indra Devi Khandelia			16.00	8.00
Smt. Manju Khandelia			24.40	57.40
Shri Ashish Khandelia			-	1.10
Shri Anurag Khandelia			48.70	109.40
Smt. Indra Devi Agarwal			-	0.60
Radhey Shyam Agarwal, HUF			-	0.40
Smt. Savita Agarwal			10.00	-

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

NOTE 31.07 RELATED PARTY DISCLOSURE *(Contd.)*

(b) Transactions with Related Parties during the year: *(Contd.)*

(Rs. in lakhs)

Particulars	Key Management Personnel		Relatives of Key Management Personnel	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012	For the year ended 31st March, 2013	For the year ended 31st March, 2012
2 Fixed deposits paid				
Shri S.K. Khandelia	-	17.90		
Smt. Manju Khandelia			-	12.20
Shri Ashish Khandelia			-	28.70
Shri Anurag Khandelia			-	46.50
Smt. Indra Devi Agarwal			7.10	
Ms. Sweta Agarwal			0.50	
Radhey Shyam Agarwal, HUF			4.70	
Smt. Savita Agarwal			11.60	
3 Interest on fixed deposits (includes in Finance costs)				
Shri S.K. Khandelia	16.81	11.31		
Smt. Indra Devi Khandelia			8.36	5.63
Smt. Manju Khandelia			27.15	22.37
Shri. Ashish Khandelia			-	1.45
Shri Anurag Khandelia			37.04	28.92
Smt. Indra Devi Agarwal			-	0.78
Ms. Sweta Agarwal			0.03	0.06
Radhey Shyam Agarwal, HUF			0.29	0.51
Smt. Savita Agarwal			0.56	0.18
4 Remuneration (includes in Employee Benefits Expense) $				
Shri S.K. Khandelia	224.10	186.65		
Shri K.C. Agarwal	38.25	35.25		
Shri C. Singhania	21.90	16.65		
5 Balance outstanding as at the year end				
(a) Fixed deposits payable				
Shri S.K. Khandelia	144.70	129.30		
Smt. Indra Devi Khandelia			71.50	55.50
Smt. Manju Khandelia			233.90	209.50
Shri Anurag Khandelia			318.70	270.00
Smt. Indra Devi Agarwal			-	7.10
Ms. Sweta Agarwal			-	0.50
Radhey Shyam Agarwal, HUF			-	4.70
Smt. Savita Agarwal			-	1.60
(b) Remuneration payable				
Shri K.C. Agarwal	-	0.65		

$ Remuneration to key managerial personnel do not include provision for leave encashment and contribution to the approved gratuity fund of the Company, which are actuarially determined for the Company as a whole.

Note : The above information has been identified on the basis of information available with the Company and relied upon by the Auditors.

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

NOTE 31.08 EARNINGS PER SHARE (EPS)

Earnings per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted Earnings per Share:

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Profit/(Loss) attributable to the Equity Shareholders (A) (Rs. in lakhs)	7696.75	3173.37
Number of Equity Shares (B)	10921908	10921908
Nominal value of Equity Shares (Rs.)	10	10
Basic and Diluted Earnings per Share (Rs.)-(A/B)	70.47	29.06

NOTE 31.09

(Figures in lakhs)

(i) Outstanding forward contracts in respect of foreign currencies for hedging purposes are as follows:

Particulars	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Currency	Buy		Sell	
USD	1.49	2.68	180.26	108.67
EURO	-	-	4.62	7.08
GBP	-	-	0.26	0.21

Note : Cross currency is INR for above outstanding forward contracts.

(ii) Foreign currency exposure not hedged by a derivative instrument or otherwise:

Particulars	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Currency	Loans/Other liabilities		Sundry creditors for goods, services and expenses	
USD	-	12.72	1.87	4.49
INR	-	575.08	98.09	220.03
EURO	-	-	0.43	0.25
INR	-	-	29.54	17.49
CHF	-	-	-	0.03
INR	-	-	-	1.98
GBP	-	-	0.02	-
INR	-	-	1.69	-
Currency	Loans & advances		Trade receivable	
USD	0.09	0.07	6.59	5.54
INR	4.78	3.78	358.31	283.46
EURO	0.25	0.23	0.72	0.76
INR	17.12	15.55	50.28	50.13
CHF	0.18	0.10	-	-
INR	10.51	5.79	-	-
JPY	1.41	-	-	-
INR	0.81	-	-	-
GBP	-	-	0.46	-
INR	-	-	37.89	-

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

NOTE 31.10 VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED AND PERCENTAGE THEREOF

(Value Rs. in lakhs)

Particulars	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Value	%	Value	%
Indigenous	94333.97	99.54	91377.40	98.41
Imported	438.88	0.46	1479.14	1.59
	94772.85	**100.00**	**92856.54**	**100.00**

NOTE 31.11 VALUE OF IMPORTED AND INDIGENOUS STORES , SPARE-PARTS CONSUMED AND PERCENTAGE THEREOF

(Value Rs. in lakhs)

Particulars	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Value	%	Value	%
Indigenous	2390.80	86.06	2145.03	84.37
Imported	387.27	13.94	397.45	15.63
	2778.07	**100.00**	**2542.48**	**100.00**

Note: Excluding charged to Machinery Repairs & Capitalised.

NOTE 31.12 C.I.F.VALUE OF IMPORTS

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Raw Materials	304.88	1272.95
Stores and Spare Parts	449.93	434.82
Capital Goods	1111.07	2225.29
(Taken on the basis of actual receipt in the Mills Premises irrespective of date of payment)		

NOTE 31.13 EARNINGS IN FOREIGN EXCHANGE

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Export on F.O.B. Basis	31584.70	37713.41

NOTE 31.14 EXPENDITURE IN FOREIGN CURRENCY

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(on payment basis)		
Travelling	75.92	90.13
Export Sale Compensation/claims	69.02	86.05
Commission	432.11	618.75
Interest	12.16	23.59
Legal & Professional Charges	22.06	28.90
Donation	110.72	90.40
Others	57.46	56.62

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

NOTE 31.15 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS (Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Amount of Dividend related to 2011-12 remitted in Foreign Exchange (Rs. in lakhs)#	-	-
Number of Non-Resident Shareholders	124	133
Number of Shares held by such Non-Resident Shareholders	30697	32372

Deposited in Indian Rupees in the Bank Accounts maintained by the shareholders in India.

NOTE 31.16 Previous year figures have been regrouped/rearranged wherever necessary.

Signatures to Notes 1 to 31.16
In terms of our Report of even date attached.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

B. K. Sipani
Partner
Membership No. 88926

Place : Mumbai
Dated : 8th May, 2013

D. R. Prabhu
Secretary

C. S. Nopany
Chairman

C. Singhania
Wholetime Director & CFO

U. K. Khaitan
Amit Dalal
Rajan A. Dalal
Ashok Mittal
Rajiv K. Podar
Dr. M. H. Rahman
Directors

CASH FLOW STATEMENT for the year ended 31st March, 2013

(Rs.in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(A) CASH FLOW FROM OPERATING ACTIVITIES		
a. Net profit before tax	**9279.01**	**3960.42**
Adjustment for :		
Depreciation and amortisation expenses	7014.67	6900.36
Interest paid (Net of capitalised)	6455.75	6584.83
Interest received	(2642.32)	(2028.08)
Dividend from non-current investment (Non-Trade)	(0.01)	-
Profit on sale of current investment	(13.40)	(7.99)
Deferred Government subsidies	(45.05)	(32.66)
Loss/ (Profit) on sale/discard of Fixed Assets (Net)	(94.47)	4.12
Exceptional Item #	605.84	-
Unrealised exchange rate difference on reinstatement of assets and liabilities	(54.36)	192.70
Excess provisions and unspent liabilities written back	(159.70)	(637.20)
Sundry credit balances written back (net)	(66.28)	(102.54)
Provision for doubtful refund/ debts written back	(147.64)	-
Provision for doubtful refund/ subsidies & debts	43.24	342.74
b. Operating profit before working capital changes	**20175.28**	**15176.70**
Adjustment for :		
Trade and other receivables	(2734.17)	3145.26
Inventories	(1613.37)	4487.33
Grants / Subsidy from Government (revenue in nature)	(533.55)	(449.51)
Trade payables & other liabilities	775.87	1831.59
c. Cash generated from operations	**16070.06**	**24191.37**
Direct taxes (paid) / refund (Net)	(1852.06)	(820.02)
Net cash (used in)/from operating activities (A)	**14218.00**	**23371.35**
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of fixed assets	187.57	96.06
Dividend from non-current investment (Non-Trade)	0.01	-
Interest received	2619.36	2003.68
Grants / subsidy from Government (capital in nature)	151.25	-
Sale / (purchase) of investments (net)	(58.60)	(5009.01)
Purchase of fixed assets	(3073.08)	(5223.23)
Movement in fixed deposits	(0.71)	(11.24)
Net cash (used in)/from Investing Activities (B)	**(174.20)**	**(8143.74)**

Provision for loss on fixed assets held for sale of the Garment Division.

CASH FLOW STATEMENT for the year ended 31st March, 2013

(Rs.in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings (net)	134.35	(6327.24)
Long term borrowings (net)	(7305.07)	(2071.14)
Dividend paid and tax on distributed profits	(634.69)	(952.03)
Interest paid (net of TUFS subsidy)	(6158.41)	(5975.31)
Net cash (used in)/from Financing Activities (C)	**(13963.82)**	**(15325.72)**
Net increase/(decrease) in cash and cash equivalents [(A)+(B)+(C)]	**79.98**	**(98.11)**
Cash and cash equivalents (Opening balance)	316.18	414.29
Cash and cash equivalents (Closing balance) *	**396.16**	**316.18**
* Break-up as under :-		
Cash balance on hand (including stamps in hand)	30.89	30.57
Cheques/ Drafts in hand	15.10	19.90
Cash Credit Accounts (debit balance)	2.50	0.13
With banks in current accounts	347.67	265.58
Total	**396.16**	**316.18**
Other bank balances shown under appropriate activities	79.53	73.71
Cash and bank balances as per Note No.- 18	**475.69**	**389.89**

Note : The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard- 3 on "Cash Flow Statement".

In terms of our Report of even date attached.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

B. K. Sipani
Partner
Membership No. 88926

Place : Mumbai
Dated : 8th May, 2013

D. R. Prabhu
Secretary

C. S. Nopany
Chairman

C. Singhania
Wholetime Director & CFO

U. K. Khaitan
Amit Dalal
Rajan A. Dalal
Ashok Mittal
Rajiv K. Podar
Dr. M. H. Rahman
Directors

Notes

CORPORATE INFORMATION

Board of Directors
Mr. C.S. Nopany – Chairman
Mr. S.M. Agarwal (upto 03.08.2012)
Mr. U.K. Khaitan
Mr. Amit Dalal
Mr. Rajan A. Dalal
Mr. Ashok Mittal
Mr. Rajiv K. Podar
Mr. (Dr.) Mahmoodur H. Rahman
Mr. Chaturbhuj Singhania
Wholetime Director & C.F.O.

Executives
Corporate office
Mr. S.K. Khandelia – President
Mr. Chaturbhuj Singhania
Wholetime Director & Chief Financial Officer
Mr. D.R. Prabhu – Company Secretary

Unit Heads
Bhawanimandi Unit
Mr. S.S. Maheshwari – Joint Executive President

Kathua Unit
Mr. K.C. Sharma – Executive President

Daheli Unit
Mr. R.R. Kankani – Senior Vice President

Auditors
M/s. Singhi & Co.
Chartered Accountants
401 & 408, Pragati House
47-48, Nehru Place
New Delhi 110 019

Branch Auditors
M/s. S.R. Batliboi & Co.
Chartered Accountants
Golf View, Corporate Tower 3
Sector 42, Sector Road
Gurgaon 122 002

Bankers
Punjab National Bank
The Jammu & Kashmir Bank Limited
State Bank of Bikaner and Jaipur
State Bank of India
State Bank of Hyderabad
Bank of Maharashtra
IDBI Bank Limited
ICICI Bank Limited
United Bank of India
Axis Bank Limited
The Jhalawar Nagrik Sahkari Bank Limited

Registered Office
Pachpahar Road
Bhawanimandi 326 502
Rajasthan

Manufacturing Units
Rajasthan Textile Mills
Bhawanimandi 326 502
Rajasthan

Chenab Textile Mills
Kathua 184 102
Jammu & Kashmir

Damanganga Units
(1)Fabrics and Processing
(2) Home Textiles
Village - Daheli
Near Bhilad 396 105
Gujarat

sutlej

textiles and industries limited

sutlej
textiles and industries limited

Regd.Office :Pachpahar Road,
Bhawanimandi 326 502

NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the Shareholders of Sutlej Textiles and Industries Limited, will be held on Saturday, 10th August, 2013, at 3.00 p.m. at the Registered Office of the Company at Pachpahar Road, Bhawanimandi 326502 (Rajasthan) to transact the following business:-

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date, together with the Reports of the Auditors & Directors thereon.
2. To consider and if thought fit, to pass the following resolution regarding declaration of Dividend as an Ordinary resolution:

   "RESOLVED that Dividend @ Re.5/- per share for the year ended 31st March, 2013, as recommended by the Board of Directors of the Company, on 10921908 existing ordinary shares of Rs.10/- each, be and is hereby approved and the same shall vest in, and distributed amongst those shareholders, whose names appeared on the Company's Register of Members at the close of working hours of the Company on Friday, the 24th May, 2013 or to their order or to their Bankers and also to the beneficial owners of Ordinary Shares held in electronic form, as per the details furnished by the Depositories for the purpose as at the close of working hours of the Company on Friday, the 24th May, 2013".
3. To appoint a Director in place of Mr. C.S.Nopany, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors M/s.Singhi & Company, offer themselves for re-appointment.
5. To appoint Branch Auditors to hold office from the conclusion of this Annual general Meeting till the conclusion of the next Annual General Meeting for auditing the Accounts of Chenab Textile Mills and to fix their remuneration. The retiring Branch Auditors M/s.S.R.Batliboi & Company, LLP offer themselves for re-appointment.

Place: Mumbai
Date: 08.05.2013

By Order of the Board
For Sutlej Textiles And
Industries Limited
D. R. Prabhu
Company Secretary

NOTES

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

1. In order to be effective, the instrument appointing a Proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time of holding the meeting. Proxies submitted on behalf of limited companies, bodies corporate, societies etc. must be supported by appropriate resolution /authority, as applicable. Blank Proxy Form is attached.
2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
3. The Record date for the purpose of determining eligibility for payment of Dividend, if any, to be declared at the Annual General Meeting shall be 24th May, 2013.
4. Pursuant to Section 154 of the Companies Act, 1956, and Clause 16 of the Listing Agreement the Register of Members and ShareTransfer Books of the Company will remain closed from Saturday, 3rd August, 2013 to Saturday, 10th August, 2013 (both days inclusive) for the purpose of the Annual General Meeting.
5. Pursuant to provisions of Section 205A (5) of the Companies Act, 1956, dividends which remained unclaimed / un-encashed for a period of 7 years are required to be transferred to the Investor Education and Protection Fund of the Central Government established under sub-section (1) of Section 205C of the Act. Therefore, shareholders who have not encashed their dividend for the financial year 2006-07 to 2011-12 should lodge their request for the same to the RTA or the Company.
6. Dividend, if declared at the Meeting, will be paid on or before 16.08.2013 to those Members or their mandates:
   a) Whose names appear as Beneficial Owners at the end of the business hours on 24th May, 2013 in the list of Beneficial Owners to be furnished by Depositories (NSDL & CDSL) in respect of the shares held in electronic form; and

b) Whose names appear as Members on the Company's Register of Members on 24th May, 2013 after giving effect to valid transfer requests, received on or before 24.05.2013.

7. Shareholders desirous of availing the facility of Electronic Credit of dividend are requested to fill up attached ECS form to this notice and return the same duly filled and signed alongwith a xerox copy of a leaf of their cheque book bearing bank account number, on or before 31.07.2013. The said details in respect of the shares held in electronic form should be sent to their respective Depository Participant (with a copy to the Company/RTA) for appropriate action before close of work on 31.07.2013. The said details in respect of the shares held in physical form should be sent to the Company/RTA for appropriate action before close of work on 31.07.2013.

8. The Company's Shares are listed on the following Stock Exchanges:

   1. Bombay Stock Exchange Ltd.
      Phiroze Jeejeebhoy Towers,
      Dalal Street, Fort, Mumbai 400 001

   2. National Stock Exchange of India Ltd.
      Exchange Plaza, 5th floor
      Plot No.C/1, G-Block, Bandra-Kurla Complex,
      Bandra (E), Mumbai 400 051

9. Particulars pursuant to Clause 49 (IV)(G) of the Listing Agreement with the Stock Exchanges of the Director being re-appointed, nature of his expertise in specific functional areas, names of Indian public limited companies in which he holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se, are as given below:

Particulars	Mr. C.S.Nopany
Date of appointment	01.06.2006
Date of birth	19.09.1965
Qualification	ACA, Master Degree in Science of Industrial Administration from Carnegie Mellon University, Pittsburgh,USA
Expertise in specific functional areas	He is an eminent industrialist having industrial experience in diverse fields like sugar, tea,shipping, textiles,fertilizers and chemicals etc.He is past president of Indian Chamber of Commerce.
Directorships held in other companies (excluding foreign companies)	The Oudh Sugar Mills Limited
	The Oudh Sugar Mills Limited
	SIL Investments Limited
	New India Retailing and Investment Limited
	Hargaon Investment & Trading Company Limited
	Uttar Pradesh Trading Company Limited
	Upper Ganges Sugar & Industries Limited
	Yashovardhan Investment & Trading Company Limited
	Modern DiaGen Services Limited
	Chambal Fertilizers & Chemicals Limited
	Chambal Infrastructure Ventures Limited
	India Steamship Limited
	Ronson Traders Limited
Memberships/ Chairmanships of Committees of other Indian public companies	**Chairman** Shareholder's/Investors Grievance Committee- SIL Investments Limited. **Member** Shareholders/Investors Grievance Committee:- Upper Ganges Sugar & Industries Limited
Relationship with other director	N. A.
Number of Shares held in the company	NIL

10. Members are requested:

   a. To bring their copies of Annual Report and Notice at the Meeting.
   b. To submit their Attendance Slip, duly filled in, for attending the Meeting
   c. To quote their folio number/DP ID and Client Id in all correspondence;
   d. To Notify immediately for change of their address and bank particulars to the RTA in case the shares are held in physical form; And
   e. In case the shares are held in dematerialized form, information should be passed on directly to their respective Depository Participant and not to the Company / RTA without any delay.

Place: Mumbai

Date: 08.05.2013

By Order of the Board

For Sutlej Textiles And Industries Limited

D. R. Prabhu

Company Secretary

SUTLEJ
textiles and industries limited

Regd.Office: Pachpahar Road,
Bhawanimandi-326 502 (Rajasthan)

PROXY FORM

I/We.. of...in the District

of.. being a member / members of the above named

Company, hereby appoint .... of.......................................in the District of

....or failing him ....of...

in the District of.......................... as my / our proxy to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held at Registered Office at Pachpahar Road, Bhawanimandi on 10th August, 2013 and at any adjournment thereof.

Folio No. ....

Signed this............................day of.............................2013

Affix a Revenue Stamp

Note: This Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

sutlej
textiles and industries limited

Regd.Office :Pachpahar Road,
Bhawanimandi 326 502

May 08, 2013

Dear Shareholder,

Subject: Green Initiative in Corporate Governance.

As a responsible Corporate Citizen, your Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA) vide its Circular Nos.17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011.

The Green Initiative endeavors to reduce consumption of paper, in turn preventing deforestation and contributes towards a green and clean environment-a cause that we at Sutlej Textiles and Industries Ltd are committed to. This initiative is also aligned to our Mission Statement of demanding that everything we do leads to a clear, healthier, safer environment. In furtherance of these initiatives, the company invites its shareholders to participate in the Green Initiatives to affirm its commitment towards future generations.

Keeping in view the above, your company proposes to send documents like Notice convening Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc in electronic form. For supporting this initiative:-

1) If you hold shares in electronic form, kindly intimate your email ID to your Depository Participant (DP). The same will be deemed to be your registered email address for serving notices/documents.
2) If you hold shares in physical form, kindly intimate your email ID to the Company's Registrar & Transfer Agent (RTA) at the following address:

Sharepro Services (India) Pvt.Ltd.
Samhita Complex,
Gala No. 52 to 56, Building No. 13A-B
Near Sakinaka Telephone Exchange,
Andheri – Kurla Road, Sakinaka,
Mumbai 400 072

The request letter should be signed by the first/sole holder as per the specimen signature recorded with the RTA and should mention your correct folio number. If you do not register your email ID, a physical copy of the Annual Report and other communication/documents will be sent to you free of cost, as per the current practice. These documents will also be available on the Company's website www.sutlej-textiles.com.

We strongly urge you to support this 'Green Initiative' and opt for electronic mode of communication by advising your email ID to your DP/Sharepro Services (India) Pvt Ltd.

It may be noted that you will be entitled to be furnished free of cost, with a copy of Annual Report and all other documents required by law upon receipt of a requisition from you, any time, as a member of the Company.

We solicit your support to join in this initiative in reducing the impact on the environment and receive all communications electronically.

Thanking You,

Yours truly,
For Sutlej Textiles and Industries Limited

Sd/-
D.R.Prabhu
Company Secretary