



WEARIT
GROUP | HIND SYNTEX LTD.

**Annual Report
2013 - 2014**

Board of Directors

Directors

Shri Manish Kumar
Shri M. P. Rajan
Shri V. S. Crishna
Shri Vilas Agrawal (Wholetime Director)
Shri Shri Alok Krishna Agarwal
Shri Umesh Wamorkar (Nominee Asset Reconstruction Company (India) Ltd.)

Auditors

Bansi S. Mehta & Co., Mumbai

Bankers

Bank of India
Union Bank of India
State Bank of India
IDBI Bank Ltd.
HDFC Bank

Registered Office

Plot No. 2, 3, 4 & 5, Sector A,
Industrial Growth Centre,
PILLUKHEDI - 465 667
District Rajgarh (M.P.)
Tel. : +91 7375 244350, +91 93015 28698
Email : pillukhedi@wearitgroup.com

Corporate Office

5E & F, Crescent Tower,
229 A.J.C. Bose Road,
Kolkata - 700 020
Tel.: +91 33 4003 6164 / 6165.
Fax: +91 33 4003 6158,
Email : kolkata@wearitgroup.com

Indore Office

Sterling Tower,
Office No.214, 4th Floor,
2 M.G. Road,
Indore - 452 001 (M.P.)
Tel.: + 91 731 4065347
Fax : +91 731 4064767
Email : indore@wearitgroup.com

Manufacturing Complex

Plot No. 2, 3, 4 & 5, Sector A,
Industrial Growth Centre,
PILLUKHEDI - 465 667
District Rajgarh (M.P.)
Tel. : +91 93015 28698
Email : pillukhedi@wearitgroup.com

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that Thirty Third Annual General Meeting of the Members of HIND SYNTEX LIMITED will be held at the Registered Office of the Company, at Plot No.2, 3, 4 & 5, Sector - A, Industrial Growth Centre, Pillukhedi, District - Rajgarh - 465667 M.P. on Saturday the 27th day of September, 2014, at 11.00 A.M. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2014, and the Profit and Loss Account for the period ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To elect a Director in place of Shri Manish Kumar, who retires by rotation, and being eligible, offers himself for reappointment.
3. To elect a Director in place of Shri M. P. Rajan, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditor of the Company and fix their remuneration. The retiring Auditor Messrs Bansi S Mehta & Co., Chartered Accountants, Mumbai, is not interested for further reappointment.

Special Business :

Item: 5

APPOINTMENT OF MRS. SHAILJA HALDIA - WOMAN DIRECTOR :

To appoint Mrs. Shailja Haldia (DIN 00371953) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provision of Sections 149, 152 and Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (Including and statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Shailja Haldia (DIN 00371953), who was appointed as an Additional Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 38rd Annual General Meeting of the company in the calendar year 2019.

Item: 6

APPOINTMENT OF SHRI BALESH KUMAR BAGREE AS CHIEF FINANCIAL OFFICER :

"RESOLVED THAT pursuant to provisions of Section 203 read Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and other applicable provisions, if any, of the Companies Act, 2013, and subject to the approval of the Central Government, if required, the approval of the members be and is hereby accorded to the appointment and remuneration of Shri Balesh Kumar Bagree as "Chief Financial Officer" u/s 203 of the Companies Act, 2013, designated as 'Chief Financial Officer' of the Company (hereinafter referred to as 'the appointee') for a period commencing from 04.08.2014 to 03.08.2017 upon the terms & conditions as set out below and also in the Agreement being entered into in this behalf with him, with liberty to the Board of Directors and/or the Remuneration Committee to alter and vary the terms and conditions of the said appointment and/or the Agreement in such manner as may be agreed to between the Directors and the appointee:-

Remuneration:

A.

- (a) Salary :
Basic Rs. 75,000/- per month.
- (b) Perquisites:
 - (i) Medical Reimbursement:
Expenses incurred on medical up to Rs. 15,000/- per annum for the CFO and his family.
 - (ii) Leave Travel Concession:
Rs. 75,000/- per annum for the CFO and his family.
- B. Company's contribution to Provident Fund shall be at a rate as prescribed under the guidelines of Employees Provident Fund Organization. Gratuity payable in accordance with the prevailing guidelines framed under the rules and guidelines of the payment of the Gratuity Act, 1972.
- C. Expenses towards motor car running for official work and car maintenance expenses shall be reimbursed to you.

TELEPHONE: Free use of telephone provided for official use. However, personal long distance calls from the telephone shall be billed by the Company and the same shall not be considered as perquisites.

FURTHER RESOLVED THAT the Board be and is hereby authorized Mr. Vilas Agarwal, Whole-time Director to do all acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution."

Item: 7

INTER-CORPORATE LOAN OR GIVING GUARANTEE OR PROVIDING SECURITY IN CONNECTION WITH A LOAN

To consider and if thought fit, to pass, with or without modification (s) the following resolution as **SPECIAL RESOLUTION:**

Notice of Annual General Meeting - Continued

“**RESOLVED THAT** pursuant to the provisions of Section 186 and other applicable provisions of the Companies Act, 2013 and pursuant to the Board Resolution dated 04.08.2014, the Members hereby confirm that the Corporate Guarantee/Security be issued by the Company, Guarantee amounting to ` 175.67 Crore, Security amounting to ` 123.71 Crore, on behalf of Wearit Global Ltd. (WGL) to Allahabad Bank, Kolkata Main Branch, 14 India Exchange Place, Kolkata-700 001 for an amount exceeding the limits specified in Section 186 of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors of the Company for this purpose be and is hereby authorized to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed guarantees given and/or securities provided and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith.”

Kolkata

Dated: May 30, 2014 &
August 04, 2014

By Order of the Board,

Registered Office:
Plot No. 2,3,4 & 5, Sector-A,
Industrial Growth Centre,
Pillukhedi - (M.P.) 465667

Vilas Agrawal
Wholtime Director

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 22nd day of September, 2014 to Saturday, the 27th day of September, 2014 (both days inclusive).
3. Members are requested to bring their copies of Annual Report to the Meeting.
4. E-Voting
 - (I) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 33rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services provided by Central Depository Services (India) Limited (CDSL).
 - (II) The voting period begins on Saturday 20th September, 2014 at 9.00 A.M. and ends on Monday 22th September, 2014 at 6.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "HIND SYNEX LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:	
PAN*	For Members holding shares in Demat Form and Physical Form Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

Notice of Annual General Meeting - Continued

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant < HIND SYNTEX LIMITED > on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on Saturday, 20th September, 2014 at 9.00 AM and ends on Monday, 22nd September, 2014 at 6.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

Reappointment of Directors:

At the ensuing Annual General Meeting Shri Manish Kumar and Shri M.P. Rajan, retires by rotation and being eligible, offer themselves for reappointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange are as under:

Shri Manish Kumar, aged about 45 years, is a Promoter Director of the Company. He holds a bachelors degree in Commerce and Diploma in Business Management from Harvard University, U.S.A He is a director in Companies viz: Ritspin Synthetics Ltd., Wearit Global Ltd. (Managing Director), SPBP Tea (India) Ltd., Wearit Energy Ltd., SPBP Investments Pvt. Ltd., SPBP Holdings Pvt. Ltd. and Dhanterash Sale Pvt. Ltd.

Mr M. P. Rajan, aged about 63 years is Director of the Company. He holds degree in B.Sc (Chemistry) and M.Sc. (Corporate Finance). He is retired IAS officer. He is a Director in the Companies viz. Ritspin Synthetics Ltd. and Strategic Business Advisory Pvt. Ltd.

Annexure to the Notice

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013:

Item 4:

The Chairman informed that since inception, Company's accounts are audited by M/S Banshi S Mehta & Company, Mumbai, Chartered Accountants. Since they have requested to opt out due to personal reasons, the Audit Committee felt that it would be appropriate to discontinue the statutory auditor M/S Banshi S Mehta & Co., Mumbai, and in their place M/S V. Singhi & Associates be appointed as statutory Auditors for the year 2014-15, assessment year 2015-16. Based on the recommendation of the Audit Committee, the Board of Directors have, subject to approval of shareholders, approved the appointment of M/S V. Singhi & Associates, Chartered Accountants, as statutory Auditors of the Company, in place of M/S Banshi S Mehta & Company, Chartered Accountants. The appointment of statutory auditors is valid from ensuing Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

Notice of Annual General Meeting - Continued

The statement set out all material facts relating to the Special Business mentioned in the Notice as set out above:

Item: 5

Mrs. Shailja Haldia is an Additional Director of the Company w.e.f. August 4, 2014.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of Independent Directors by listed Company.

It is propose to appoint Mrs. Shailja Haldia as Independent Director under section 149 of the Act and clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for term up to the conclusion of the 38th Annual General Meeting of the Company in the calendar year 2019.

Mrs. Shailja Haldia is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given her consent to act as Director.

The Company has received notice in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of Mrs. Shailja Haldia for the office of Directors of the company.

The Company has received declarations from Mrs. Shailja Haldia that meet with the criteria of independence as prescribed Both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Brief profile and particulars of Mrs. Shailja Haldia are given below:

Mrs. Shailja Haldia, aged about 52 years, holding Nil Shares in the Company . Her occupation is Business. She is Director in Chieftain Engineering (India) Pvt. Ltd.

Copy of the draft letter for respective appointment of Mrs. Shailja Haldia as Independent Director setting out the terms and conditions are available for inspection by members at the registered office of the company.

This statement may also be regarded as a disclosure under Clause 49 of the listing agreement with the stock exchange.

Mrs. Shailja Haldia is interested in the resolution set out respectively in notice with regard to her appointment.

Save and except the above none of the other directors/key managerial personal of the company/their relatives is any way concerned or interested, financially or otherwise in this resolution.

Item: 6

Shri Balesh Kumar Bagree, has been working with the Company since April 2013. Presently he is working as a General Manager of the Company.

The Board of Directors of the Company appoint Shri Balesh Kumar Bagree, as a "Chief Financial Officer" under Section 203 of the Companies Act, 2013, for a period of 3 years from 04/08/2014 to 03/08/2017.

The appointment and the remuneration payable to him are subject to the approval of the Members.

Rule 8 of Companies Act, 2013 fixes the limits for payment of managerial remuneration by Companies in case of loss or inadequacy of profits in any financial year and inter alia, requires Members' approval for payment of managerial remuneration to the managerial person for a period not exceeding 3 years by way of a Special Resolution.

Besides the terms and conditions for payment of managerial remuneration as contained in the proposed resolution, the other main terms and conditions, contained in the agreement being entered into in this behalf with the appointee are as given below:

1. The terms and conditions of the said agreement and / or appointment may be revised, enhanced, altered and varied from time to time by the Board of Directors of the Company and/or Remuneration Committee in such manner as may be agreed to between the Board and the appointee within the maximum amounts payable to managerial person in accordance with the provisions of the Companies Act, 2013 or any amendments or re-enactments thereof made hereafter in this regard or as sanctioned by the Central Government, as the case may be.
2. The appointee is subject to the supervision and control of the Board of Directors, entrusted with substantial powers of the management and shall also perform such other duties as may from time to time be entrusted to him.
3. The appointee shall not, either before or after the termination of this Agreement, disclose to any person whatsoever, any information relating to the Company or its customers or any trade secret of which he may come to know while acting as the Manager.
4. The appointee shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall also not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.
5. If at any time, the appointee ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be the Manager of the Company and this agreement will forthwith terminate.
6. In case the appointee dies in the course of his employment, the Company shall pay to his legal personal representative the salary and current emoluments for the then current month.
7. The agreement, either party, shall be entitled to determine this agreement by giving three calendar months notice in writing in that behalf to the other party and on the expiry of the period of such notice, this agreement stand terminated. The Company shall also be

Notice of Annual General Meeting - Continued

entitled to terminate the agreement by giving the Manager 3 month salary as specified above in lieu of 3 months notice required to be given under this clause.

In compliance with the provisions of section 203, read with Rule 8 of the Companies (Appointment and Remuneration Personnel) Rules, 2014 of the Companies Act, 2013 and other applicable provisions thereof, the appointment upon the terms and conditions specified above is now being placed before the members for their approval.

The Agreement between the Company and the appointee is available for inspection by any Member at the registered office of the Company between 10 a.m. and 12 noon on any working day of the Company.

The Board recommends the adoption of the Resolution of the Notice.

None of the Directors of the Company is interested in the said Resolution.

Item: 7

As per the provisions of Section 186 of the Companies Act, 2013 the Board of Directors of a Company can give any loan or give guarantee or provide security in connection with a loan beyond the prescribed ceiling of-

- (i) Sixty percent of its paid-up share capital, free reserves and securities premium account
- (ii) One hundred percent of its free reserves and securities premium account, whichever is more,

If Special Resolution is passed by the shareholders of the lending Company.

Since the amount mentioned in the resolution is in excess of above prescribed limits, approval of the members by means of Special Resolution is required to comply with the provision of section 186 of the Companies Act, 2013. This permission is sought pursuant to the provisions of Section 186 read with section 117 and 179 of the Companies Act, 2013 to give powers to the Board of Directors for making guarantees and providing securities in connection with the loans taken by Wearit Global Limited (WGL).

The Board of Directors of the Company at its meeting held on 13/02/2014 discussed the request of WGL for giving Corporate Guarantee & security for a sum not exceeding to Rs. 250 Crores (Rupees Two Hundred Fifty Crores Only) to the Bankers of WGL for the credit assistance to WGL.

The Board was satisfied with the existence of the exceptional circumstances i.e. emergent need of funds by WGL for the modernization and upgradation of the Company's production facility as well as funding the working capital requirement of the Company through the Consortium Bankers of WGL, for mutual business benefit of both the Companies. Accordingly, the Board authorized that, upon sanction of credit limits for utilization of the same for the benefit of the Company for a sum not exceeding the overall limit of Rs. 250 Crores (Rupees Two Hundred Fifty Crores Only) Mr. Manish Kumar, Director of the Company, to furnish the Corporate Guarantee & Security as requested by WGL.

The Directors are satisfied that it would be in the interest of the Company and its shareholders and accordingly recommends the resolution as set out in the notice for confirmation of the shareholders.

None of the Directors save & except Shri Manish Kumar & Shri Alok Krishna Agarwal who are also Directors on the Board of WGL are concerned or interested in the resolution.

Kolkata

Dated: May 30, 2014 &
August 04, 2014

Registered Office:

Plot nos. 2,3,4 & 5, Sector - A
Industrial Growth Centre,
Pillukhedi - (M.P.) 465667

By Order of the Board,

Vilas Agrawal

Wholetime Director

Directors' Report

Dear Members

We have pleasure in presenting you the Thirty Third Annual Report together with the Audited Statements of Accounts for the six months period ended on March 31, 2014.

Operations

The total Income during the period was ` 2462.49 Lac. The operating results are as under:

	(` in Lac)	
	2013-14 (6 Months)	2012-2013 (18 Months)
Surplus before Interest and Depreciation	(55.33)	2617.14
Less: Interest	<u>7.96</u>	<u>375.59</u>
Profit / (Loss) before Depreciation	(63.29)	2241.55
Less: Depreciation	<u>114.88</u>	<u>470.57</u>
Net Profit / (Loss) before tax	(178.17)	1770.98

Change in Accounting Year

Pursuant to the decision of the Board in the meeting held on July 31, 2013, the Company is closing its accounting year after six months (October 2013 to March 14) to revert back to year on year basis financial accounting year (April,- March).

Dividend

In the absence of profits, your Directors regret their inability to propose any dividend.

Working of the Company

Operations

During the year your Company's turnover was ` 2462.49 Lac, of which the Company's Job Work for Wearit Global Limited, Kolkata amounted to ` 1202.70 Lac.

Finance

You company, in terms of the One Time Settlement arrived with its lenders, has paid off the entire OTS dues of all its lenders viz. ARCIL, Bank of India, IDBI Bank, Union Bank of India and State Bank of India. The lenders on their part have issued No Due Certificates and have also satisfied all charges earlier created in their favour, with Registrar of Companies, Madhya Pradesh.

There are no liabilities on account of any outstanding secured loan.

Public Deposit

Your Company has not accepted any public deposits and as such no amount of principal and interest was outstanding as on the date of Balance Sheet.

Directors

Shri Manish Kumar and Shri M P Rajan, retire by rotation at the ensuing Annual General Meeting, being eligible they offer for reappointment.

Bank of India has withdrawn the nomination of Shri S K Aggarwal, as their nominee with effect from January 17, 2014.

Particulars of Employees

There is no employee coming within the provisions as required under Section 217 (2A) the Companies act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Conservation of Energy

In terms of Section 217 (2A) of the Companies Act, 1956 the Companies (disclosure of particulars in respect of Board of Directors), Rules 1988 additional information regarding Energy Conservation, Technology Absorption and R & D activities, are given in (Annexure A & B) forming part of this report.

Foreign Exchange Earnings and Outgo

During the period, the Company has not made any export, hence the export earning is ` NIL.

Directors' Report - Continued

Corporate Governance Report

A separate report on Corporate Governance is furnished as a part of the Annual Report and the certificate from the Company's Auditors regarding compliance with the said Code annexed to the said Report.

Directors' Responsibility Statement

Pursuant to the requirement under the Companies Act, with respect to Directors' Responsibility Statement on the basis of the information made available to the Directors, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial period ended March 31, 2014 for 6 months, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the 6 month financial period and of the profit or loss of the Company for the period under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the accounts for the financial period ended March 31, 2014, on a 'going concern' basis.

Auditors

Messers Bansi S. Mehta & Co., Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting.

Shri Nupur Jain & Company, Cost Accountant, were appointed vide SRN S28614683 dated December 18, 2013 as Cost Auditors of the Company to conduct the cost audit for the period ended March 31, 2014 (6 months period). The cost Audit report for the 18 months period ended on September 30, 2013 was submitted on March 31, 2014 vide SRN S29825858 in Form I-XBRL. The cost audit report for the period ended on March 31, 2014, will be submitted before the due dates as prescribed by Law.

In respect of observations in the Auditor's report pertaining to depreciation charged on Plant & Machinery, the Company has obtained technical opinion and based on this opinion, the Company continues to treat plant and machinery as continuous process as they are designed to be operated for 24 hours a day. Consequently depreciation has been charged at the rate pursuant to notification GSR No: 756E dated December 16, 1993 on straight line method, as continuous process plant. The other observations in the Auditors' Report with regard to employees' benefits, Impairment of Assets are dealt with in the notes to the accounts at appropriate place and are self explanatory.

Your Directors wish to place on record their appreciation to the team of dedicated executives and employees, who have shown devotion to their duties.

We thank the various Departments of Central & State Governments, and Financial Institutions, viz. Assets Reconstruction Company (India) Limited (ARCIL), Bank of India, Union Bank of India, State Bank of India, IDBI Ltd and HDFC Bank, for their support to the Company.

On behalf of the Board,

Kolkata
Dated: May 30, 2014

Manish Kumar
Director

Vilas Agrawal
Wholetime Director

ANNEXURE FORM - A

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

	Current 6 Months Period ended on <u>March 31, 2014</u>	<i>Previous 18 Months Period ended on <u>September 30, 2013</u></i>
A. Power and Fuel Consumption:		
1. Electricity		
(a) Purchase Unit	13,740,600	43,879,360
(b) Total Amount	6,89,30,500	23,03,15,677
Rate / Unit	5.02	5.25
(Including 65,279 Units generated through Wind Electric Generators and fed into MPMKVCL grid and 11,228,863 Units purchased from open accesses)		
(c) Own Generation		
i) Through Diesel Generators		
Units produced	-	-
Units / Litres	-	-
Cost / Unit	-	-
ii) Through Furnace Oil based Power Plants		
Units Produced	-	-
Units/Ltr.	-	-
Cost / Unit	-	-
2. Coal (Specify Quality and where used)		
Steam Coal used in boiler for Generation Of Steam for Dye House		
Qty. (Tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
3. Furnace Oil based Boiler		
Qty. (K. Ltrs)	-	-
Total cost	-	-
Average Rate	-	-
4. Others / internal generation (please give details)		
Qty.	N.A.	N.A.
Total	N.A.	N.A.
Rate / Unit	N.A.	N.A.
B. Consumption per unit of production		
	Standards (if any)	
Product (with details)		<i>Current 6 Months Period ended on <u>March 31, 2014</u></i>
Unit	--	<i>Previous 18 Months Period ended on <u>September 30, 2013</u></i>
Electricity		Synthetic Blended Yarn
Coal (Specify quality) Steam Coal	--	Synthetic Blended Yarn
		Kg
		Kg
		3.27 (Units)
		3.84 (Units)
		-Kg
		-Kg

On behalf of the Board,

Kolkata
Dated: May 30, 2014

Manish Kumar
Director

Vilas Agrawal
Wholetime Director

ANNEXURE FORM - B

Form for disclosure of particulars with respect to Absorption Research and Development (R&D)

1. Specific area in which R & D carried out by the Company : The Company manufactures standard product for which technology has established in past several years. The Company has started up gradation in auto coner machines from electrical, electronic and mechanical side to run single yarn resulting increase single yarn production. This also h product's level.
2. Benefit derived as a result of the above R & D : Company has introduced two new modern technology compressors from IR to replace old 24 compressors of reciprocating type. This will help to get better quality compressed air for improving yarn quality with proper energy saving. Company is availing excess power from open Market through Open Access, resulting profit centre for the Company.
3. Future Plan of action : Company Company has started old machine to make multifold yarn. For this increased Contract Demand by 500KVA to the total contract demand is 4500 KVA.
4. Expenditure on R & D
 - (a) Capital : -
 - (b) Recurring : -
 - (c) Total : -
 - (d) Total R & D expenditure as a percentage of total turnover : -

Technology Absorption, Adaptation and Innovation.

1. Efforts, in brief, made towards technology absorption, adaptation and innovation. : (a)The Company has installed, Machinery to produce international quality Synthetic Blended Yarn. Chute Feed System from Blow Room Line to Cards have been installed. resulting in uniform sliver and higher production. Autoconers, Two-for-One Twister Machines, Electronic yarn clearers and splicer units on winding Machines etc. have been installed, to manufacture uniform knotless yarn.
(b) Company has increased production efficiency and utilization by motivating existing work force. Output per day has increased due to better efficiency and utilization of the machine.

Multifold Polyester, PV yarn has been introduced in the Company for the first time. It has a very good opportunity & opened a new export market for the Company. This Financial year company has introduced imported fibre for production of 100% Polyester and P/V yarn. Contribution has increased per kg marginally due to this newly introduced fibre. Company is now making Jumbo cone of 5.5 to 7 LGS for this 2 new Jumbo cone winding machines have been introduced. Further company is also introducing knot less yarn multifold yarn. This will give an upper edge in export market.
(b) Four MBO are linked together in Blow Room and avoided toppling process. Labour engagement is reduced in Mixing Department by 30%
(c) four more Doffer Drivers are added in Carding (total Thirty Five Doffer Drivers) for better quality yarn
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction product development, import substitution. : The Company has been able to manufacture international quality yarn by continuous improvement.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished. : No foreign technology has been imported by the Company during last 5 years or since inception.
 - (a) Technology imported : -
 - (b) Year of Import : -
 - (c) Has technology been fully absorbed : -
 - (d) If fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. : -

On behalf of the Board,

Kolkata
Dated: May 30, 2014

Manish Kumar
Director

Vilas Agrawal
Wholetime Director

Management Discussion and analysis

1. Overall Review

The current financial period under review is for a period of six months (October 2013 to March 2014) to come back to the universal accounting period (April - March) of each year.

The last accounting year closed for a period of 18 months April 2012 to September 2013 to give effect to the one time settlement arrived Company's lenders. The entire settlement amount has since been paid off and necessary charges satisfied with the Registrar of Companies, Madhya Pradesh and No Due Certificates received. The Company is now a debt free and free of all encumbrances.

2. Review Operations

During the period 2013-14 for (6 months), the Company did job work turnover of which was ` 1202.71 Lac, and there were no exports.

3. Industry structure and development

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a vital role through its contribution to industrial output, employment generation, and the export earnings of the country.

The most significant change in the Indian textile industry has been the advent of man-made fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe.

The textile industry holds a very significant position in the Indian Industry. Therefore, the Government is continuously extending support for growth of this segment.

4. Opportunity & Threats

The global growth in textile industry is expected to continue its slow recovery, but there are strong reasons to be bullish on the country's long term growth potential. Favorable demographics, a large growing middle class with increasing disposal incomes support a strong consumption story.

5. Risk & Concern

Currently the company perceives the following main business risks:-

- i) Volatility in prices of raw materials and increase in other input costs.
- ii) Continuous increase in labour shortage / cost and power cost.
- iii) Threats from import of cheaper fabric from neighboring countries and consequent pressure on domestic prices.

6. Outlook

The Company has plans to add balancing equipment and modernize its Plant and Machinery which would enable the Company to improve productivity and widen its product range and also improve quality of its products. The Company's performance during the current year is expected to be better than the previous period.

7. Internal Control System & their adequacy

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

8. Company's Financial Performance & Analysis :

The operating performance of the Company has been discussed in Directors Report under the head Financial Results and Operations for six months, the loss before tax for the period of six month from October 1, 2013 to March 31, 2014 was at ` 178.17 Lac and the turnover of ` 2462.49 Lac.

9. Human Resources Development/Industrial Relations

The company treats its human resources as the most important assets and believes in its contribution to all round growth of the company. Your Company's progress is a reflection and outcome of the human resources it has. Your company has fostered a culture of ownership, accountability and self evaluation that encourages employees to continuously improve on their efficiency. The industrial relations remained cordial thought the period.

Corporate Governance Report

1. Company's Philosophy on Code of Governance

Company's philosophy on corporate governance envisages transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

2. Board of Directors

The Board of Directors consists of 6 directors as on March 31, 2014.

The composition of the Board, attendance at Board Meetings held during the period for six months i.e. From October 1, 2013 to March 31, 2014 and at the last Annual General Meeting, number of directorships in other public companies and committee across various public companies of which the Director is a Member / Chairman are given below:

Name of the Director	Category	Financial Period October 1, 13 to March 31, 14 (Six Months) Attendance at		No of Outside Directorships	Committee Positions(#)	
		Board Meeting	Last AGM		Member	Chairman
Shri Manish Kumar	Promoter & Director	1	No	4	1	None
Shri M. P. Rajan	Independent Director	2	Yes	1	3	None
Shri V. S. Crishna	Independent Director	1	Yes	None	3	None
Shri Vilas Agrawal	Professional and Non Independent Director	2	Yes	1	1	None
Shri Alok Krishana Agarwal	Professional and Independent Director	1	Yes	5	None	None
Shri Umesh Wamorkar (Nominee Director ARCIL)	Independent Director	0	No	1	None	None
*Shri S. K. Aggarwal (Nominee Director Bank of India)	Independent Director	0	No	None	3	None

*Nomination of Shri S K Aggarwal has withdrawn by Bank of India with effect from January 17, 2014.

(#) Includes Audit Committee and Shareholders' / Investors' Grievance Committee / Remuneration Committee in all Companies including Hind Syntex Limited.

Number of Board Meetings held and the dates on which held

Two Board Meetings were held during the period from October 1, 2013 to March 31, 2014, (Six Months). October 28, 2013 and February 13, 2014.

Audit Committee

The Board of Directors has constituted an audit committee comprising, 3 Directors, viz: Shri M.P.Rajan, Shri V.S.Crishna, and Shri Vilas Agrawal. The constitution of audit committee also meets requirements u/s 292(A) of the Companies Act, 1956.

The terms of reference stipulated by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement. The scope of the committee includes:

- 1] Discussion with the auditors periodically about internal control systems.
- 2] Review of the quarterly results and Annual financial statements before submission to the Board and to ensure compliance of internal control systems.
- 3] Review the accounting practices, financial statements and reports of the Auditors.

During the year the Committee held two meetings on October 28, 2013 and February 13, 2014. The attendance of the members at these meeting are as under:

Name of Member	Meetings held	Number of Meetings attended
Shri M. P. Rajan	2	2
Shri V. S. Crishna	2	1
Shri Vilas Agarwal	2	2
*Shri S. K. Aggrawal	2	0

*Nomination of Shri S K Aggarwal has withdrawn by Bank of India with effect from January 17, 2014.

Corporate Governance Report - Continued

4. Remuneration Committee

The Board of Directors of the Company has constituted Remuneration Committee, comprising Shri M.P. Rajan and Shri V. S. Crishna. The Remuneration committee has been constituted to recommend remuneration package for directors.

Nomination of Shri S K Aggarwal has withdrawn by Bank of India with effect from January 17, 2014.

5. Shareholders' / Investors' Grievance Committee

The Board of the company has constituted a shareholders' / Investors' Grievance Committee comprising of Shri Manish Kumar, Shri M. P. Rajan and Shri V. S. Crishna. The committee look into redressal of shareholders' complaints like transfer of shares, non receipt of Balance sheets, non receipt of declared dividends, etc.

During the period the Committee held one meeting on October 28, 2013. The attendance of members are as under:

Name	Category	Number of Meetings held during the period October 1, 2013 to March 31, 2014	
		Held	Attended
Shri Manish Kumar	Promoter & Non Independent	1	1
Shri M.P. Rajan	Independent	1	1
Shri V.S. Crishna	Independent	1	-
Shri S.K. Aggarwal	Independent	1	-

*Nomination of Shri S K Aggarwal has withdrawn by Bank of India with effect from January 17, 2014.

No complaints / queries were received during the year under review. There was no pending complaints transfers as on March 31, 2014.

6. General Body Meetings

Location and time for last three Annual General Meeting were:

Year	AGM	Location	Date	Time
2010 - 2011	AGM	Hind Syntex Ltd 1A/8A Industrial Area AB Road, Dewas - 455 001 (MP)	10th September, 2011	12:00 Noon
2011 - 2012	AGM	Same as above	10th September, 2012	12:00 Noon
2012 - 2013 (18 Months)	AGM	Plot no. 2,3,4 & 5, Sector-A, Industrial Growth center, Pillukhedi, district-Rajgarh	6th December, 2013	11:00 A.M.

All special resolutions moved at the last Annual General Meeting were passed, by show of hands unanimously by all members present at the meeting. No postal ballots were used / invited for voting at these meetings.

7. Disclosure

- (A) a. Disclosure on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc that may have potential conflict with the interest of the company at large.
None of the transactions with any of the related parties have potential conflict with the interest of the Company.
- b. Details of non compliance by the company, penalties, strictures imposed on the Company by stock exchanges or SEBI, or any statutory authority, on any matter related to capital markets during the last three years.
None.
- c. None of the Non Executive Directors are holding shares in the Company except Shri Manish Kumar who holds 9,56,456 (7.52%).
- d. Regarding qualification of auditors pertaining to gratuity liability of employees as per AS-15 (revised) though valuation has not been done by an actuary, but as per calculation made by the company, funds available with LIC under Employees Group Gratuity Scheme are adequate to meet gratuity liability. The Company has determined the liability for the leave at the credit of its employees on the basis of their current salaries and made a provision for such a liability (without an actuarial valuation).

8. Means of Communication

Quarterly results	Are published in Free Press Journal & Dainik Swadesh
Any website, where displayed, whether it also displays Official news releases, and the presentation to institutions investors or to the analysts	None, Under preparation
Whether MD&A is a part of Annual Report or not	Yes

Corporate Governance Report - *Continued*

9. General Share holders information

- 9.1 Annual general Meeting:
Date and time September 27, 2014, at 11:00 A.M.
Venue Plot No.2,3,4 & 5, Sector-A, Industrial Growth Centre, Pillukhedi-District - Rajgarh - 465 667 (M.P.)
- 9.2 Financial Calendar :
Annual General Meeting, September 27, 2014.
Results for quarter ending June 30,2014 by August 14,2014
Results for quarter ending Sept 30,2014 by November 14, 2014
Results for quarter ending Dec 31, 2014 by February 14, 2015
Results for quarter ending Mar 31, 2015 by May 30, 2015
- 9.3 Book closure date September 22, 2014 to September 27, 2014
- 9.4 Dividend payment date: The Directors have not recommended any dividend on equity shares for the financial period ended on March 31, 2014.
- 9.5 Listing of equity shares on Stock Exchange at: The Bombay Stock Exchange Ltd, Mumbai, National Stock Exchange of India Ltd, Mumbai
Listing fee as prescribed has been paid to the Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited up to 31st March,2014.
- 9.6 a. Stock Code 503881
b. Demat ISIN No: in NSDL & CDSL for equity Shares:INE 155BO1012
- 9.7 Stock market data: The market price data at National Stock Exchange (NSE) where shares were actively traded during October 1, 2013 to March 31, 2014 as under:

Month	Month's High Price	Month's Low Price
October'13	6.50	6.30
November'13	6.40	6.40
December'13	9.90	6.70
January'14	11.55	9.50
February'14	11.70	9.95
March'14	10.05	9.10

9.8 Registrar and Transfer Agents:

Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai - 400 078, E-mail: mumbai@linkintime.co.in

9.9 Share transfer system:

The Board has constituted a share transfer committee for physical transfer of shares. Shares lodged for transfer are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects.

9.10 Distribution of Shareholding as on March 31, 2014

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	Voting Strength (%)
Upto 500	3539	71.09	816952	6.42
501 - 1000	700	14.06	614303	4.83
1001 - 2000	394	7.92	660864	5.20
2001 - 3000	113	2.27	288919	2.27
3001 - 4000	74	1.49	277340	2.18
4001 - 5000	40	0.80	189447	1.49
5001 - 10000	72	1.45	526087	4.14
10001 and above	46	0.92	9344688	73.47
	4978	100.00	12718600	100.00

Shareholding pattern:

Category	As on March. 31,2014	
	No. of Shares	%
Promoters / Persons acting in concert	6135182	48.24
UTI & Mutual Funds	1771	0.01
Financial Institutions / Banks / Insurance Companies	1849262	14.54
Private Corporate Bodies	699147	5.50
Resident Individuals	3840453	30.19
NRI's / OCB's	192785	1.52
Total	12718600	100.00

9.10 Dematerialisation of shares

Over 92.58% of the outstanding shares have been dematerialized up to March 31, 2014. Trading in equity shares of the Company is permitted only in dematerialised form w.e.f. August 28, 2000, as per Notification issued by Securities and Exchange Board of India (SEBI).

- 9.11 Outstanding GDR / Warrants and convertible Bonds, conversion date and likely impact on equity : None

9.12 Plant Location

Plot No: 2, 3, 4 & 5, Sector-A, Industrial Growth Centre, Pillukhedi, District Rajgarh (MP) 465 667.

Corporate Governance Report - *Continued*

9.13 Investors correspondence

Registrar & Transfer Agent:

Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai 400078, E-mail:mumbai@linkintime.co.in

Registered Office of the Company:

Hind Syntex Limited, Plot no.2,3,4 & 5, Sector-A, Industrial Growth Centre, Pillukhedi- 465 667, Dist.- Rajgarh (MP)
Tel No: 9301528698, E-mail:pillukhedi@wearitgroup.com

10. Code of Conduct:

Your Company has always encouraged and supported compliance to ethical business practices in personal and corporate by its employees. Your Company in order to further strengthen corporate practices, has framed a specific code of conduct, for the members of the Board of Directors and Senior Management personnel of the Company.

CEO / CFO CERTIFICATION

As required under sub-clause V of clause 49 of the Listing Agreement with the Stock Exchanges, we have certified to the Board that for the financial Period ended March 31, 2014 the Company has complied with the requirements of the said sub-clause.

Place: Kolkata
Date: May 30, 2014

For Hind Syntex Limited
Vilas Agrawal
Whole time Director

Auditors Certificate on compliance with the condition of Corporate Governance under Clause 49 of the Listing Agreement.

To the members of Hind Syntex Limited,

We have examined the compliance of conditions of corporate governance of Hind Syntex Limited (the Company), for the period ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the corporate governance as stipulated in the above mentioned Listing Agreement.

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

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.

Place : Indore
Date : May 30, 2014

For **Bansi S Mehta & Co.**
Chartered Accountants
Firm Registration No.100991W
Divyesh I. Shah
Partner
Membership No. 37326

INDEPENDENT AUDITORS' REPORT

To the Members of

HIND SYNTEX LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **HIND SYNTEX LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the period from October 01, 2013 to March 31, 2014 ("the period"), 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 principles generally accepted in India including Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our Qualified Audit Opinion as well as Disclaimer of Opinion.

Basis for Qualified Opinion

- (a) *During the period ended on March 31, 2014, the Company has charged to the Statement of Profit and Loss of ₹ 1,037,547 in respect of Gratuity and of ₹ 508,952 in respect of Compensated Absences. In the absence of detailed information from an Independent Actuary, inter alia, as to the present value of obligation and employee benefits cost to be recognised respectively in the Balance Sheet and Statement of Profit & Loss, we are unable to ascertain the adjustment and the charges which should have been made to the Statement of Profit & Loss, respectively, in respect of Gratuity and Compensated Absences, as contemplated by the Accounting Standard-15 ("AS-15") on "Employees Benefits" [AS-15 (Revised)] and accordingly, we are unable to comment on the effect thereof on the Profit for the period and the consequential effect on the Statement of Profit & Loss, and Current Liabilities and Provisions carried forward for the period end (Refer note no. 25 of Notes forming part of the financial statements).*

Further, in view of the absence of the information as aforesaid, the Company has not made disclosures of reconciliation of obligation, fair value of plan assets, Actuarial assumptions, etc. as required by AS-15 (Revised).

- (b) *Based on a technical opinion, the Company has provided depreciation on all plant and machinery (including Power Plant) as continuous process plants at the rate pursuant to notification in GSR No.756E dated 16.12.1993 on straight line method.*

On the basis of the Guidance Note issued by the Institute of Chartered Accountants of India on "Some Important Issues Arising From The Amendments To Schedule XIV to the Companies Act, 1956", in our opinion, depreciation should have been provided at the rate other than that provided for continuous process plant Schedule XIV of the Companies Act, 1956.

Had depreciation been provided at the rate other than that provided for continuous process plant, depreciation for the period would have been ₹ 5,028,919 (instead of ₹ 11,488,465), Profit for the period (Net of Deferred Tax Assets of ₹ 2,095,800 for such depreciation) would have been ₹ 9,260,490 (instead of ₹ 17,816,881) and for the period end, Net Block of Fixed Assets would have been ₹ 60,397,543 (instead of ₹ 177,045,598), Debit Balance in the Statement of Profit and Loss, after adjusting balances in Reserves and Surplus (except to the extent of ₹ 188,227,352 on account of Capital Reserves), (Net of Deferred Tax Asset of ₹ 37,846,461 for such depreciation) would have been ₹ 138,721,210 [instead of Debit Balance in the Statement of Profit and Loss, after adjusting balances in Reserves and Surplus (except to the extent of ₹ 188,227,352 on account of Capital Reserves), of ₹ 59,919,616] and there would have been Deferred Tax Asset (Net) of Rs. Nil (instead of Deferred Tax Assets (Net) of ₹ Nil).

- (c) *During the period ended on March 31, 2014 the Company has arrived at an "One Time Settlement" (OTS) of dues with its lenders, the cut-off date being September 30, 2012; as a result, the lenders have agreed to waive the principal amount of ₹ 4,482,737 and such amount is credited to Capital Reserve which is not in accordance with the Accounting Standard (AS) 5 on "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" as notified under the Companies (Accounting Standards) Rules, 2006. In fact, the said treatment is not in line with the opinion of the Expert Advisory Committee (EAC) of the ICAI on Accounting treatment of waiver of loan.*

INDEPENDENT AUDITORS' REPORT - *Continued*

Had the said waiver of principal amount of loan been credited to the Statement of Profit and Loss instead of the Credit reflected in Capital Reserve account, the profit for the period and the carried forward balances in Surplus under the head 'Reserves & Surplus' would have been higher by 4,482,737 (Refer note no. 22 of Notes forming part of financial statements and other explanatory information).

Basis for Disclaimer of Opinion

Since we have not been able to obtain sufficient and appropriate audit evidence based on which it is not possible for us to form an opinion as to whether the Company would be liable to pay Minimum Alternate Tax on the Book Profit so as to make Provision for Net Current Tax Expense in the financial statements (Refer note no. 30 of Notes forming part of financial statements and other explanatory information).

Qualified Opinion and Disclaimer of Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects for the matters described in Basis for Qualified Opinion and Basis of Disclaimer of Opinion paragraphs, 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 Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of Statement of Profit and Loss, of the loss for the period ended on that date; and
- c) in the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement 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;
 - c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. On the basis of the written representations received from the directors of the Company as on March 31, 2014, taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Bansi S Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W
Divyesh I. Shah
Partner
Membership No. 37326

Place : Indore
Date : May 30, 2014

Annexure referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date to the members of HIND SYNTEX LIMITED on the accounts for the period ended March 31, 2014

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- (i)
 - (a) The Company is generally maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, the Company has a phased programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any substantial part of its fixed assets during the period so as to affect its going concern.
- (ii)
 - (a) The inventories have been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.

INDEPENDENT AUDITORS' REPORT - *Continued*

- (iii) (a) As per the information furnished, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956
- (b) As the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, Clause (iii) (b) of the Order relating to the rate of interest and terms and conditions being prima facie prejudicial to the Company, Clause (iii) (c) relating to regularity of receipt of principal amount and interest and Clause (iii) (d) relating to steps taken for recovery of overdue principal and interest of more than rupees one lakh, are not applicable.
- (e) During the period, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (f) As the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in Register & maintained under Section 301 of the Act, Clause (iii) (f) of the Order relating to rate of interest and terms and conditions being prima facie prejudicial to the interest of Company, Clause (iii) (g) relating to regularity in repayment of principal amount and interest, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is 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. As informed to us, the Company is not engaged in the sale of any services. During the course of our audit, no major weakness has been noticed in these internal control systems.
- (v) (a) According to the information and explanations given to us and the records of the Company examined by us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of Act have been so entered; and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements (including purchase of services) entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time, wherever applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the period. Hence, the question of complying with the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA or any relevant provision of the Act, and the rules framed there under, does not arise. Accordingly clause 4(vi) of the order is not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its 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, in respect of the manufacturing activities of the Company to which the said rules are applicable and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records examined by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise-duty, Cess and other material Statutory dues, applicable to it and there were no arrears of such statutory dues as on March 31, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, given herein below are the details of dues of sales tax, income tax, wealth tax, service tax, customs duty, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending:

Name of the statute	Nature of the dues	Amount in	Period to which the amount relate	Forum where dispute is pending
Entry Tax Act, 1976	Entry Tax	410,968	1997-98	High Court Indore
Employees' Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	1,083,267	April, 2008 to December, 2010	Employees' Provident Fund Appellate Tribunal, New Delhi
CENVAT Credit Rules, 2004 and Central Excise Act, 1944	Availing of and Utilisation of CENVAT Credit	76,028	September, 2010 to December, 2012	Asstt. Commissioner of Central Excise
CENVAT Credit Rules, 2004 and Central Excise Act, 1944	Availing of and Utilisation of CENVAT Credit	71,534	January, 2013 to November, 2013	Asstt. Commissioner of Central Excise

INDEPENDENT AUDITORS' REPORT - *Continued*

- (x) In our opinion, the accumulated losses of the Company as at the end of the financial period are more than fifty percent of its net worth. In addition to this, the Company has incurred cash losses during the period under audit. However in the immediately preceding financial period there were no cash losses.
- (xi) In view of the sanction of CDR package and related extension of the due dates, the Company has defaulted in following repayment of dues to Banks or Institutions:

I. Principal

Period	Total Amount due	Amount paid on or before due date	Default amount	Amount of Default made good	Period in which default made good	Amount in `
						Amount of default as on September 30, 2012
2006-07	51,940,846	16,937,863	35,002,983	9,727,401	2007-08	25,275,582
2007-08	66,526,092	25,292,744	41,233,348	2,908,204	2008-09	38,325,144
2008-09	75,111,312	2,800,000	72,311,312	-	-	72,311,312
2009-10	75,111,312	-	75,111,312	-	-	75,111,312
2010-11	81,279,485	18,400,000	62,879,485	-	-	62,879,485
2011-12	78,779,485	-	78,779,485	-	-	78,779,485
Apr'12 to Sep'12	60,181,810	-	60,181,810	-	-	60,181,810
Total	488,930,342	63,430,607	425,499,735	12,635,605	-	#412,864,130*

During the period the secured lenders invoked the provision of the SARFAESI Act, 2002 and took over the possession (including right to transfer by way of lease, assignment or sale) of fixed assets being Land & Building valuing ` 50,266,490 situated at survey No. 134 to 140 and 142 at Village Birgod, Tehsil - Sonkutch, Dist - Dewas, M.P. in lieu of their outstanding term liability. (Refer Note No. 23 of Notes forming part of the financial statements)

II. Interest

Period	Total Amount due	Amount paid on or before due date	Default amount	Amount of Default made good	Period in which default made good	Amount in `
						Amount of default as on September 30, 2012
2006-07	38,010,844	17,548,156	20,462,688	-	-	20,462,688
2007-08	56,694,298	26,429,413	30,264,885	1,097,696	2008-09	29,167,189
2008-09	60,818,220	9,042,313	51,775,907	-	-	51,775,907
2009-10	61,702,017	2,576,644	59,125,373	-	-	59,125,373
2010-11	70,273,125	4,775,462	65,497,663	-	-	65,497,663
2011-12	75,177,927	14,127,308	61,050,619	6,787,415	2008-09 to 2010-11	54,263,204
Apr'12 to Sep'12	31,051,484	-	31,051,484	-	-	31,051,484
Total	393,727,915	74,499,296	319,228,619	7,885,111	-	311,343,508*

* Company and the secured lenders had mutually agreed to arrive at consensus in respect of settlement of all the claims by the secured lenders on the Company and as a result, in pursuance to the scheme of "One Time Settlement (OTS)", with the cut-off date of September 30, 2012, the secured lenders had agreed to settle the total outstanding (principal and interest thereon). (Refer Note No.22 of Notes forming part of the financial statements)

- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As the Company is not a chit fund, Nidhi, mutual benefit fund or society the provisions of Clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations given to us, in our opinion the Company is not dealing or trading in shares, securities, debentures and other investments and hence, the requirements of Clause 4(xiv) of the Order are not applicable to the Company.
- (xv) As the Company has not given any guarantee for loans taken by others from banks or financial institutions, clause 4(xv) of the Order is not applicable to the Company.

INDEPENDENT AUDITORS' REPORT - *Continued*

- (xvi) According to the information and explanations given to us, in our opinion, the Company has not availed any of the term loan facilities, and hence, the requirements of Clause 4 (xvi) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short term basis have not been utilised for long term investment.
- (xviii) According to the information and explanations given to us, as the Company has not made any preferential allotment of shares during the period, Clause 4 (xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us, as the Company has not issued any debentures and hence, the question of creating security or charges in respect thereof does not arise, Clause 4 (xix) of the Order is not applicable to the Company.
- (xx) As the Company has not raised any money by public issues during the period, Clause 4 (xx) of the Order is not applicable to the Company.
- (xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place : Indore
Date : May 30, 2014

For **Bansi S Mehta & Co.**
Chartered Accountants
Firm Registration No.100991W
Divyesh I. Shah
Partner
Membership No. 37326

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AND OTHER EXPLANATORY INFORMATION

Note No. 1

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:

1.1 Basis of Preparation of Financial Statements:

The Financial Statements of the Company are prepared on going concern under historical cost convention on accrual basis and in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standard) Rules, 2006, (which continue to be applicable in respect of Section 133, of Companies Act, 2013, in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the company.

1.2 Use of Estimates:

The preparation of Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amount of assets and liabilities and disclosure of contingent liability at the date of financial statement and the result of operations during the reporting period. Although this estimates based upon the management's best knowledge and current events and actions, actual result could differ from this estimates.

1.3 Revenue Recognition:

Sale of goods:

Sale are recognized at the time of dispatch of goods from factory and are recorded including excise duty but exclusive of sales tax and trade discounts, wherever applicable.

Interest from customer

Interest from customers on delayed payments are accounted on accrual basis to the extent these are measurable and ultimate collection is reasonably certain.

1.4 Basis of valuation of Fixed Assets:

(a) Leasehold land - at cost.

(b) Owned Fixed Assets - at cost less depreciation, cost includes all costs incurred till the asset is put to use (including borrowing costs).

1.5 Depreciation:

Depreciation on Fixed assets has been provided on straight line method at the rates as specified in Schedule XIV of the Companies Act, 1956, as amended vide notification GSR No. 756E dated December 16, 1993 and subsequent notification GSR No. 101 (E) dated March 01, 1995. Further fixed assets whose aggregate cost is Rs 5000 or less are depreciated fully in the year of acquisition.

1.6 Inventories:

Items of Inventories are measured at lower of cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including appropriate overheads. Cost of raw materials is determined on first-in-first-out basis and stores and packing materials are determined on weighted average basis.

1.7 Foreign Exchange Transactions:

Transactions in foreign exchange are accounted at exchange rates prevailing on the date of transaction. Monetary items denominated in foreign currencies at the year end are restated at year end rates. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss. Gains / Losses on forward exchange contracts are recognized over the life of the contract.

1.8 Employee Benefits

(i) Post Employment Benefit Plans :

Defined Contribution Plan:

Contribution as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

Defined Benefit Plan:

Liability in respect of Employees' Group Gratuity Cash Accumulation Cum-Life Assurance Scheme and Group Superannuation Scheme are funded by way of contribution to Life Insurance Corporation of India.

(ii) Other Benefits

Provision has been made in respect of leave standing to the credit of the employees on the basis of their current salaries and not on the basis of actuarial valuation method.

1.9 Taxation:

(a) Provision for Taxation:

Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.

(b) Deferred Taxation:

In accordance with Accounting Standard- 22 on "Accounting for Taxes on Income", the deferred tax for timing differences is accounted for, using the tax rates and laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising from timing differences are recognized only on the consideration of prudence.

1.10 Impairment of Assets:

If internal / external indications suggest that an Asset of the Company may be impaired, the recoverable amount of Asset / cash generating unit is determined on the Balance Sheet date and if it is less than its carrying amount, the carrying amount of the Asset / cash generating unit is reduced to the said recoverable amount. Subsequently, if there is a change in the indication, since the last impairment was recognized, so that recoverable amount of an Asset exceeds its carrying amount, an impairment recognized for an Assets in prior accounting period is reversed. The recoverable amount is measured as the higher of the net selling price and value in use of such Assets / cash generating unit, which is determined by the present value of the estimated future cash flows.

1.11 Provisions, Contingent Liabilities and Contingent Assets:

- The Company recognizes as Provisions, the liabilities being present obligations arising out of past events, the settlement of which is expected to result in an outflow of resources and which can be measured only by using a substantial degree of estimation.
- Contingent liabilities are disclosed by way of a note to the financial statements after careful evaluation by the management of the facts and legal aspects of the matter involved.
- Contingent Assets are neither recognized nor disclosed.

HIND SYNTEX LIMITED
Balance Sheet as at March 31, 2014

	Particulars	Note No.	As at March 31, 2014	As at September 30, 2013
A	EQUITY AND LIABILITIES			
I	Shareholders' funds			
	(a) Share capital	2	127,272,250	127,272,250
	(b) Reserves and surplus	3	(59,919,616)	(46,585,472)
			67,352,634	80,686,778
II	Current liabilities			
	(a) Trade payables	4	81,532,700	35,524,102
	(b) Other current liabilities	5	172,291,884	181,137,818
	(c) Short-term provisions	6	4,599,369	7,991,241
			258,351,953	224,653,161
	TOTAL		325,704,587	305,339,939
B	ASSETS			
I	Non-current assets			
	(a) Fixed assets			
	Tangible assets	7	177,045,598	172,109,868
	(b) Long-term loans and advances	8	93,966,259	70,636,840
			271,011,857	242,746,708
II	Current assets			
	(a) Inventories	9	32,563,215	40,598,269
	(b) Trade receivables	10	4,321,954	245,668
	(c) Cash and cash equivalents	11	3,000,000	2,266,679
	(d) Short-term loans and advances	12	3,372,843	6,443,111
	(e) Other current assets	13	11,434,718	13,039,504
			54,692,730	62,593,231
	TOTAL		325,704,587	305,339,939
	Notes (including Significant Accounting Policies) forming part of financial statement and other explanatory information	1-34	-	-

As per our report of even date attached
For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No. 100991W

Divyesh I. Shah
Partner
Membership No.37326

Place : Indore
Dated : May 30, 2014

For and on behalf of the Board of Directors

Manish Kumar Director

Vilas Agrawal Wholetime Director

Place : Kolkata
Dated : May 30, 2014

HIND SYNTEX LIMITED

Statement of Profit and Loss for the period ended March 31, 2014

	Particulars	Note No.	For the period ended March 31, 2014	For the year ended September 30, 2013
A	CONTINUING OPERATIONS			
I	Revenue from operations (gross)	14	241,485,295	1,487,900,871
	Less: Excise duty	14	126,373	428,548
	Revenue from operations (net)		241,358,922	1,487,472,323
II	Other income	15	4,889,587	224,020,488
III	Total revenue (I+II)		246,248,509	1,711,492,811
IV	Expenses			
	(a) Cost of materials consumed	16a	97,133,476	897,849,920
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	16b	6,405,166	54,566,556
	(c) Employee benefits expense	17	57,659,734	149,426,345
	(d) Finance costs	18	795,543	37,559,050
	(e) Depreciation and amortisation expense	7	11,488,465	47,056,590
	(f) Other expenses	19	90,583,006	347,935,820
	Total expenses		264,065,390	1,534,394,281
V	Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(17,816,881)	177,098,530
VI	Exceptional items		-	-
VII	Profit / (Loss) before extraordinary items and tax (V + VI)		(17,816,881)	177,098,530
VIII	Extraordinary items		-	-
IX	Profit / (Loss) before tax (VII + VIII)		(17,816,881)	177,098,530
X	Tax expense:	30		
	(a) Deferred tax		-	-
	(b) Net current tax expense		-	-
	(c) Excess / (Short) provision for income tax of earlier year		-	1,384,626
XI	Profit / (Loss) from continuing operations (IX + X)		(17,816,881)	178,483,156
B	DISCONTINUING OPERATIONS			
XII(a)	Profit / (Loss) from discontinuing operations (before tax)		-	-
XII(b)	Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations	20	-	1,821,811
XII(c)	Add / (Less): Tax expense of discontinuing operations		-	-
XIII	Profit / (Loss) from discontinuing operations (XII(a) + XII(b) + XII(c))		-	1,821,811
C	TOTAL OPERATIONS			
XIV	Profit / (Loss) for the year (XI + XIII)		(17,816,881)	180,304,767
XV	Earnings per share (of ₹ 10/- each):	28		
	(a) Basic			
	(i) Continuing operations		1.40	14.02
	(ii) Total operations		1.40	14.17
	(b) Diluted			
	(i) Continuing operations		1.40	14.02
	(ii) Total operations		1.40	14.17
	Notes (including Significant Accounting Policies) forming part of financial statement and other explanatory information	1 - 34	-	-

As per our report of even date attached
For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No. 100991W

Divyesh I. Shah
Partner
Membership No.37326

Place : Indore
Dated : May 30, 2014

For and on behalf of the Board of Directors

Manish Kumar Director

Vilas Agrawal Wholetime Director

Place : Kolkata
Dated : May 30, 2014

HIND SYNTEX LIMITED

Cash Flow Statement for the period ended March 31, 2014

Particulars	For the period ended March 31, 2014		For the Period ended September 30, 2013	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(17,816,881)		180,304,767
Adjustments for:				
Depreciation and amortisation	11,488,465		47,056,590	
Loss/ (Profit) on sale of assets	688,602		18,238,635	
Interest income	(617,802)		(2,271,451)	
Interest Expenses on Term Loan	795,543		-	
Provision no longer required written off	-		<u>206,707,474</u>	
	<u>12,354,808</u>	<u>(12,354,808)</u>	<u>143,683,700</u>	<u>143,683,700</u>
Operating profit before working capital changes		(5,462,073)		36,621,067
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	8,035,054		87,353,391	
Trade receivables	(4,076,286)		61,046,617	
Other receivable	(20,259,151)		473,238	
Other current assets	1,604,786		(11,595,947)	
Adjustments for increase / (decrease) in operating liabilities:				
Short-term borrowings				
Trade payables	46,008,598		17,396,052	
Other current liabilities	(12,309,807)		167,168,326	
Short-term provisions	-		-	
	<u>19,003,194</u>	<u>19,003,194</u>	<u>321,841,677</u>	<u>321,841,677</u>
Cash flow from extraordinary items		13,541,121		358,462,744
Cash generated from operations				
Net income tax refunds				
Net cash flow from / (used in) operating activities (A)		13,541,121		358,462,744
B. Cash flow from investing activities				
Purchase of fixed assets	(18,424,940)		(8,331,394)	
Proceeds from sale of fixed assets (Net)	1,312,144		62,844,901	
Commission paid to MSTC	-		-	
Interest received	-		-	
	<u>(17,112,796)</u>		<u>54,513,507</u>	
Net cash flow from investing activities (B)		(17,112,796)		54,513,507
C. Cash flow from financing activities				
Interest paid on Term Loan	(177,741)		(127,906,040)	
Paid under the scheme of OTS	4,482,737		(306,686,252)	
Proceed from long term borrowing	-		-	
Repayment of other short-term borrowings	-		-	
	<u>4,304,996</u>		<u>(434,592,292)</u>	
Net cash flow from / (used in) financing activities (C)		4,304,996		(434,592,292)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		733,321		(21,616,041)
Cash and cash equivalents at the beginning of the period		<u>2,266,679</u>		<u>23,882,720</u>
		3,000,000		2,266,679
* Comprises:				
(a) Cash on hand	421,570		145,691	
(b) Balances with banks In current accounts	2,578,430		2,120,988	
		3,000,000		2,266,679

In terms of our report attached.
For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No. 100991W

Divyesh I. Shah
Partner
Membership No.37326
Place : Indore
Dated : May 30, 2014

For and on behalf of the Board of Directors

Manish Kumar Director

Vilas Agrawal Wholetime Director

Place : Kolkata
Dated : May 30, 2014

Notes forming part of the financial statements and other explanatory informations

Note 2

2(a) Share capital

Particulars	As at March 31, 2014		As at September 30, 2013	
	Number of shares	₹	Number of shares	₹
(a) Authorised Equity shares, ₹ 10 par value	16,000,000	160,000,000	16,000,000	160,000,000
(b) Issued, Subscribed and fully paid up Equity shares, ₹ 10 par value	12,718,600	127,186,000	12,718,600	127,186,000
(c) Shares forfeited	30,350	86,250	30,350	86,250
Total	12,748,950	127,272,250	12,748,950	127,272,250

The company has only one class of shares referred to as equity shares having at par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

2(b) Details of Shares forfeited

Class of Shares	As at March 31, 2014		As at September 30, 2013	
	Number of shares	Amount originally paid up	Number of shares	Amount originally paid up
Equity shares, ₹ 10 par value	30,350	86,250	30,350	86,250

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

Particulars	As at March 31, 2014		As at September 30, 2013	
	Number of shares	₹	Number of shares	₹
Equity shares at the beginning	12,718,600	127,186,000	12,718,600	127,186,000
Add: Fresh Issue	-	-	-	-
Less: Buy Back of shares	-	-	-	-
Equity shares at the end	12,718,600	127,186,000	12,718,600	127,186,000

2(d) Details of shares held by each shareholder holding more than 5% shares:

Class of Shares and Name of the Shareholders	As at March 31, 2014		As at September 30, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Assets Reconstruction Company (India) Limited	1,840,000	14.46	1,840,000	14.46
Mr Manish Kumar	956,456	7.52	956,456	7.52
Mr. Manish Kumar (RDM Family Trust)	747,348	5.88	747,348	5.88
Mr. Narendra Kumar (Devmanu Family Trust)	1,698,571	13.36	1,698,571	13.36
Mrs. Ritika Kumar	2,732,807	21.49	2,732,807	21.49

2(e) Out of the above Shares 8,158,950 Equity shares of ₹ 10 each have been allotted as fully paid up Bonus Shares by capitalisation of General Reserve on December 02, 1993 and January 16, 1998.

2(f) 1,840,000 Equity shares of ₹ 10 par value issued at par amounting to ₹ 18,400,000 to Asset Reconstruction Company (India) Limited, Mumbai against conversion of Funded Interest Term Loan (FITL) into equity, as per terms of CDR.

Notes forming part of the financial statements and other explanatory informations

Note 3 Reserves and Surplus

Particulars	As at March 31, 2014	As at September 30, 2013
(a) Capital reserve		
(i) Central Investment Subsidy	1,500,000	1,500,000
(ii) State Investment Subsidy	2,500,000	2,500,000
(iii) Diesel Generator Set Subsidy	446,371	446,371
	4,446,371	4,446,371
Add:- Waiver of Principal Amount of Term Loan by the secured lenders in pursuance to the scheme of "One Time Settlement" (OTS) (Refer Note No. 22)	179,309,492	174,826,755
Closing Balance	183,755,863	179,273,126
(b) Power Subsidy Reserve	4,471,489	4,471,489
(c) General Reserve	286,518,693	286,518,693
(d) Surplus in Statement of Profit and Loss		
Opening balance	(516,848,780)	(697,153,547)
Add: Profit / (Loss) for the year	(17,816,881)	180,304,767
Closing Balance	(534,665,661)	(516,848,780)
Total	(59,919,616)	(46,585,472)

Note 4 Trade payables

Particulars	As at March 31, 2014	As at September 30, 2013
Trade payables (Refer Note no.32)	81,532,700	35,524,102
Total	81,532,700	35,524,102

Note 5 Other current liabilities

Particulars	As at March 31, 2014	As at September 30, 2013
Interest accrued and due on borrowings		
Liability Payable under the scheme of One Time Settlement with Secured Lenders (Refer Note 22)		
- For Term Loan	-	8,172,923
- For Working Capital Loan	-	1,827,077
	-	10,000,000
Pending waiver on payment of final installement under Scheme of "One Time Settlement" (OTS) (Refer Note 22) (Principal ` 5,933,838 & Interest ` 3,849,091)	-	9,782,929
Other payables		
(i) Statutory remittances	779,756	901,739
(ii) M/s Wearit Global Limited (Advance against Job Work)	150,000,000	140,000,000
(iii) M/s Deepak Spinners Limited (Advance against fixed assets)	6,551,000	-
(iv) Others	14,889,128	20,453,150
Total	172,219,884	181,137,818

Note 6 Short-term provisions

Particulars	As at March 31, 2014	As at September 30, 2013
1. Provision for employee benefits:		
(a) Provision for Bonus	2,581,593	4,066,419
(b) Provision for Leave	2,017,776	1,724,822
2. Other- Provision for Management fees for Bank Of India	-	2,200,000
Total	4,599,369	7,991,241

Notes forming part of the financial statements and other explanatory informations

NOTE 7

(Amount in `)

FIXED ASSETS:

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at October 1, 2013	Additions during the year	Deductions and or transfers	As at March '31, 2014	Upto October 1, 2013	On Deductions	For the period ended March '31, 2014	As at September 30, 2014	As at March '31, 2014	As at September 30, 2013
(A) Owned Assets										
Leasehold Land	6,848,570	-	-	6,848,570	-	-	-	-	6,848,570	6,848,570
Buildings	134,312,657	254,487	-	134,567,144	73,043,154	-	2,059,784	75,102,938	59,464,206	61,269,503
Tube Wells	190,526	-	-	190,526	70,098	-	1,549	71,647	118,879	120,428
Plant and Machinery	571,106,825	20,914,730	14,077,081	577,944,474	480,064,331	12,094,177	8,857,709	476,827,863	101,116,611	91,042,494
Electrical Installations	27,289,400	510,970	-	27,800,370	21,398,229	-	449,245	21,847,474	5,952,896	5,891,171
Wind Electric Generators	22,000,000	-	-	22,000,000	20,900,000	-	-	20,900,000	1,100,000	1,100,000
Furniture and Fixtures	4,046,298	-	-	4,046,298	3,894,372	-	3,976	3,898,348	147,950	151,926
Office Equipments	3,275,049	272,959	-	3,548,008	2,537,862	-	58,915	2,596,777	951,231	737,187
Computers	10,241,610	112,298	-	10,353,908	9,690,283	-	8,830	9,699,113	654,795	551,327
Vehicles	2,434,495	-	356,843	2,077,652	1,677,735	339,001	48,457	1,387,191	690,461	756,760
TOTAL	781,745,430	22,065,444	14,433,924	789,376,950	613,276,064	12,433,178	11,488,465	612,331,351	177,045,598	177,045,598
(B) Capital Work in Progress	3,640,504	-	-	-	-	-	-	-	-	3,640,504
TOTAL	3,640,504	-	-	-	-	-	-	-	-	3,640,504
TOTAL (A+B)	785,385,934	22,065,444	14,433,924	789,376,950	613,276,064	12,433,178	11,488,465	612,331,351	177,045,598	172,109,868
<i>Previous Year</i>	<i>940,707,595</i>	<i>8,331,394</i>	<i>163,653,055</i>	<i>785,385,934</i>	<i>702,456,872</i>	<i>136,237,398</i>	<i>47,056,590</i>	<i>613,276,064</i>	<i>172,109,868</i>	

Note 8

Long-term loans and advances

Particulars	As at March 31, 2014	As at September 30, 2013
(a) Capital advances		
Unsecured, considered good	-	263,726
(b) Security deposits		
Unsecured, considered good	15,457,625	14,313,625
(c) Others		
Unsecured, considered good		
(i) CENVAT credit receivable	67,210,744	48,807,841
(ii) Entry Tax [Refer Note 21(b)]	166,000	166,000
(iii) Income tax payments and TDS	10,045,685	7,073,794
(iv) Provident Fund Advance (Appeal)	1,074,351	-
(v) Advance to Group Gratuity & Superannuation Trust	11,854	11,854
	78,508,634	56,059,489
Total	93,966,259	70,636,840

Note 9

Inventories

(At lower of cost or net realisable value)

Particulars	As at March 31, 2014	As at September 30, 2013
(a) Raw materials	2,936,202	399,761
(b) Work-in-progress	11,403,663	-
(c) Finished goods (other than those acquired for trading)	2,054,820	19,969,447
(d) Stores and spares	15,750,855	20,000,916
(e) Packing Material	311,877	228,145
(f) Waste	105,798	-
Total	32,563,215	40,598,269

Notes forming part of the financial statements and other explanatory informations

Note 10

Trade receivables

Particulars	As at March 31, 2014	As at September 30, 2013
	-	-
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment	-	-
(b) Other Trade receivables Unsecured, considered good	4,321,954	245,668
Total	4,321,954	245,668

Note 11

Cash and cash equivalents

Particulars	As at March 31, 2014	As at September 30, 2013
	-	-
(a) Cash balances with scheduled Banks In current accounts	2,578,430	2,120,988
(b) Cash in hand	421,570	145,691
Total	3,000,000	22,66,679

Note 12

Short-term loans and advances

Particulars	As at March 31, 2014	As at September 30, 2013
	-	-
(a) Loans and advances to employees Secured, considered good	31,315	27,000
(b) Prepaid expenses - Unsecured, considered good	588,291	937,905
(c) Balances with government authorities Unsecured, considered good		
(i) VAT credit receivable	1,453,619	250,085
(ii) Duty Drawback receivable on Export	-	-
(d) Others Unsecured, considered good		
(i) Advance to Suppliers	1,299,618	5,056,704
(ii) Insurance Deposit	-	171,417
(iii) Earnest Money	-	-
Total	3,372,843	6,443,111

Note 13

Other current assets

Particulars	As at March 31, 2014	As at September 30, 2013
	-	-
Interest accrued on trade receivables	-	3,358,266
Unbilled yarn job charges receivable	11,434,718	9,681,238
Assets for Disposal	-	-
Total	11,434,718	13,039,504

Notes forming part of the financial statements and other explanatory informations

Note 14

Revenue from operations

Particulars	For the period ended March 31, 2014	For the period ended September 30, 2013
Sale of products	121,215,173	1,367,807,400
Less:		
Excise duty	126,373	428,548
Job Work Charges (Gross) (TDS ` 2,385,502)	121,088,800	1,367,378,852
	120,270,122	120,093,471
Total	241,358,922	1,487,472,323

Note 15

Other income

Particulars	For the period ended March 31, 2014	For the period ended September 30, 2013
(a) Interest income (Refer Note 15.1 below)	617,802	10,590,617
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	-	947,680
(c) Liability no longer payable in pursuance to the scheme of OTS, hence written back		
- Accrued Interest on Term Loan	-	136,998,220
- Accrued Interest on Working Capital Loan	-	13,116,313
- Principal of Working Capital Loan	-	56,592,941
(d) Other non-operating income (net of expenses directly attributable to such income) (Refer Note 15.2 below)	4,271,785	5,774,717
Total	4,889,587	224,020,488

Note 15.1

Particulars	For the period ended March 31, 2014	For the period ended September 30, 2013
Interest income comprises:		
(i) Interest from banks on deposits (Gross) (TDS ` 0.00)	-	626,670
(ii) Interest on overdue trade receivables (Gross)	-	4,737,060
(iii) Interest on income tax refund	-	3,582,106
(iv) Other interest (Gross) (TDS ` 61,782)	617,802	1,644,781
Total	617,802	10,590,617

Note 15.2

Particulars	For the period ended March 31, 2014	For the period ended September 30, 2013
(i) Profit on sale of fixed assets	2,041,896	1,846,273
(ii) Excess provision written back	2,216,754	151,899
(iii) Miscellaneous income	13,135	3,776,545
Total	4,271,785	5,774,717

Notes forming part of the financial statements and other explanatory informations

Note 16.a

Cost of materials consumed

Particulars	For the period ended	For the period ended
	March 31, 2014	September 30, 2013
	-	-
Opening stock	399,761	34,367,968
Add: Purchases (Net)	99,669,917	863,881,713
	100,069,678	898,249,681
Less: Closing stock	2,936,202	399,761
Cost of material consumed	97,133,476	897,849,920

Note 16.b

Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the period ended	For the period ended
	March 31, 2014	September 30, 2013
	-	-
Inventories at the end of the period:		
Finished goods	2,054,820	19,969,447
Work-in-progress	11,403,663	-
Waste	105,798	-
	13,564,281	19,969,447
Inventories at the beginning of the period :		
Finished goods	19,969,447	48,999,461
Work-in-progress	-	25,484,633
Waste	-	51,909
	19,969,447	74,536,003
Net (increase) / decrease	6,405,166	54,566,556

Note 17

Employee benefits expense

Particulars	For the period ended	For the period ended
	March 31, 2014	September 30, 2013
	-	-
Salaries and wages	50,821,082	129,865,096
Contributions to provident and other funds	5,799,551	17,743,310
Staff welfare expenses	1,039,101	1,817,939
Total	57,659,734	149,426,345

Note 18

Finance costs

Particulars	For the period ended	For the period ended
	March 31, 2014	September 30, 2013
	-	-
Interest expense on Borrowings From Banks	795,543	37,559,050
Total	795,543	37,559,050

Notes forming part of the financial statements and other explanatory informations

Note 19

Other expenses

Particulars	For the period ended	For the period ended
	March 31, 2014	September 30, 2013
	-	-
Consumption of stores and spare parts	10,669,633	37,614,564
Consumption of packing materials	1,055,016	10,828,155
Power and fuel	68,930,500	230,315,677
Rent including lease rentals	17,426	203,347
Repairs and maintenance - Buildings	360,869	1,140,282
Repairs and maintenance - Machinery	2,591,667	7,622,745
Repairs and maintenance - Others	159,414	1,477,007
Insurance	304,573	1,722,986
Rates and taxes	48,871	731,180
Communication	130,115	426,765
Travelling and conveyance	1,250,071	1,610,201
Printing and stationery	243,856	654,393
Freight and forwarding	-	5,064,056
Sales commission	-	11,085,296
Legal and professional	489,303	1,857,434
Payments to auditors (Refer Note (19.1) below)	209,833	427,080
Loss on sale of fixed assets	688,602	20,060,246
Miscellaneous expenses	3,433,257	15,094,406
Total	90,583,006	347,935,820

Note (19.1)

Particulars	For the period ended	For the period ended
	March 31, 2014	September 30, 2013
	-	-
Payments to the auditors comprises (net of service tax input credit, where applicable):		
Statutory audit fees	70,000	210,000
Taxation matters- Tax Audit	40,000	40,000
Other services	99,833	177,080
Total	209,833	427,080

Note 20

Gain from disposal of Assets (Discontinuing Operation)

Particulars	For the period ended	For the period ended
	March 31, 2014	September 30, 2013
	-	-
Profit on sale of fixed assets	-	1,446,127
Profit on sale of VSF	-	375,484
Total	-	1,821,611

Notes forming part of the financial statements and other explanatory informations

Notes to Account

21. Contingent Liabilities and Commitments Not Provided For:
- Income tax demands disputed in Appeals ` 3,717,890 (` 3,717,890) against which amount deposited ` 3,717,890 (` 3,717,890).
 - Entry Tax demands for FY (1997-98) disputed in Appeals ` 576,968 (` 576,968) against which amount deposited ` 166,000 (` 166,000) in 2001 and 2003.
 - The Assistant Commissioner of Central Excise, Bhopal ("ACCE") issued following two show cause notices to the Company in relation to availment and utilization of CENVAT Credit amounts under rule 14 of CENVAT Credit Rules, 2004 read with section 11A of Central Excise Act, 1944 and the Company has raised the objection before ACCE.

Amount Disputed (`)	Amount Deposited (`)
76,028N	NIL
71,534	NIL

- Regional Provident Fund Commissioner, Gwalior has lodge the lodge the case under section 7A of the "Employees' Provident Fund and Miscellaneous Provisions Act, 1952." ("PF Act") for the recovery against fund amount from April, 2008 to December, 2010 and passed an order under section 8F of PF Act vide order no. EPF/MP/SRO/GWL/ ENFORCEMENT/ 8F dated December 04, 2013 for recovery of ` 2,157,618 (` Nil). The Company has disputed the amount and filed an appeal before Provident Fund Tribunal. New Delhi Against which the PF Commissioner has recovered ` 1,074,351 (` Nil) from the Company's bank account.
22. The Company and the secured lenders have mutually agreed to arrive at consensus in respect of settlement of all the claims by the secured lenders on the Company. The Lenders and Company has agreed to determine the liability, in this respect, with the cut-off date of September 30, 2012. In pursuance to the scheme of "One Time Settlement (OTS)" the secured lenders agreed to settle the total outstanding (principal and interest thereon) as on September 30, 2012 for an amount of ` 4000 Lac payable on deferred manner as per details below;

Particulars	Date of Acceptance of OTS Scheme	Outstanding prior to scheme of OTS			Amount Paid under OTS			Waiver Under OTS Amount paid		
		Principal	Interest	Total	Paid till	Payable as on	Total	Principal	Interest	Total
					31.03.2014					
A. Term Loan										
Bank of India	15/01/2013	69,434,830	37,471,469	106,906,299	54,039,672	-	54,039,672	34,336,473	18,530,154	52,866,627
Union Bank	04/02/2013	52,010,220	31,850,217	83,860,437	42,390,304	-	42,390,304	25,719,765	15,750,368	41,470,133
State Bank of India	21/01/2013	11,754,698	9,194,757	20,949,455	10,589,663	-	10,589,663	5,812,859	4,546,933	10,359,792
IDBI Bank	22/01/2013	23,575,050	14,534,523	38,109,573	19,263,868	-	19,263,868	11,658,185	7,187,520	18,845,705
ARCIL	23/01/2013	205,822,842	191,088,788	396,911,630	200,633,400	-	200,633,400	101,782,210	94,496,019	196,278,230
Sub Total		362,597,640	284,139,754	646,737,394	326,916,907	-	326,916,907	179,309,492	140,510,995	319,820,487
A. Working Capital Loan										
Bank of India	15/01/2013	34,400,130	8,562,139	42,962,269	21,716,839	-	21,716,839	17,011,335	4,234,095	21,245,430
Union Bank	04/02/2013	35,264,264	11,915,750	47,180,014	23,848,852	-	23,848,852	17,438,661	5,892,501	23,331,162
State Bank of India	21/01/2013	22,317,333	5,171,534	27,488,867	13,895,246	-	13,895,246	11,036,226	2,557,394	13,593,621
IDBI Bank	22/01/2013	25,394,282	1,554,331	26,948,613	13,622,155	-	13,622,155	12,557,820	768,638	13,326,458
ARCIL	23/01/2013	-	-	-	-	-	-	-	-	-
Sub Total		117,376,009	27,203,754	144,579,763	73,083,093	-	73,083,093	58,044,042	13,452,628	71,496,670
Total		479,973,649	311,343,508	791,317,157	400,000,000	-	400,000,000	237,353,534	153,963,623	391,317,157

The amount of principal as considered above is adjusting the value of assets at the unit situation at Bigrod. (Refer Note 23)

The amount payable under the OTS Scheme has been determined in a consolidated manner in pursuance to the Corporate Debt Restructuring (CDR) Scheme. The amount paid / payable under the OTS scheme to the consortium of Secured Lender and the amount of waiver is recognized in the manner proportionate to the outstanding of the lenders. The eligible amount of waiver pertaining to the amount paid during the period is being proportionately recognized in these financial statements in the following manner;

-The waiver of principal on the Term Loan of ` 44.83 Lac is considered to be 'capital receipt' and hence is being credit to the 'Capital Reserve.' The interest waiver on term loan of ` 35.13 Lac is credited to Statement of Profit & Loss under the head 'Other Income';

-The waiver of principal of ` 14.51 Lac and interest ` 3.36 Lac on working capital loan are credited to Statement of Profit & Loss under the head 'Other Income'.

The Company has paid an amount of ` 114.57 Lac (after adjusting Interest receivable of ` 33.58 Lac) includes an interest of ` 48.59 Lac on delayed payment on November 23, 2013. The Company has also paid interest of ` 12.46 Lac (` 9.90 Lac on December 03, 2013 and ` 2.56 Lac on December 05, 2013) to ARCIL on payment of upfront amount of ` 100 Lac.

23. In terms of the order of Hon'ble High Court of Indore dated March 31, 2008, the operation at the production unit of the Company situated at Birgod, Madhya Pradesh was discontinued. During the previous period, as per the said order and in manner referred therein, the fixed assets amounting to ` 3,401,389 (` 19,451,407 in 2011-2012) was disposed-off for settling the Workmen Compensation Term Loan Liability with Bank of India.

Notes forming part of the financial statements and other explanatory informations

Further, during the previous period the secured lenders invoked the provision of the SARFAESI Act, 2002 and took over the possession (including right to transfer by way of lease, assignment or sale) of fixed assets being Land & Building valuing ` 50,266,490 situated at survey No. 134 to 140 and 142 at Village Birgod, Tehsil - Sonkutch, Dist – Dewas, Madhya Pradesh in lieu of their outstanding term liability.

24. Finance Cost of ` 795,593 is shown after net-off of waiver of principal amount of working capital loan of ` 1,451,101 and waiver of interest of ` 3,849,091 on term loan and working capital loan, in pursuance of OTS Scheme has been determined in a consolidated manner in pursuance to the Corporate Debt Restructuring (CDR) Scheme which would have been shown under "Other Income" in the financial statements.
25. Provision for Gratuity and Leave Encashment
Accounting Standard-15 ("AS-15") on "Employees Benefits" [AS-15 (Revised)] requires an enterprise to recognize its obligation and employee benefits cost under defined benefit plans such as gratuity and compensated absences, based on an actuarial valuation. The obligation and employee benefits cost are to be reflected in the Balance Sheet and Statement of Profit and Loss, respectively.
As regards Gratuity, the Company is under the Employee Group Gratuity Scheme of the Life Insurance Corporation of India ("LIC") and as per LIC's renewal intimation, the Company has contributed a sum of ` 1,037,547. However, since the Company does not have a certificate either from "LIC" or any other source to the effect that the contribution so made has been worked out by a qualified actuary in accordance with the provisions of AS-15 (Revised), the funds available with LIC is adequate to meet the Company"
In accordance with the provisions of AS-15 (Revised), the contribution so made is charged to the Statement of Profit and Loss, based on calculations made by the Company, itself, which is not verified by any independent authority and the fund available with LIC is adequate to meet the Company's Gratuity liability as on the date of the Balance Sheet.
As regards Compensated Absences, the Company has determined the liability for the leave at the credit of its employees on the basis of their current salaries and made a provision for such a liability. Accordingly, a provision of ` 508,952 (` 1,738,402) has been made during the financial period ended March 31, 2014 and the accumulated balance as on March 31, 2014 is ` 2,017,766 (` 1,724,822) on the aforesaid basis (without an actuarial valuation) in respect of the aggregate leave at the credit of its employees. The Company does not have a certificate from an independent actuary to the effect that the provision so made has been worked out is accurate in accordance with the provisions of AS-15 (Revised), the provision so made is charged to the Statement of Profit and Loss. Accordingly, in respect of liability for leave at the credit of employees, the Company is not in a position to determine its liability and charged the same to Statement of Profit and Loss in conformity of AS-15 (Revised).
In the absence of availability of the detailed information for determining the liabilities for Gratuity and Compensated Absences in terms of AS-15 (Revised), the disclosures regarding reconciliation of obligation, fair value of plan assets, actuarial assumptions, etc. as required in terms of AS-15 (Revised) have also not been made.
26. The Company's operation relates only to Synthetic Blended Yarn and thus has only one reportable segment under Accounting Standard-17 on "Segment Reporting".
27. Information on related party transactions as per Accounting Standard-18 on "Related Party Disclosures"

(a) Transaction during the period:

Amount in Transaction

Name of Related Party	Description of Relationship	Nature of Transaction	31.03.2014 (`)	30.09.2013 (`)
(a) Wearit Global Limited	Associate Company	Sales	90,659,193	269,750,822
(b) Wearit Global Limited	Associate Company	Job Work	120,270,122	110,412,233
(c) Wearit Global Limited	Associate Company	Purchases	103,541,823	35,320,591
(d) Wearit Global Limited	Associate Company	Reimbursement of freight expenses	550,000	-
(e) Wearit Global Limited	Associate Company	Reimbursement of gratuity payment	1,400,000	-
(f) Wearit Global Limited	Associate Company	Sales Fixed Assets	3,640,142	-
(g) Dhanterash Sale Pvt. Ltd.	Associate Company	Sale	31,803,286	-
(h) Dhanterash Pvt. Ltd.	Associate Company	Purchases	2,656,332	4,111,525

Notes forming part of the financial statements and other explanatory informations

(b) Balances at the end of the period

Amount

Name of Related Party		Description of Relationship	Nature of Transaction	31.03.2014 (₹)	30.09.2013 (₹)
(a)	Wearit Global Limited	Associate Company	Short Term advance against sales	150,000,000	140,000,000
(b)	Wearit Global Limited	Associate Company	Trade Receivable	-	262,422
(c)	Wearit Global Limited	Associate Company	Trade Payable	69,223,179	-
(d)	Dhanterash Sale Pvt. Ltd.	Associate Company	Trade Receivable	4,321,954	

28. Information on Earnings per Share as per Accounting Standard-20 on "Earnings per Share":

	<u>31.03.2014</u>	<u>30.09.2013</u>
a) Profit / (Loss) available to Equity Shareholders (in ₹)	(17,816,881)	180,304,767
b) No. of Equity Shares Outstanding during the period	12,748,950	12,748,950
c) Nominal Value per equity Share (in ₹)	₹ 10.00	₹ 10.00
a) Basic		
i) Continuing operation	(1.40)	14.02
ii) Total operation	(1.40)	14.17
b) Diluted		
i) Continuous operation	(1.40)	14.02
ii) Total operation	(1.40)	14.17

29. In terms of Para 17 of Accounting Standard-22 (AS-22) on "Accounting for Taxes on Income" read with Accounting Standard Interpretation 9 (ASI 9) issued there under, in absence of virtual certainty the Company has not recognized Deferred Tax Assets in respect of carry forward losses ₹ 356,461,827 including unabsorbed depreciation ₹ 272,701,849 and in terms of Para 15, the Company has not recognized Deferred Tax Assets in respect of other items in absence of reasonable certainty.

30. No provision for taxation is made in view of brought forward business losses and unabsorbed depreciation of earlier years under normal computation of income and also no Minimum Alternate Tax liability recorded on account of book losses and book depreciation of earlier years based on the book profit computed under section 115JB of Income Tax Act, 1961, furnished by the company.

Tax Expense	For the period ended March 31, 2014	For the period ended September 30, 2013
Current Tax	-	-
Add : Excess / (Short) provision of Income tax of earlier year.	-	1,384,626
Net current tax expense	-	1,384,626

Notes forming part of the financial statements and other explanatory informations

31 For the purpose of ascertaining impairment of assets as per Accounting Standard-28 "Impairment of Assets", the entire business operation of the Company have been considered as a cash generation unit (CGU) and the recoverable amount of the CGU is determined on the basis of its value in use. Cash flow for 8 years have been taken in to account to assess value in use of the business operation. On the basis of comparing the value in use so arrived at with the carrying value of the entire CGU, no instance of impairment arises.

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

Sr. No.	Particulars	As at March 31, 2014 ()
a.	Principal amount remaining unpaid and interest due thereon	Nil
b.	Interest paid in terms of Section 16	Nil
c.	Interest due and payable for the period of delay in payment	Nil
d.	Interest accrued and remaining unpaid	Nil
e.	Interest due and payable in succeeding periods	Nil

In the absence of any information as to which suppliers are Micro, Small & Medium Enterprises as required under Micro, Small and Medium Enterprises Development Act, 2006, the liability, if any, of Principal and Interest which would be payable to Micro, Small and Medium Enterprises cannot be ascertained. However, the Company has not received any claims in respect thereof.

33. The figures of the current period are of six months and are not comparable with the previous period figures. However, the previous period figures, wherever necessary, have been regrouped, reclassified and recast to confirm with this period's classification. The figures in brackets are in respect of previous period.

34. A Raw Material Consumed

	<u>Current period ended</u> <u>March 31, 2014</u>	<u>Previous period ended</u> <u>September 30, 2013</u>
1. Cellulosic Fibre	12,227,905	344,851,531
2. Non-Cellulosic Fibre	45,409,168	549,583,590
3. Dyes & Chemicals	456,451	3,414,799
4. Cotton Yarn	39,017,548	-
	<u>97,111,072</u>	<u>8,97,849,920</u>

34. B Imported and Indigenous Consumption :

	<u>Current period ended</u> <u>March 31, 2014</u>		<u>Previous period ended</u> <u>September 30, 2013</u>	
	Value ()	Percentage	Value ()	Percentage
(a) Raw Materials :				
Imported	-	-	-	-
Indigenous	<u>97,133,476</u>	<u>100.00</u>	<u>896,329,707</u>	<u>100.00</u>
Total	<u>97,133,476</u>	<u>100.00</u>	<u>896,329,707</u>	<u>100.00</u>
(b) Stores & Spare Parts :				
Imported	-	-	1,271,794	3.58
Indigenous	<u>9,537,541</u>	<u>100.00</u>	<u>34,233,201</u>	<u>96.45</u>
Total	<u>9,537,541</u>	<u>100.00</u>	<u>3,55,04,995</u>	<u>100.00</u>

Notes forming part of the financial statements and other explanatory informations

	Value in (`)	
	<u>31.03.2014</u>	<u>30.09.2013</u>
34. C. C.I.F. Value of Imports		
(i) Raw Materials	-	-
(ii) Stores & Spares	-	1,044,405
(iii) Capital Goods	-	-
34. D.Expenditure in Foreign Currency on account of:		
1. Travelling	-	-
2. Commission on export sales	-	25,41,437
34. E.Remittance in Foreign Currency on account of :		
Dividends	Nil	Nil
34. F.Earning in foreign currency :		
Export of goods (F.O.B. realisation basis)	-	76,099,466

As per our report of even date attached
For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No. 100991W

Divyesh I. Shah
Partner
Membership No.37326

Place : Indore
Dated : May 30, 2014

For and on behalf of the Board of Directors

Manish Kumar Director

Vilas Agrawal Director

Place : Kolkata
Dated : May 30, 2014

Hind Syntex Limited

Attendance Slip

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

I/We hereby record my/our presence at the THIRTY THIRD ANNUAL GENERAL MEETING of the Company.

.....
Name of Proxy (if any) Mr./Mrs./Miss.

.....
Signature of Member/Proxy

Note : *This meeting is of Members only and you are requested not to bring along with you any person who is not a member.*

Hind Syntex Limited

Proxy Form

Ledger Folio No/ CLIENT ID No.

No. of Shares held

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 vote for me/us, on my/our behalf, at the Thirty Third Annual General Meeting of the Company to be held on Saturday the 27th day of September, 2014 and at any adjournment thereof.

Signed this day of 2014.

Affix
Revenue
Stamp here

Signature

Note : *The proxy form must reach the Company's Registered Office at Plot No. 2, 3, 4 & 5, Sector A, Industrial Growth Centre, PILLUKHEDI - 465 667, District Rajgarh (M.P.) not less than FORTY-EIGHT hours before the time for holding the meeting.*

Book - Post

If not delivered, please return to :

Hind Syntex Limited

Plot No. 2, 3, 4 & 5, Sector A,
Industrial Growth Centre,
PILLUKHEDI - 465 667
District Rajgarh (M.P.)
Tel. : +91 93015 28698
Email : pillukhedi@wearitgroup.com

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