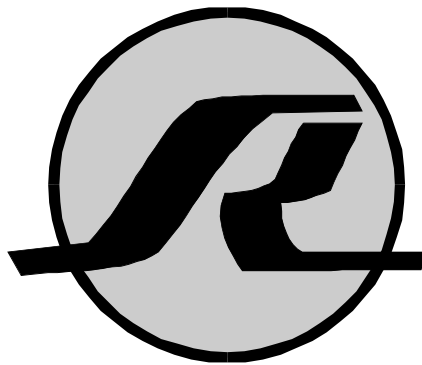


**Twenty Fifth Annual Report
2013-14**



S. R. INDUSTRIES LIMITED

BOARD OF DIRECTORS

Chairman

Mr. R. K. Bhandari

Managing Director

Mr. R.C.Mahajan

Whole-time Directors

Mr. Amit Mahajan Director (Commercial)

Mr. Amit Mahajan Director (Operations)

Director

Mr. M.M.Puri

S. R. Industries L i m i t e d

Annual Report 2013-14

Auditors

M/s. Kansal Singla & Associates

Bankers

State Bank of Patiala

UCO Bank

Regd. Office

F 110, Industrial Area,

Phase-VII,

Mohali - 160055 (Punjab)

Works

Village Singha, Tehsil Haroli,

Distt. Una (H.P.)

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TWENTY FIFTH ANNUAL GENERAL MEETING

Date : September 29, 2014

Day : Monday

Time : 9:15 a.m.

Venue : F 110, Industrial Area, Phase-VII,
Mohali (Pb.)

**NO GIFTS OR COMPANY'S PRODUCT WILL
BE GIVEN FOR ATTENDING THE MEETING**

NONE

1. Members intending to require information about accounts to be explained at the Annual General Meeting are requested to inform the Company at least 7 days in advance of the date of meeting.
2. Members are requested to bring their copy of the Annual Report with them at the Annual General Meeting.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their TWENTY FIFTH ANNUAL REPORT and the Audited Statement of Accounts for the year ended March 31, 2014.

FINANCIAL RESULT

	(Rs./lacs)	
	<u>2013-14</u> 12 Months	<u>2012-13</u> 9 Months
Turnover	4607.37	3073.59
Export Incentive	0.00	5.39
Profit/(Loss) before interest, depreciation and taxation	837.18	286.22
Financial expenses	(686.29)	(505.07)
Profit/(Loss) before depreciation & taxation	150.89	(218.85)
Depreciation	(139.43)	(103.87)
Provision for Taxation		
-Deferred Tax	-	-
Expenses relating to earlier years	3.28	(26.02)
Net Profit/(Loss) after tax	14.74	(348.74)
Earning per share (Rs.)		
- Basic/Diluted	0.11	(2.51)

FUTURE PROSPECTS

The Board of Directors are pleased to inform that the company had produced 1.06 million pairs of shoes, sandals and other footwear during the current year (twelve months) as against 1.12 million pairs during the previous period (nine months). Although the production has reduced in number of pairs, the Company has improved its product mix by adding higher value products to increase revenues and profitability. The company has long term arrangements with Puma Sports India Private Limited, Adidas India Marketing Private Limited and also negotiating with other MNCs for producing sports & other footwear on their behalf. The Company shall also continue to improve its product mix and production efficiency to further improve sales.

DIVIDEND

In view of cumulative losses, your Directors, do not recommend any dividend for the period under review.

DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

STAFF

The Directors hereby place on record their appreciation for the efficient and dedicated services rendered by the employees at all levels. The information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 (as amended) may be taken as nil as no employee received remuneration in excess of limits prescribed under the said section.

DIRECTORS

Mr. T N Tikoo resigned from the directorship of the company w.e.f. January 07, 2014. Your directors appreciated the contribution made by him during his tenure.

In accordance with the provisions of the Companies Act, 2013 and Article 74 of the Articles of Association of the Company Mr. Amit Mahajan, retires by rotation at the forthcoming annual general meeting and being eligible, offers himself for reappointment.

In accordance with the provisions of the Companies Act, 2013, Mr. Madan Mohan Puri, who retires as an independent director, at the forthcoming annual general meeting and being eligible, offer himself for re-appointment, as an independent director, for 5 years.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance as required under the Listing Agreement with the Bombay Stock Exchange Ltd. (BSE), Mumbai is annexed to this report. The Certificate issued by Practising Company Secretary, in pursuance of Clause 49 of the Listing Agreement in compliance of Corporate Governance, is also annexed with this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors report -

- i. that in the preparation of the annual accounts for the financial year 2013-14, the applicable accounting standards had been followed along with proper explanations relating to material departures,
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date,
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the

provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,

- iv. that the Directors had prepared the annual accounts for the financial year ended on March 31, 2014 on a Going Concern basis.

AUDITORS

M/s Kansal Singla & Associates, Statutory Auditors, hold office until the conclusion of the ensuing annual general meeting and being eligible, offer themselves for reappointment. They have confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956 and willingness to accept the office of the Statutory Auditors, if reappointed.

In terms of provisions of section 139 and 141 of the Companies Act, 2013, your directors recommend their re-appointment for a five year term starting from the conclusion of the ensuing Annual General Meeting of the company subject to ratification by the members at every Annual General Meeting. The auditors have forwarded their certificate stating that their re-appointment, if made will be in accordance with the criteria specified under section 141 of the Companies Act, 2013.

AUDITORS' REPORT

The Statutory Auditors of the Company have submitted their report on the accounts for the year ended March 31, 2014. The replies to the Auditors comments are as under:-

1. The Company due to liquidity constraints has not been able to deposit the PF dues outstanding up to March 31, 2014. Necessary arrangements are being made to deposit outstanding dues in the coming months.
2. Other observation (s) of auditors are self explanatory & needs no further clarification.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed.

ACKNOWLEDGMENTS

The Directors wish to place on record their appreciation to State Bank of Patiala,, UCO Bank, Central/State Government Agencies, Customers and Business Associates for their continued cooperation and support.

The Board of Directors also takes this opportunity to acknowledge the dedicated efforts made by workers, staff and officers and their contribution to the success achieved by the Company.

Above all, the Directors express their gratitude towards the members of the Company for their continuing support and for the confidence reposed in the Management.

For and on behalf of the Board

Place: Mohali

R.K. BHANDARI

Date : September 5, 2014

Chairman

ANNEXURE TO THE DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes in abiding by the Code of Corporate Governance so as to be a responsible corporate citizen and to serve the best interest of all the stakeholders and the society at large. The Company seeks to achieve this goal by being transparent in its business dealings, by disclosure of all relevant information in an easily understood manner and by being fair to all stakeholders and by ensuring that the Company's activities are managed by a professionally competent Board of Directors. The Company has over the years followed the best practices of Corporate Governance by adhering to the practices laid down by the Management. The most important part of Corporate Governance is the best business principles and leadership. The Company has also followed the implementation schedule of Corporate Governance Code as mentioned in Clause 49 of the Listing Agreement. The Directors are pleased to report the same as under -

BOARD OF DIRECTORS

The present strength of the Board is six. The Board Comprises of Executive and Non-Executive Directors. Three Directors including the Managing Director, are Whole-time Directors (Executive Directors). There are three Non-Executive Directors, including the Chairman, all of them being Non Executive Independent Directors.

The composition of Board, number of Directorships & Committee positions held by each of the Directors are given hereunder -

Sl. No	Name of Director	Category	No. of Board Meeting(s) attended	Attendance at Previous AGM held on September 27, 2013	No. of Outside Directorship(s) held (***)		No. of Membership(s)/ Chairmanship(s) in other Committees (****)	
					As Director	As Chairman	As Member	As Chairman
1.	Mr.R.K.Bhandari	Non-Executive & Independent	5	YES	-	-	-	-
2.	Mr.M.M. Puri	Non-Executive & Independent	4	NO	-	-	-	-
3.	Mr.T.N.Tikoo	Non-Executive & Independent	-	NO	-	-	-	-
4.	Mr.Amit Mahajan	Whole-time Director	7	YES	-	-	-	-
5.	Mr.Amit Mahajan	Whole-time Director	7	YES	1	-	-	-
6.	Mr.R.C.Mahajan	Managing Director	7	YES	1	-	-	-

**Excludes directorship held in private limited companies, foreign companies, companies under section 25 of the Companies Act, 1956 and memberships of Managing Committees of other Chambers/Institutions/Boards.

*** Includes Membership/Chairmanship of Audit Committee and Shareholders Grievances Committee only.

During the year none of the Directors was either a member of more than ten committees or Chairman of more than five committees of any public limited company.

BOARD MEETINGS AND ATTENDANCE

During the year ended March 31, 2014, 7 Board Meetings were held on the following dates –

Date of Meeting	Board Strength	No. of Directors Present
May 28, 2013	6	5
August 02, 2013	6	5
September 03, 2013	6	4
November 11, 2013	6	5
December 13, 2013	6	3
January 14, 2014	5	3
February 15, 2014	5	5

The gap between two Board Meetings did not exceed four months. Further, the information as required under Annexure I-A to the Clause 49(I)(C)(i) of the Listing Agreement is made available to the Board. The Agenda and other papers having adequate information for consideration of the Board are circulated well in advance. Further, the compliance report of statutory requirements is placed before the Board on quarterly basis.

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

No Non-Executive Director holds any equity share of the Company

CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company has adopted a Code of Conduct for Board of Directors and Senior Management (the Code). The Code has been communicated to the Directors and the members of the Senior Management. The Code has also been posted on the Company's website www.srfootwears.com. All Board Members and Senior Management have confirmed compliance with the Code for the year ended March 31, 2014. The Annual Report contains a declaration to this effect signed by the Managing Director who is also the Chief Executive Officer.

RESUME OF THE DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

Mr. Amit Mahajan

Mr. Amit Mahajan who is retiring by rotation and being eligible offers himself for re-appointment at the forthcoming annual general meeting, is a wholetime director. Mr. Amit Mahajan is a B.E. and has vast experience in production, quality control, procurement and factory administration and is involved in the production, planning and development. Presently, he is the head of the production team.

Mr. Amit Mahajan is not a Chairman / Member of the Board of Directors of any other company (excluding private companies, foreign companies and companies registered under section 25 of the Companies Act, 1956). Presently, Mr. Amit Mahajan holds 4,11,450 equity shares of the company.

Mr. M M Puri

Mr. M.M.Puri was the former Vice-Chancellor of Punjab University. He is currently Professor Emeritus in the Department. He was the founder director of the centre for geopolitics. He is renowned for his work in the area of international relations and geo-politics.

Presently Mr. Puri does not hold any Shares of the Company.

BOARD COMMITTEES

Pursuant to Clause 49 of the Listing Agreement, the Board has constituted the following Committees with necessary delegation for smooth and efficient working -

AUDIT COMMITTEE

The Audit Committee of the Company has such powers as are detailed under Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement.

The scope of Audit Committee includes, inter-alia, reviewing the systems, compliance of statutory and legal requirements, recommending appointment & re-appointment of statutory auditors, fixation of their remuneration and reviewing internal/statutory audit reports. It also includes the reviewing annual budgets, budgeted vs actual performance and quarterly/annual financial results, before submitting the same to the Board. As and when required, senior management personnel, statutory auditors and other professionals are also invited to attend the Audit Committee meetings.

The powers & role of Audit Committee is in agreement with Clause 49(II)(C)/

(D) of the Listing Agreement. Further, the Audit Committee periodically reviews the information required under Clause 49(II)(E) of the Listing Agreement.

The Board of Directors reconstituted the Audit Committee on May 28, 2013. Presently, the Audit Committee consists of the following three Directors -

1. Mr.R.K.Bhandari-Chairman
2. Mr.M.M.Puri-Member
3. Mr. Amit Mahajan-Member

Mr. R.K.Bhandari and Mr. M.M.Puri are non-executive and independent directors, whereas Mr. Amit Mahajan is an executive director. The members of the Committee are qualified, experienced and professional having knowledge in industry, finance, project monitoring, company law and other related matters. The quorum of the Audit Committee Meeting is two members, but there should be a minimum of two independent directors present.

During the year under review, the Audit Committee met four times on May 28, 2013, August 12, 2013, November 11, 2013 and February 15, 2014 respectively. The attendance at the Audit Committees was -

Member	No. of MeetingsHeld	Attended
Mr. R.K.Bhandari	4	4
Mr. M.M. Puri	4	4
Mr. Amit Mahajan	4	4

REMUNERATION COMMITTEE

The Board of Directors reconstituted the Remuneration Committee of the Company w.e.f. November 22, 2010. Presently, the Remuneration Committee consists of the following two Directors -

1. Mr. M.M.Puri - Chairman
2. Mr. R.K.Bhandari - Member

Both the members are independent directors. The scope of Remuneration Committee includes the determination of remuneration packages for the Executive and Non-Executive Directors including remuneration policy, pension rights and any compensation payable as stock options, etc.

REMUNERATION POLICY

The Remuneration Policy of the Company is aimed at rewarding performance, based on review of achievements on a regular basis. The Board/Remuneration Committee within the ceiling fixed by the shareholders decides the remuneration of the Directors.

A) Managing Director & Whole-time Directors

The remuneration paid to the Managing Director and Whole-time Directors is subject to the limits laid down under Section 198, 309/310 and Schedule XIII to the Companies Act, 1956 and in accordance with the terms of their respective appointment approved by the shareholders of the Company. Their remuneration consists of salary, company's contribution to provident fund & gratuity, house rent allowance/rent free accommodation, medical reimbursement, leave travel concession, club fees, personal accident insurance, books, magazines & periodicals, telephone and car and other perquisite and allowances in accordance with Company's Rules, as applicable from time to time. In addition to this, the Managing Director is also eligible for commission @ 1% of the net profits of the Company.

The Managing Director and Whole-time Directors are not paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

The appointment of Managing Director is for a period of 5 years whereas the appointment of Whole-time Directors is for normal period of retirement. No notice period has been specifically provided for the appointment of Managing/Whole-time Director(s).

Presently, the Company does not have a scheme for grant of stock options either to the Whole-time Directors or employees.

B) Non-Executive Directors

The Non-Executive Directors are not paid any compensation except sitting fees for attending the Board and Audit Committee Meetings, which is within the limits prescribed under the Companies Act, 1956.

DETAILS OF REMUNERATION TO DIRECTORS

The details of the remuneration (excluding contribution to gratuity fund and provision for leave encashment but including perquisite/allowances and contribution to the Provident Fund) and sitting fees paid to the Directors during the year ended March 31, 2014 are as under -

	Sitting Fees	Salary	Contribution to Provident Fund	Other perquisites & allowances	Total
Mr. R.K.Bhandari	30,000/-	-	-	-	30,000/-
Mr. M.M.Puri	25,000/-	-	-	-	25,000/-
Mr. Y.R.Kapur	-	1,04,613/-	-	-	1,04,613/-
Mr. Amit Mahajan	-	9,90,000/-	-	-	9,90,000/-
Mr. Amit Mahajan	-	10,80,000/-	-	41,721/-	11,21,721/-
Mr. R.C.Mahajan	-	18,00,000/-	-	1,41,583/-	19,41,583/-

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Board of Directors reconstituted the Shareholders/Investors Grievance Committee on May 28, 2013. Presently, the Shareholders/Investors Grievance Committee consists of the following three Directors -

1	Mr. M M Puri	-	Chairman
2	Mr. R.K. Bhandari	-	Member
3	Mr. Amit Mahajan	-	Member

The scope of Shareholders/Investors Grievance Committee includes the redressal of investors' complaints pertaining to transfer/transmission/dematerialisation/ rematerialisation of shares, dividends and other related issues.

During the year under review nil (previous period 7) complaints were received, which were promptly attended by the Company and resolved to the satisfaction of the shareholders. Normally all complaints/queries are disposed off within one week of the receipt. The Company had no complaint was pending at the close of the year under review.

SHARE TRANSFER AND DEMAT COMMITTEE

The Share Transfer & Demat Committee was reconstituted on May 28, 2013 by the Board of Directors. Presently, the Share Transfer & Demat Committee consists of the following three Directors -

1.	Mr.M.M.Puri - Chairman
2.	Mr. Amit Mahajan - Member
3.	Mr. Amit Mahajan - Member

Mr. M.M.Puri, Chairman of the Committee is a Non-Executive and Independent Director. The scope of Share Transfer and Demat Committee includes transfer/ transmission / dematerialization /rematerialisation of shares, replacement of lost / stolen/mutilated share certificates, splitting/ consolidation of share certificates and other related issues.

To expedite the process of share transfers / transmission / dematerialization / rematerialisation, the Registrar & Share Transfer Agents and the Compliance Officer have been delegated the powers for share transfer/ dematerialization / rematerialisation. They meet every fortnight to carry out the same.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary company.

GENERAL BODY MEETINGS

The details of the Annual General Meetings held during the last three years are as under -

YEAR	VENUE	DATE & TIME	WHETHER ANY SPECIAL RESOLUTION PASSED
2010-11	Village Kuranwala, Barwala Road, Derabassi - 140 507, Distt. Mohali (Punjab)	September 30, 2011 10.00 a.m	YES
2011-12	F-110, Industrial Area Phase VII, Mohali (Punjab)	February 28, 2013 9.15 a.m	YES
2012-13	- do -	September 27, 2013 9.15 a.m	YES

There was no other general meeting held in the last three years. During the year under review, no resolution was passed through postal ballot as required by the Companies (Passing of the resolution by postal ballot) Rules, 2001 and Clause 49 of the Listing Agreement.

DISCLOSURES

i) Related Party Transactions

The details of the materially significant related party transactions have been annexed to the Balance Sheet given elsewhere in this report. None of such transaction(s) has potential conflict with the interest of the Company at large. The details of the material individual transaction with related parties are periodically placed before the Audit Committee/Board together with the Management's justification for the same.

There is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

ii) Compliances by the Company

The Company continued to comply with the requirements of the Listing Agreement, SEBI and other Statutory Authorities. During the last three years, there has not been any noncompliance, penalties and strictures imposed on the Company for any matter relating to the capital markets by any of the Stock Exchanges, SEBI or any other statutory authorities.

iii) Whistle Blower Policy

The Company's portal provides a very effective means for the employees to communicate freely with the Managing Director. The Company's employees can also meet directly with the Managing Director and express their grievances /concerns. There are safeguards to ensure that all employees grievances /concerns receive due consideration.

The Code of Conduct for Board of Directors and Senior Management states that Directors and Senior Managers of the Company shall endeavor to promote ethical behavior and to provide an opportunity to employees to report violations of laws, rules, regulations or codes of conduct and policy directives adopted by the Company to the appropriate personnel without fear of retaliation of any kind for reports made by the employee in good faith.

No employee has been denied access to the Audit Committee.

iv) Details of compliance with mandatory requirements and adoption of non-mandatory requirements

All the mandatory requirements of Clause 49 of the Listing Agreement have been complied with as stated in this report on Corporate Governance. The non-mandatory requirements as stipulated in Annexure I-D of Clause 49 of the Listing Agreement on the Code of Corporate Governance have been adopted to the extent and in the manner as stated under the appropriate headings in the Report of Corporate Governance.

CEO/CFO Certification –

A certification from the CEO and the CFO in terms of Clause 49(V) of the Listing Agreement was placed before the Board at its meeting held on May 28, 2013, to approve the Audited Accounts for the year ended March 31, 2014.

MEANS OF COMMUNICATION

- i) Quarterly Results
The quarterly, half yearly and annual results of the Company are published in accordance with the requirements of the Listing Agreement.
- ii) Newspaper in which results are normally published

Financial Express – All India Editions and Spokesman

iii) Any website, where displayed
These results are also displayed on the Company's website www.srfootwears.com and SEBI's website www.sebidifar.nic.in.

iv) Whether it also displays official news releases; and presentation made to institutional investors or to the analysts

The relevant information is displayed in the Company's website. As the financial results of the Company are published in the newspaper and also displayed on the Company's website, a separate half yearly declaration of the financial performance of the Company is not sent to each household of shareholders.

GENERAL SHAREHOLDERS' INFORMATION

i) Annual General Meeting
DAY, DATE & TIME : Friday, September 29, 2014.
at 9.15 a.m.

VENUE : F – 110, Industrial Area
Phase VII,
Mohali (Punjab) - 160055
April to March

ii) Financial Calendar
Results for the Quarter/ Year Ending -
- June 30, 2014 : August 12, 2014
- September 30, 2014 : Mid November 2014
- December 31, 2014 : Mid February 2015.
- March 31, 2015 : End May 2015

iii) Date of Book Closure : Tuesday, September 23, 2014
to Monday, September 29, 2014
(Both days inclusive)

iv) Dividend Payment Date
No dividend has been recommended.

v) Listing on Stock Exchange(s)
The equity shares of the Company are listed at the Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
The Company is regular and has paid upto date listing fee to BSE. The approval for delisting of Companies' shares from The Calcutta Stock Exchange Association Ltd. is awaited.

vi) Stock Code
Bombay Stock Exchange Ltd. (BSE) 513515

vii) Market Price Data and Stock Performance
Monthly high and low price of equity shares of the Company at BSE & the stock performance in comparison to broad based indices BSE Sensex during the year ended March 31, 2014 is as under –

MONTH	SRILSHARE PRICE		TOTALTURNOVER NO. OF SHARES
	HIGH	(Rs.)LOW	
April 2013	4.02	3.20	1,76,614
May 2013	3.41	2.48	1,57,059
June 2013	3.10	2.36	22,322
July 2013	4.32	2.39	3,74,457
August 2013	4.12	2.14	3,11,333
September 2013	4.42	3.08	2,83,470
October 2013	3.60	2.74	2,99,375
November 2013	4.75	3.02	3,11,208
December 2013	4.30	2.72	1,08,672
January 2014	4.99	2.51	2,84,853
February 2014	4.40	3.73	70,246
March 2014	5.26	3.78	58,42,575

source : www.bseindia.com

viii)Registrar & Share Transfer Agents (RTA)

M/s Link Intime India Pvt. Ltd.
44, Community Centre 2nd Floor, Nariana Industrial Area Phase – I,
Near PVR, Naraina, New Delhi – 110 028.Tel : 011-41410592-94, Fax :
011-41410591
E-mail : delhi@linkintime.co.in

Compliance Officer

Mr. Amit Mahajan, Director (Commercial)
Tel. : 0172-4602888 Fax : 0172-4602888
E-mail : amit@srfootwears.com

x) Share Transfer System

The transfer of shares in physical form is done by the RTA - M/s Link Intime India Pvt. Ltd. and returned within a period of 15 days from the date of receipt of document complete in all respect. The particulars of movement of shares in dematerialised more are also placed before the Share Transfer & Demat Committee.

xi) Distribution of Shareholding (as on March 31, 2014)

No. of Equity Shares Held	No. of Folios	% age	No. of Shares	% age
upto 5000	8897	87.38	1754095	12.61
5001 – 10000	696	6.84	617733	4.44
10001 – 20000	265	2.60	428805	3.08
20001 – 30000	88	0.86	230900	1.66
30001 – 40000	40	0.39	146368	1.05
40001 – 50000	59	0.58	287301	2.06
50001 – 100000	52	0.51	381678	2.74
100001 & Above	85	0.84	10069120	72.36
TOTAL	10182	100.00	13916000	100.00

Shareholding Pattern (as on March 31, 2014) –

Category	No. of Share	% age
A Promoters' Holding		
1 Promoters		
- Indian Promoters	5203125	37.39
- Foreign Promoters	Nil	Nil
2 Persons acting in concert	Nil	Nil
Sub-Total	5203125	37.39
B Non-Promoters Holding		
3 Institutional Investors		
a. Mutual Funds and UTI	Nil	Nil
b. Banks, Financial Institutions, Insurance Companies	Nil	Nil
c. FIIs	Nil	Nil
Sub-Total	Nil	Nil
4 Others		
a. Private Corporate Bodies	2649268	19.04
b. Indian Public	5995001	43.08
c. NRIs/OCBs	68606	0.49
Any other (please specify)	Nil	Nil
Sub-Total	8712875	62.61
Grand Total	13916000	100.00

The sum of foreign promoters, FIIs, NRIs/OCBs, foreign banks, foreign national and GDR and ADR holding in the Company is 68606 shares

xii.) Dematerialisation of share and liquidity

The ISIN No. of the Company is INE329C01011. Up to March 31, 2014, 12122990 (87.12%) equity shares were dematerialised in the two Depositories - NSDL and CDSL.

Secretarial Audit Report -

The Reconciliation of Share Capital Report of the Company prepared in terms of SEBI Circular No. D&CC/FITTC/CIR-16/2002 dated December 31, 2002 reconciling the shares dematerialised in both the Depositories - NSDL & CDSL and physical form with the total issued/ paid-up capital of the Company for every quarter is placed before the Board of Directors and also submitted to BSE and two depositories - NSDL & CDSL

xiii.) Outstanding GDRs/ADRs/Warrants or any Convertible instruments

The company has no Outstanding GDR/ADRs/Warrants or any Convertible Instruments as on March 31, 2014

**S. R. Industries
Limited**
Annual Report 2013-14

xiv) Plant Location Footwear Plant
at Village Singha, Tehsil - Haroli, Distt. Una (H.P.)
xiv) Address for Correspondence
S.R.Industries Ltd.
F – 110, Industrial Area Phase VII, Mohali – 160055

For and on behalf of the Board
R.K.BHANDARI
Chairman

Place: Mohali
Date : September 05, 2014

ANNEXURE 'A'

ANNEXURE TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

I CONSERVATION OF ENERGY –

a) Energy Conservation Measures Taken

-Equipments required for prudent use of energy, keeping in view the ecological requirements, have been identified. Follow up steps have been put in place for speedy implementation.

b) Additional investment and proposals, if any, being implemented for saving of energy.

-Measures taken will have a dual effect of reduction in the consumption of energy and increase in production.

c) Company has installed multi fuel boiler to minimize energy consumption and works towards environmental conservation.

d) Total energy consumption and energy consumption per unit of production as per Form "A"

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

A) POWER AND FUEL CONSUMPTION 2013-14 2012-13
12 MONTHS 9 MONTHS

1) ELECTRICITY

Purchased :Units (in Lacs)	16.08	13.29
Total Amount (Rs./Lacs)	122.25	83.19
Average Rate/Unit (Rs.)	7.60	6.26

2) Own Generation

Through Diesel Generator:		
Unit (in Lacs)	0.40	0.61
Unit/Ltr. Of Diesel Oil	3.11	3.25
Average Cost/Unit (Rs.)	15.97	13.63

3.)WOOD

Wood (M.T.)	1059.95	842
Total Amount (Rs./Lacs)	44.39	33.63
Average Rate (Rs./M.T.)	4.18	4.00

B) CONSUMPTION PER UNIT OF PRODUCTION

Footwear (Million Pairs)	1.06	1.12
Electricity (Kwh/Pairs)	1.52	1.18
Diesel (Ltr./Pairs)	0.012	0.029
Wood (M.T./Pairs)	0.001	0.001

Form B:

II. TECHNOLOGY ABSORPTION

A. Research & Development (R & D)

a. Specific area in which R & D is carried out by the company

The company is constantly working towards creating formulation of Rubber involving fewer chemicals. It is also working towards usage of water based Adhesives in the manufacturing of Footwear

b. Benefits derived as a Result of R & D

Benefits derived are towards effective saving of costs. In addition, with the usage of lesser chemicals and solvent based adhesive, the company is aiming to reduce the effective Carbon Footprint

c. Future Plan of Action

The company is planning to upgrade the facilities in the Rubber Moulding section to achieve higher productivity with lower overhead costs

d. Expenditure on R & D

Research and Development being an integral part of production process is carried out in a continuous manner. No separate expenses are hereby maintained for Research & Development costs.

B. Technology absorption, adaptation and innovation

The sports footwear technology is relatively new in India and especially in the area where the unit is located. In the past 3 years, we have been able to transfer the technology from ex-pats to local people. There is always a constant effort towards innovation of new ideas and methods to improve productivity and lower cost by keeping the same or higher quality standards.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports, initiatives taken to increase exports, Development of new export market for products and export plans.

- The Company is continuously expanding its overseas market base and by adding new customers. After the abolition of quota regime efforts are being made to consolidate and tap additional export market in developed countries.

b) Total Foreign Exchange earned and used.

	<u>2013-14</u>	<u>2012-13</u>
	<u>12</u>	<u>9</u>
	<u>MONTHS</u>	<u>MONTHS</u>
(i) Foreign exchange earned (including from deemed exports)	0.00	79.06
(ii) Foreign exchange used	<u>192.66</u>	<u>116.60</u>
Net foreign exchange earned	<u>(192.66)</u>	<u>(37.54)</u>

For and on behalf of the Board
R.K.BHANDARI
Chairman

Place: Mohali
Date : September 5, 2014

CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,

The Members

S.R.Industries Ltd., Mohali

I have examined the compliance of conditions of Corporate Governance of S.R.Industries Ltd for the year ended on March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Ltd., Mumbai.

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

In my opinion and to the best of my information and according to the explanations given to me, I hereby certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that 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.

I 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 :Chandigarh
Date :August 20,2014

SANJIV K GOEL
CP No. 1248

DECLARATION

As provided under Clause 49(I)(D) of the Listing Agreement with the Bombay Stock Exchange Ltd., Mumbai, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Board of Directors and Senior Management for year ended on March 31, 2014.

Place : Mohali
Date : August 31,2014

For S.R.Industries Limited
R.C.MAHAJAN
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

i) Industry Structure and Developments

There are two kinds of sports shoes: cold cemented and injection moulded. The global business of sports shoes is dominated by the cold cemented variety. The sports shoes being retailed by Nike, Reebok, Adidas, Puma etc. is essentially of cold cemented kind. Till late 1980's, this industry was dominated by South Korea and to a lesser extent Taiwan. Busan, a port town on the southern tip of Korea was the manufacturing hub. There were companies in Korea with manufacturing capacity in excess of 60 million pairs. The large manufacturers had sales turnover varying between US\$ 150 and US\$ 600 million. The exodus of this industry from Korea started in early 90's and the major beneficiaries of this flight of capital have been China, Indonesia, Vietnam and Thailand. China is the leading destination for sourcing of sports shoes. It is this semi-monopolistic position of China as the leading manufacturer of sports shoes which has compelled leading international sports shoes companies like Nike, Reebok, Puma, Adidas, Converse etc. to develop an alternative to China. India, with its large reservoir of skilled labour is emerging as an alternative to China. Earlier, a large quantity of the sports shoes sold in India were being sourced in Completely Knocked Down kits from countries like China, Vietnam and Indonesia. However, in the past few years, integrated manufacturing facility which can serve the domestic requirements of these international brands have come up in India. Such facilities are growing in volumes and also in capability and are moving into higher value products.

ii) Opportunities and threats

The footwear sector is a very significant segment of the Leather Industry in India. Footwear is the engine of growth for the entire Indian leather industry and India is the second largest global producer of footwear after China, accounting for 14% of global footwear production of 14.52 billion Pairs. India Produces 2065 million pairs of Different Categories of Footwear (Leather Footwear 909 million pairs, Leather Shoe uppers 100 million pairs and Non-leather footwear 1056 million pairs) India exports about 115 million pairs. Thus, nearly 95% of its production goes to meet its own domestic demand. The major production centers in India are Chennai, Ranipet, Ambur in Tamil Nadu, Mumbai in Maharastra, Kanpur in U.P., Jalandhar in Punjab, Agra, Delhi, Karnal, Ludhiana, Sonapat, Faridabad, Pune, Kolkata, Calicut and Ernakulam. Footwear exported from India are Dress Shoes, Casuals, Moccasins, Sport Shoes, Horrachies, Sandals, Ballerinas, Boots, Sandals and Chappals made of rubber, plastic, P.V.C. and other materials.

The Company has implemented footwear project at Una, Himachal Pradesh where the unit will get Central Government. incentives like excise duty concession, tax holiday for five years etc. Initially the Unit will go for Contract manufacturing for reputed MNC sports brand. Earlier, the domestic requirement of these brands was being sourced in CKD (Completely Knocked Down) kits from countries like China, Vietnam and Indonesia. In the past few years, the Company has created an integrated manufacturing facility which can serve the domestic requirements of these international brands to a large extent. Further, company has entered the domestic market. The greatest opportunity for the Company continues to be import substitution by providing high quality shoes to its MNCC clients. The threats are mainly from competition in the domestic industry and also that a slowdown in the economy can lead to reduction in demand for its products.

iii) Segment-wise or product-wise performance

Presently, the Company has one product namely – Footwears. The performance of the Company is discussed separately in this report.

iv) Outlook

The outlook for the Company remains positive. The present order book position of the Company is excellent and demand is continuing to grow.

v) Risks and concerns

Macro-economic factors like subdued demand, political uncertainty, vagaries of monsoon and other natural calamities may affect the Company and industry at large.

No business is risk free. Proactive recognition of the risks, assessing their influence and initiating action to mitigate their impact becomes critical.

The Company has classified broad risk areas for its business – statutory compliances, economy, financial, government policies, market, operational, product related and technology.

With increasing competitive pressure, the challenge is to increase sales and the customer base, to successfully address changing customer preferences and to produce the right product at right time and at a competitive price. Technology is a critical area to be focused upon.

The challenges arising out of forex fluctuations could be cause of concern especially when the Company imports many of its requirements in the global market, or exports its production in global market.

The Company has not been significantly impacted by these factors due to its proper monitoring mechanism and proactive actions against anticipated hindrances.

vi) Internal control systems and their adequacy

The Company has established control system to ensure that –

- a) assets are adequately protected.
- b) transactions are authorised, recorded and reported correctly , and
- c) operations are conducted in an efficient and cost effective manner complying with the applicable laws.

A qualified independent Audit Committee of the Board of Directors also reviews the internal audit and adequacy of internal controls.

VII) Discussion on financial performance with respect to operational performance.

The gross turnover during 2013-14 for the financial year increased to Rs. 4607.37 lacs as against Rs. 3073.59 lacs in 2012-13 for nine months period. The Company during the year sold 1.13 Million pairs footwear as against 0.98 million pairs footwears during the last year. The production during the financial year was 1.06 Million pairs footwears as against 1.12 million pairs footwears during nine months period.

The duty drawback not received during the year as against Rs. 5.39 lacs during the nine months period last year. Further rigorous monitoring of operating overhead that these remained under control.

Profit before depreciation, interest and taxation during financial year increased to Rs. 837.18 lacs as compared to profit before depreciation, interest and taxation (PBDIT) of Rs. 286.22 lacs during last year nine months period. The depreciation for the year was at Rs.139.43 lacs as against Rs. 103.87 lacs during the last nine months period. The financial expenses during the year 2013-14 increased from Rs. 505.07 lacs to Rs. 686.29 lacs

The profit before tax during the year increased from loss of Rs. 322.72 lacs to Rs. 11.46 lacs.

The Earning Per Share (EPS) during the year was Rs. 0.11 as compared to Rs.(2.51) nine months period. The diluted EPS of Rs. 0.11 was arrived at by conversion the weighted average no. of shares that may be issued on conversion or Convertible Warrants on account of requirements of the Accounting Standards.

The Company has posted a net profit after Tax of Rs. 14.74 lacs during the year as against Net Loss after Tax 348.74 lacs during nine months period..

- vii) Material development in human resources/industrial relations front, including number of people employed.

The relationship between the employees and the management continued to remain cordial during the year under reviews.

Cautionary Statement – Statement in this Management Discussion an Analysis report describing Company's objectives, estimates, projections and expectations may be treated as "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ from materially from those expressed or implied therein.

AUDITORS' REPORT

The Members of
S.R. INDUSTRIES LIMITED,
Mohali.

Dear Members,

Report on the Financial Statements

We have audited the accompanying financial statements of S.R INDUSTRIES LTD., which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the period then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the Profit for the period ended on that date; and
- c) In the case of the 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") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books

c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211. of The Act.

e) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of The Act.

FOR KANSAL SINGLA & ASSOCIATES

Chartered Accountant

Place: Chandigarh
Date: May 31, 2014

sd/-

C.A. S.K. Arora

Partner

M.No.070405

FRN No. 03897N

**THE ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE
OUR REPORT OF EVEN DATE TO THE MEMBERS OF S.R.
INDUSTRIES ON THE ACCOUNTS OF THE COMPANY FOR THE
PERIOD ENDED MARCH 31 2014**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us, during the course of our audit, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification
- (c) During the year, the Company has not disposed off any part of the plant and machinery affecting the going concern status of the Company'
2. (a) According to the information and explanations given to us, the inventory has been physically verified by the stock auditors till 31st January 2014 in terms of their appointment by the bankers. We have relied upon the physical verification done by the said auditor.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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. As explained to us, no material discrepancies were noticed on physical verification' However minor discrepancies noticed on verification between the physical stocks were properly adjusted in the consumption of stores
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under Section 301 of The Act.
- (b) As per information given and records produced before us, the Company has taken unsecured loans from two Directors. The Balance outstanding as at 31st march 2014 from these parties amounts to Rs 567.80 lacs and maximum amount outstanding during the year was Rs 646.40 lacs.
- (c) As explained to us, the terms & conditions on which such loans were accepted are not prejudicial to the interest of the Company.

**S. R. Industries
L i m i t e d**
Annual Report 2013-14

- (d) No stipulation has been specified for the repayment of these loans.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal control system has been noticed.
5. According to the information and explanations provided by the management, the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered'
6. In our opinion and according to the information and explanations given to us, the Company has not accepted the deposits covered as per the provisions of sections 58A and 58AA or any other provisions of the Act.
7. As per information & explanations given by the management' the Company has an internal audit system commensurate with its size and the nature of its business'
8. Maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act As per information & explanations given by the management we are of the opinion that prima facie the prescribed accounts and records have been made and maintained'
9. (a) The company is not regular in depositing undisputed statutory dues with the appropriate authorities. However, as at 31't March 2014, there are no such dues outstanding for a period of more than six months from the date they became payable'
- (b) The following are disputed amounts outstanding, but were not paid by the Company as at 31st March 2014:

Name of the Statute	Nature of Dues	Amount in Dues	Forum where dispute is pending
Income Tax	Demand u/s 1471143 (3)	45.02	CIT (Appeals), Chd
Excise Duty	Excise Duty	258.70	CESTAT
Excise Duty	Excise Duty	723.00	CESTAT

10. The Company has accumulated loss of Rs.2673.19 lacs at the end of the financial year which is more than 50% of the net worth of the Company. Further, the Company has not incurred cash loss during the financial year covered by our audit. However there was a cash loss of Rs 218.84 lacs during the immediately preceding financial year
11. In our opinion and according to the information and explanations given to us during the year under audit, the company has paid with certain delays, the amounts due to banks and financial institutions. The overdue amounts as at 31st March 2014 was Rs131.99 Lacs out of which Rs. 115.23 lacs has since been paid
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments'
15. According to the information and explanations given to us, the company has not given any guarantees for loan taken by others from any bank or financial institution.

16. Based on our audit procedures and on the information given by the management, we report that the Company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. According to the information and explanations given to us, the Company has not made preferential allotment of equity shares to parties covered in the Register maintained under Section 301 of The Act.
19. The Company has not issued any debentures during the period under audit.
20. According to the information and explanations given to us, during the period covered by our audit report, the Company has not raised any money by public issue of equity shares.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

FOR KANSAL SINGLA & ASSOCIATES
Chartered Accountants

Place: Chandigarh
Date: May 31, 2014

sd/-
C.A. S.K. Arora
Partner
M.No.070405
FRN No. 03897N

BALANCE SHEET AS AT MARCH 31, 2014

S.N.	PARTICULARS	NOTE No.	AS AT 31.03.2014 (Rs.)	AS AT 31.03.2013 (Rs.)
	EQUITY AND LIABILITIES			
(1)	Shareholders' Funds			
	Share Capital	2	284,882,000	284,882,000
	Reserves & Surplus	3	(250,800,085)	(252,274,835)
(2)	Non-Current Liabilities			
	Long Term Borrowing	4	220,301,413	252,559,664
	Long Term Provisions	5	4,817,757	2,897,167
(3)	Current Liabilities			
	Short Term Borrowings	6	163,312,628	121,892,863
	Trade Payables	7	125,637,210	123,320,762
	Other Current Liabilities	8	53,582,061	47,947,058
	Total		601,732,984	581,224,679
	ASSETS			
(1)	Non-Current Assets			
	Fixed Assets	9		
	Tangible Assets		253,134,202	268,856,724
(2)	CURRENT ASSETS			
	Inventories	10	146,128,417	116,536,248
	Trade Receivables	11	147,542,042	147,900,951
	Cash & Bank Balances	12	6,499,755	3,729,314
	Short-Term Loans and Advances	13	48,428,568	44,201,442
	TOTAL		601,732,984	581,224,679
	SIGNIFICANT ACCOUNTING POLICIES	1		
	NOTES ON ACCOUNTS	2 to 20		

The notes are an integral part of the financial statements

For & on behalf of the Board

sd/-	sd/-	sd/-
Chetna Anand	AMIT MAHAJAN	R.C. MAHAJAN
Company Secretary	Director-Commercial & Chief Financial Office	Managing Director

In terms of our separate report of even date annexed

For **KANSAL SINGLA & ASSOCIATES**

Chartered Accountants

sd/-

(CA S.K. ARORA)

Partner

Membership No. 070405

FRN 003897N

Place : Chandigarh.

Date : May 31, 2014

PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014

S.N.	PARTICULARS	NOTE No.	2013-14 12 Months (Rs.)	2012-13 9 Months (Rs.)
	Revenue from Operations (Gross)	14	460,736,989	307,359,152
	Less :- Excise Duty		-	-
	Revenue from Operations (Net)		460,736,989	307,359,152
II	Other Income	15	2,037,015	2,414,012
III	Total Revenue (I + II)		<u>462,774,004</u>	<u>309,773,164</u>
IV	Expenses			
	Cost of Material Consumed	16	283,125,239	214,037,187
	Changes in Inventories of Finished Goods and Stock-In Process	17	(18,746,070)	(30,625,377)
	Personnel Expenses	18	65,217,156	48,099,369
	Financial Expenses	19	68,628,864	50,506,614
	Depreciation	9	13,942,747	10,387,185
	Other Expenses	20	49,459,515	49,640,021
	Total Expenses (IV)		<u>461,627,451</u>	<u>342,044,999</u>
V	Profit/(Loss) before exceptional and extraordinary items and Tax (III - IV)		1,146,553	(32,271,835)
VI	(Add) Less :- Extraordinary items(Prior Period)		328,198	(2,602,274)
VII	Profit/(Loss) before tax		1,474,751	(34,874,109)
VIII	<u>Tax Expense:</u>			
	Provision for Deferred Tax		-	-
	Earlier year taxes			
IX	Profit/ (Loss) for the period/year		1,474,751	(34,874,109)
X	Earning per equity share (Diluted and Basic) (Face Value Rs. 10/-)		0.11	(2.51)

For & on behalf of the Board

sd/-	sd/-	sd/-
CHETNA ANAND	AMIT MAHAJAN	R.C. MAHAJAN
Company Secretary	Director-Commercial & Chief Financial Officer	Managing Director

In Terms of our Separate report of even date annexed
For **KANSAL SINGLA & ASSOCIATES**
Chartered Accountants
sd/-

(CA S.K. ARORA)
Partner
Membership No. 070405
FRN 003897N

Place : Chandigarh.
Date : May 31, 2014

CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2014

(Rs./Lacs)

Particulars	Current Year (12 Months)	Previous Year (9 Months)
Cash Flow from Operating Activities		
Net Profit/(Loss) Before Tax & Extraordinary items	1,146,553	(32,271,835)
Adjustment for :-		
Add :-		
Deprecation	13,942,747	10,387,185
Prior Period Expenses	328,198	(2,602,724)
Loss on Sale of Assets	279,746	362,742
Financial expenses (Interest Paid)	<u>68,628,864</u>	<u>50,506,614</u>
Less :-		
Interest Income	178,316	242,083
Profit on sale of Assets	-	-
	<u>178,316</u>	<u>242,083</u>
Operating Profit before working capital changes	<u>84,147,792</u>	<u>26,140,349</u>
Add :-		
Decrease/(Increase) in Inventories	(29,592,169)	(40,399,762)
Increase/(Decrease) in Trade Payables and other Current Liabilities	<u>2,316,448</u>	<u>31,125,837</u>
Less :-		
Increase in Sundry Debtors	358,911	(9,467,559)
Increase in Loans & Advances	(4,227,126)	(15,300,088)
Increase /(Decrease) in Provisions	1,920,590	(90,000)
Decrease in Other Current Liabilities & Provisions	<u>5,635,003</u>	<u>(14,077,195)</u>
Cash Generated from Operations	<u>60,559,449</u>	<u>(22,068,418)</u>
Taxes Paid	-	-
Net Cash from Operating activities 'A'	<u>60,559,449</u>	<u>(22,068,418)</u>
Cash Flow from Investing Activities		
Purchase of fixed assets/CWIP	(4,149,973)	(104,207)
Proceeds of fixed assets/ Investments	5,650,000	212,500
Interest Received	<u>178,316</u>	<u>242,083</u>
Net Cash used in Investing Activities 'B'	<u>1,678,343</u>	<u>350,376</u>
Cash Flow from Financing Activities		
Proceeds from Share Capital	-	46,000,000
Proceeds from unsecured loans	(9,454,318)	(467,158)
Proceeds from long term Loans	(22,803,933)	(18,111,365)
Proceeds from short term borrowings	41,419,765	44,890,658
Interest paid	<u>(68,628,864)</u>	<u>(50,506,615)</u>
Net Cash from Financing Activities 'C'	<u>(59,467,350)</u>	<u>21,805,520</u>
Net Increase in Cash & Cash Equivalent (A+B+C)	<u>2,770,442</u>	<u>87,478</u>
Cash & Cash Equivalent at the beginning of period	<u>3,729,313</u>	<u>3,641,835</u>
Cash & Cash Equivalent at the end of period	<u>6,499,755</u>	<u>3,729,313</u>

For & on behalf of the Board

sd/-	sd/-	sd/-
CHETNA ANAND	AMIT MAHAJAN	R.C. MAHAJAN
Company Secretary	Director-Commercial & Chief Financial Officer	Managing Director

In Terms of our Separate report of even date annexed
For **KANSAL SINGLA & ASSOCIATES**
Chartered Accountants
sd/-

Place : Chandigarh.
Date : May 31, 2014

(CA S.K. ARORA)
Partner
Membership No. 070405
FRN 003897N

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPERATION OF FINANCIAL STATEMENNTS

- a) The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956. Accounting policies not specifically referred to are consistent with generally accepted accounting policies.
- b) The company generally follows mercantile system of accounting and recognizes significant items of Income & Expenditure on accrual basis.

2. FIXED ASSETS

The fixed assets are recorded at the cost which includes freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. Adjustments arising from exchange rate fluctuations relating to outstanding liabilities attributable to the fixed assets are capitalized/ adjusted.

3. INVENTORIES

Inventories are valued on FIFO Method

- Raw Materials- at lower of cost or net realizable value.
- Packing materials, consumable stores and spares-at cost.
- Stock-in-process- Material cost plus appropriate share of production overheads.
- Finished goods- at lower of cost or net realizable value.

4) CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the balance sheet comprises cash at bank, cash in hand & short term investments

5) EXPENDITURE ON EXPANSION

Expenditure directly relating to constructions/substantial expansion activity is capitalized. Indirect expenditure incurred during construction period is capitalized as a part of indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Income earned during construction period is deducted from the total of indirect expenditure. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

6) DEPRECIATION

Depreciation is provided on Straight Line Method on pro-rata basis on all the fixed assets at the rates prescribed in Schedule XIV of the Companies Act, 1956

7) RESEARCH AND DEVELOPMENT

Revenue expenditure incurred on Research & Development is charged to Profit & Loss Account

8) REVENUE RECOGNITION

Revenue is recognized based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

- (a) Revenue from sale of goods is recognized when the substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.
- (b) Other income is accounted for on accrual basis as and when the right to receive arises.

9) FOREIGN CURRENCY TRANSACTIONS

Export sales are accounted for at exchange rate prevailing on the date the documents are negotiated/ realized with/through bank. In case of direct remittance from buyers the difference between the exchange rates on the dispatched date and actual exchange rate of foreign currency on receipt of payment is booked in sales.

The assets and liabilities at the year end are translated at the closing exchange rate and the difference between the transactions is taken into profit and loss account.

The foreign currency transactions in respect of payment towards cost of fixed assets, spares, traveling, commissions etc. are accounted for at the exchange rates prevailing on the date of transaction/ remittance.

10) BORROWING COST

Borrowing costs that are attributable to the acquisition on construction of qualifying assets are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

11) TAXES ON INCOME

Tax expenses comprises of current, deferred income tax and fringe benefit tax. Provision for current income tax and fringe benefits tax is made for the amount of tax payable in respect of taxable income for the year under The Income Tax Act, 1961. Deferred tax is recognized subject to the consideration of prudence, on timing difference, being the difference between the book profits and tax profits that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax assets and liabilities are measured using the tax rates and tax loss that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient further taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only where virtual certainty that such deferred tax assets can be realized against further taxable profits. Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably certain that further taxable income will be available against which such deferred tax assets can be realized.

12) RETIREMENT BENEFITS

The liability on account of Gratuity is covered by the Group Gratuity Policy taken from Life Insurance Corporation of India. Contribution to the Gratuity fund is charged to revenue. The liability of Leave Encashment is provided on actuarial basis. The contribution to the Provident Fund is made as per the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952.

13) USE OF ESTIMATES

The presentation of financial statements require estimates and assumptions to be made that effect the

reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

14) EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividend & taxes) by the weighted average number of equity shares outstanding during the financial year. Equity shares that are partly paid up are treated as a fraction of an equity share to the extent they entitled to participate in dividends. The weighted average numbers of equity shares outstanding during the year are adjusted for events such as bonus issue, bonus element in a right issue to the existing shareholders, share split and consolidation of shares.

For the purpose of calculating diluted EPS, the net profit or loss attributable to equity share holders and weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

15) INTANGIBLE ASSETS

An Intangible Asset is recognized if and only if-

- a) It is probable that the future economic benefits that attributable to the assets will flow to the enterprise.
- b) The cost of assets can be measured reliably.

An intangible asset is measured initially at cost. The amortization method will be used to reflect the pattern in which asset's economic benefits are consumed by the enterprise. If that pattern cannot be determined reliably, the straight line method will be used.

16) IMPAIRMENT OF ASSETS

An asset is treated as impaired, when carrying cost of assets exceeds its recoverable amount. An impaired loss is charged to Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

17) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Provisions are determined based on the best estimates required to fulfill the obligation on the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

18) INVESTMENTS

- i) Investments are classified as Long Term and current investments.
- ii) Long Term Investments are carried at cost. Provision for Diminution, if any in the value of each long term investment is made to recognize a decline other than of temporary nature.

- iii) Current Investments are stated at lower of cost or market value and resultant decline, if any, is charged to revenue.

19) SEGMENT REPORTING

- a). Segment accounting policies are in line with the accounting policies of the company. In addition, the following specific accounting policies have been followed for segment reporting.

- (1). Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment sales.
- (2) Expenses that are directly identifiable with/allocable to segment are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segment are included under un-allocable corporate expenditure.
- (3) Income which relates to the company as a whole and not allocable to segments is included in un-allocable corporate income.
- (4) Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable corporate assets and liabilities represent the assets and liabilities that relate to company as a whole and not allocable to any segment. Un-allocable assets mainly comprise corporate head office assets, investments and tax deposited with the Income Tax authorities. Un-allocable liabilities include mainly unsecured loans and tax payable to Income Tax Authorities.

b). Inter Segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of cost of production.

20) GOVERNMENT GRANTS AND SUBSIDIES

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis the cost, which it is intended to compensate. Where grant/subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset against which grant/subsidy has been received and further where the grant/subsidy is in the nature of promoters contribution the amount of grant/subsidy is accounted for as a capital reserve.

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	AS AT 31.03.2014 (Rs.)	AS AT 31.03.2013 (Rs.)
NOTE 2 : Share Capital		
AUTHORISED CAPITAL		
15,000,000 Equity shares of Rs.10/- each	150,000,000	150,000,000
1,500,000 8% Non Cum Preference Shares of Rs.10/- each	<u>150,000,000</u>	<u>150,000,000</u>
	<u>300,000,000</u>	<u>300,000,000</u>
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
13,916,000 Equity Shares of Rs.10/- each	139,160,000	139,160,000
Less : Allotment Money Unpaid	<u>278,000</u>	<u>278,000</u>
1,460,000 8% Non Cum Preference Shares Rs. 100/- each	1,46,000,000	1,46,000,000
TOTAL	<u>284,882,000</u>	<u>284,882,000</u>

NOTE 2A : Recconciliation of Share Capital

As at March 31, 2014

As at March 31, 2013

1. Equity Shares with Voting Rights :		
- Number of Shares outstanding as at beginning of year	13,916,000	13,232,000
Add :		
- Shares issued during the year	-	684,000
- Number of Shares outstanding as at the end of the year	13,916,000	13,916,000
2. 8% Non-Com Preference Shares :		
- Number of Shares outstanding as at beginning of year	1,460,000	1,000,000
Add :		
- Shares issued during the year	-	460,000
- Number of Shares outstanding as at the end of the year	1,460,000	1,460,000

*** Terms/Rights attached to Equity Shares**

The Company has one class of Equity Shares having a par value of Rs 10. Each holder of Equity Share is entitled to one vote per Share.

*** Terms/Rights attached to 8% Non-Cum-Preference Shares**

The Company has one class of 8% Non-Cum-Preference Shares having a par value of Rs 100. These shares are redeemed on completion of 20 years from the date of issue.

*** During the last five years the company has not issued any shares for contribution other than cash.**

NOTE 2B : Detail of shares held by each shareholder holding more than 5% shares.				
NAME OF SHAREHOLDER	As at 31 March, 2014		As at 31st March, 2013	
	No. of Shares Held	% Holding in that class of shares	No. of Shares Held	% Holding in that class of shares
AMIT MAHAJAN	2,106,250	15.14	2,057,500	14.79
Universal Cyber Infoway Ltd.	951,100	6.83	951,100	6.83
LSE Securities Ltd.	1,015,652	7.30		
NOTE 2C : Detail of Preference shares held by each shareholder holding more than 5% shares.				
Amit Mahajn S/o Late Sh. Y. D. Mahajan	569,481	39.01	569,481	39.01
Pride Properties Pvt. Ltd.	111,400	7.63	111,400	7.63
Beckons Industries	75,000	5.14	75,000	5.14
Universal Cyber Infoways	436,350	29.89	436,350	29.89
R. C. Mahajan	87,500	5.99	87,500	5.99
Amit Mahajan S/o R.C. Mahajan	75,269	5.16	75,269	5.16
Krishna Garden	74,000	5.07	74,000	5.07

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	As at	As at
	31.03.2014	31.03.2013
	(Rs.)	(Rs.)
Note 3 : Reserve & Surplus		
1 Capital Reserve	1,713,900	1,713,900
2 State Investment Subsidy	3,000,000	3,000,000
3 Share Premium	11,805,000	11,805,000
4 Deficit of Statement of Profit & Loss :		
Opening Balance	(268,793,736)	(233,919,627)
Add : Profit/(Loss) During the period/year	1,474,751	(34,874,109)
Closing Balance	(267,318,985)	(268,793,736)
Total	(250,800,085)	(252,274,836)

Note 4 : LongTerm Borrowings

1 Secured Loans*

- From Banks (State Bank of Patiala & UCO Bank)		
i) Term Loans	156,471,408	162,288,453
ii) Corporate Loans	3,396,313	9,287,947
iii) FITL	1,463,878	11,464,649

* Term/Corp/FITL Loans from the banks are secured by pari-passu first charges on Fixed Assets of the Company, present and future, including equitable mortgage of land and building of the Company's factory at Village Singha, Teh. Haroli, Distt. Una (H.P.). These loans are further secured by the personal guarantees of the Directors.

* Term Loans are repayable in 28 quarterly instalments starting from April 2012 and ending on January 2019.

- Corp Loans are repayable in 16 quarterly instalments starting from October 2011 and ending on July 2015.

- FITL Loans are repayable in 36 monthly instalments starting from April 2012 and ending on March 2015.

- The Company has defaulted in repayment of instalments and interest on various loans. The total amount in default as at the year end was Rs. 131.99 Lacs

2 Vehicle Loans**

** Vehicles Loans are secured against hypothecation of vehicles.	264,419	1,358,902
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3 Unsecured Loans

- Directors	56,779,831	64,639,172
- Inter-Corporate Loans	1,925,564	3,520,541
Total	220,301,413	252,559,664

Note 5 : Long Term Provisions

1 Provison for Employee Benefits

- Gratuity	1,632,014	630,750
- Leave Encashment	3,185,743	2,266,417
Total	4,817,757	2,897,167

Note 6 : Short Term Borrowings

1 Working Capital Facilities ***

- From Banks	163,312,628	121,892,863
Total	163,312,628	121,892,863

*** Working capital facilities from banks are secured by way of first pari-passu charge on the current assest and second pari-passu charge on the fixed assets of the Company, present and future. These loans are further secured by the personal guarantees of the directors.

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	As at	As at
	31.03.2014	31.03.2013
	(Rs.)	(Rs.)
<hr/>		
Note 7 : Trade Payables		
1 - For Current Supplies	123,860,165	120,833,028
2 - For Capital Goods	1,777,045	2,487,734
Total	125,637,210	123,320,762
<hr/>		
Note 7 : Other Current Liabilities		
1 - Current maturities of long term debts	26,371,841	23,911,143
2 - Creditors for Expenses	25,813,851	22,275,590
3 - Advances From Customers	1,396,369	1,760,325
Total	53,582,061	47,947,058
<hr/>		

NOTE 9 : FIXED ASSETS

PARTICULARS	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
	ASAT	Additions	Sales/ Transfer	Total	ASAT	During	Adjstments	Total	ASAT	Total
	31.03.2013	(Rs.)	(Rs.)	31.03.2014	31.03.2013	Period	(Rs.)	31.03.2014	31.03.2014	31.03.2013
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Freehold Land	12,509,389	-	-	12,509,389	-	-	-	-	12,509,389	12,509,389
Buildings	92,647,959	-	-	92,647,959	8,879,487	3,094,442	-	11,973,929	80,674,030	83,768,472
Plant & Machinery	168,550,498	613,847	5,000,000	164,164,345	24,614,859	8,016,181	-	32,631,040	131,533,305	143,935,639
Electrical Installations	11,288,188	52,024	-	11,340,212	2,078,774	716,047	-	2,794,821	8,545,391	9,209,414
D G Sets	3,313,064	-	-	3,313,064	643,749	245,829	-	889,578	2,423,486	2,669,314
Laborabry Equipments	682,835	-	-	682,835	130,393	43,223	-	173,616	509,219	552,442
Moulds & Dies (Tools)	514,801	3,287,315	-	3,802,116	83,557	110,875	-	194,432	3,607,684	431,244
Furniture, Fixture & Office Equipments	12,777,945	196,787	-	12,974,732	2,946,236	817,632	-	3,763,868	9,210,864	9,831,709
Vehicles	10,137,623	-	1,380,546	8,757,077	4,188,525	898,518	450,800	4,636,243	4,120,834	5,949,098
Tangible Assets	312,422,302	4,149,973	6,380,546	310,191,729	43,565,580	13,942,747	450,800	57,057,527	253,134,202	268,856,722
Previous Year	310,280,131	2,925,297	783,126	312,422,302	33,386,279	10,387,185	207,884	43,565,580	268,856,722	276,893,852

	As at	As at
	31.03.2014	31.03.2013
	(Rs.)	(Rs.)

NOTE 10 : Inventories (Valued at lower cost or net realisation value)

Raw Material	44,527,078	31,690,023
Finished Goods	42,269,211	27,678,073
Stock-in-Process	27,807,073	23,652,141
Consumable Stores	16,413,297	15,407,086
Packing Materials	9,182,318	10,081,629
Fuel	206,892	507,531
Stores & Spares	5,722,548	7,519,765
Total	146,128,417	116,536,248

NOTE 11 : Trade Receivables

Unsecured

Outstanding for period exceeding six months from date they became due considered good except doubtful

62,828,538

Doubtful debts	921,131	63,749,669	53,041,841
Less : Provision for doubtful debts		(921,131)	(2,769,983)
Others Considered Good		84,713,504	97,629,093
Total		147,542,042	147,900,951

NOTE 12 : Cash & Cash Equivalents

Cash-in-Hand

Cash Balance	4,175,812	2,133,998
Sub Total (A)	4,175,812	2,133,998

Bank Balance

- In Current Accounts	56,641	667,969
- In Deposit Accounts*	2,267,302	927,347
Sub Total (B)	2,323,943	1,595,316

Total [A + B]	6,499,755	3,729,314
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* Fixed deposits with banks are pledged against bank guarantees/Letters of credit.

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NOTE 13: Short Term Loans and Advances

	As at 31.03.2014	As at 31.03.2013
	<u>(Rs.)</u>	<u>(Rs.)</u>
Unsecured, Considered Good :		
Advances recoverable in cash or in kind for value to be received	31,538,577	29,375,900
Duty Drawback Receivable	607,999	607,999
Advance Taxes	8,594,363	6,508,674
Security Deposits	1,231,169	1,254,169
CST/VAT Refund Receivable	6,456,460	8,748,277
Less: Provision for Doubtful Debts		<u>(2,293,577)</u>
Total	<u>48,428,568</u>	<u>44,201,442</u>
	2013-14	2012-13
	(12 Months)	(9 Months)
	<u>(Rs.)</u>	<u>(Rs.)</u>

NOTE 14: Revenue from Operations

Sale of products		
Export	-	7,906,011
Domestic	362,769,734	271,010,744
Raw Material	105,495,182	50,736,392
Less :		
Sales Return	<u>(7,527,927)</u>	<u>(22,293,995)</u>
Total	<u>460,736,989</u>	<u>307,359,152</u>

NOTE 15: OTHER INCOME

Interest Income		
Interest on FDR	178,316	242,083
Other Receipts		
Export Incentives	-	539,439
Miscellaneous Income	1,598,142	861,039
Exchange Rate Fluctuation	260,557	771,451
Total	<u>2,037,015</u>	<u>2,414,012</u>

NOTE 16: Cost of Material Consumed

Raw Material & Goods in Transit		
Opening Stock		
- Raw Material	31,690,023	22,698,557
Purchase During the Year	210,925,302	155,826,703
Less:- Closing Stock		
- Raw Material	<u>(44,527,078)</u>	<u>(31,690,023)</u>
Raw Material Consumed	<u>198,088,247</u>	<u>146,835,237</u>
Consumable Stores		
Opening Stock	15,407,086	16,667,365
Purchase During the Year	44,461,790	37,275,456
Less:- Closing Stock	<u>(16,413,297)</u>	<u>(15,407,086)</u>
Consumable Stores Consumed	<u>43,455,579</u>	<u>38,535,735</u>
Packing Material		
Opening Stock	10,081,629	7,854,233
Purchase During the Year	35,005,681	26,696,697
Less:- Closing Stock	<u>(9,182,318)</u>	<u>(10,081,629)</u>
Packing Material Consumed	<u>35,904,992</u>	<u>24,469,301</u>
Fuel Consumed		
Opening Stock	507,531	581,541
Purchase During the Year	5,375,782	4,122,904
Less:- Closing Stock	<u>(206,892)</u>	<u>(507,531)</u>
Fuel Consumed	<u>5,676,421</u>	<u>4,196,914</u>
Total Material Consumed	<u>283,125,239</u>	<u>214,037,187</u>

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	2013-14 (12 Months) (Rs.)	2012-13 (12 Months) (Rs.)
NOTE 17 : Change in Inventories of Finished Goods and Stock in Process		
1. Finished Goods		
Opening Stocks	27,678,073	5,062,735
Closing Stocks	42,269,211	27,678,073
Total (increase)/decrease in Finished Goods	(14,591,138)	(22,615,338)
2. Stock - in- Process		
Opening Stock	23,652,141	15,642,102
Closing Stock	27,807,073	23,652,141
Total (increase)/decrease in Stock-in-Process	(4,154,932)	(8,010,039)
Total	(18,746,070)	(30,625,377)
NOTE 18 : Personnel Expenses		
1. Remuneration & Perks to Directors	4,212,917	3,780,732
2. Salary, Allowances & Perks to Employees	55,305,390	40,611,703
3. Staff Welfare Expenses	3,302,882	1,930,755
4. Contribution Towards Funds	2,395,967	1,776,179
Total	65,217,156	48,099,369
NOTE 19 : Financial Expenses		
1. Interest on Long Term Loans	37,812,220	34,058,347
2. Interest on Working Capital Loans	29,066,994	15,229,068
3. Bank Charges	1,749,650	1,219,199
Total	68,628,864	50,506,614
NOTE 20 : Other Expenses		
1. Power	12,234,937	8,560,618
2. Job Work Charges	17,417,327	23,073,922
3. Consumption of Moulds & Dies	4,718,640	5,641,457
4. Repairs to Plant & Machinery	319,271	99,617
5. Repairs to Building	119,488	174,199
6. Freight Outward	1,998,597	3,261,247
7. Commission & Discount	1,440,207	499,247
8. Business Promotion Expenses	756,410	540,001
9. Insurance	631,810	-
10. Rent Rates & Taxes	2,048,300	1,642,184
11. Vehicle Running & Maintainance	1,463,371	1,246,520
12. Postage Telegram & Telephone	735,504	431,452
13. Security Expenses	1,063,763	1,388,358
14. Traveling Expenses		
- Directors	815,049	496,594
-Others	1,390,627	735,059
15. Auditors' Remuneration:-		
- Audit fees	105,057	95,506
16. Loss on Sale of Vehicles	279,746	362,742
17. Miscellaneous Administrative Expenses	1,921,411	1,391,298
Total	49,459,515	49,640,021

NOTE 21

NOTES ON ACCOUNTS

I. CONTINGENT LIABILITIES:-

- a) The liabilities in respect of Income Tax, Purchase Tax and Sales Tax have been accounted for on the basis of respective returns filed with the relevant authorities. Additional Demand, if any, shall be accounted for in the year in which the assessment is complete. The status of tax assessments is as under:
- i) The Income Tax assessments have been completed upto the assessment year 2011-12 and there are demands of Rs.45.02 Lacs for the A.Y.2007-08 against which the company has filed appeals before the Commissioner of Income Tax(Appeals), which is pending for adjudication.
- ii) The Sales Tax/Purchase Tax assessments have been completed up to the Financial Year 2010-11 and there is no demand outstanding.
- b) Central Excise Authorities have gone in appeal against the order of Commissioner (Appeals) which was decided in favour of the Company against the demand of Rs. 258.70 Lacs (Previous Year Rs.258.70). The Company has refuted the liability based on the advice received from the legal experts and accordingly has not made any provisions in the books of accounts. The requisite provision, if any, will be made in the year the final decision is made.
- c). The Central Excise Authorities, Mumbai had imposed duty and penalty aggregating to Rs. 723.00 Lacs(Previous Year Rs. 723.00 Lacs) for purchase of certain items against CT-3 forms without payment of duty. The Company has disputed the said demand and filed an appeal to set aside the said orders. The requisite provisions, if any, will be made in the year of final decision.
- d) The Company has given counter guarantee to banks of Rs 6.00 lacs (Previous Year Rs. 6.00 Lacs) in respect of the guarantees issued by the banks on behalf of the Company in favour of HPSEB.

II The Capital Reserve represents forfeiture of 10% upfront payment received on Convertible Warrants issued during 2005-06

III In view of insufficient information from the suppliers regarding their status as Small, Micro & Medium Enterprises, amount overdue to such undertakings can not be ascertained. However, the Company has not received any claim from any supplier in respect of interest.

IV Two creditors of the Company have filed winding up petition against the company under Section 433 & 434 of The Companies Act,1956 in the Punjab & Haryana High Court for payment of Rs. 7.95 Lacs, which is pending for adjudication.

V The balance of trade receivable, trade payables, contractors and others are subject to reconciliation and confirmation

VI In the opinion of the Board of Directors all the Current Assets, Loans and Advances except to the extent of provision of Rs.9.21 Lacs for doubtful debts, if realized in the ordinary course of business, have a value at least equal to the amount at which these are stated in the Balance Sheet.

VII Prior period expenses

Exceptional Items include the followings Prior period income/expenses:-

	(Rs./Lacs Current Year 12 Months	(Rs./Lacs Previous Year 9 Months
Income	3.28	0.00
Expense	0.00	26.03

VIII As per Accounting Standard-11,"Effects of Change in Foreign Exchange Rates" issued by "The Institute of Chartered Accountants of India", the amount due to foreign creditors have been restated at closing rate i.e. rate as at 31.03.2014. The difference amount of Rs.2.60 lacs is adjusted through Exchange Rate fluctuation Account.

IX As per Accounting Standard - 15 "Employee Benefits", the disclosure of Employee Benefits as defined in the Accounting Standard are as follows :

Summary of membership data (As at 31st March, 2014)

No. of employees	49
Total Monthly Basic Salary (in Rs.)	805025
Total Monthly CTC (in Rs.)	1293800
Average age (in years)	36
Average past service (in years)	2.23
Expected future working life (in years)	7.50
Average accumulated leave per employee (in days)	31

The assumptions are as follows:

- i) All valuation assumptions have been set strictly in accordance with guidelines contained in AS15(R)
- ii) The assumptions employed for calculation are:

(FINANCIAL)

Discount Rate	9%
Estimated Rate of increase in compensation levels	6%

(DEMOGRAPHIC)

Mortality Rate	Indian Assured Lives Mortality(2006-08) Ult.
Attrition	10%
Disability	No explicit allowance

iii) The discount rate has been determined by reference to market yields as at 31st March, 2014 on CG-Secs of currency and term consistent with those of benefit obligations.

iv) The estimated rate of increase in compensation levels takes into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. This estimate is also tempered by quick review undertaken, in cooperation with the company's officials, of the company's past and current wage structure, staff compensation practices and the level of price neutralization likely to be affected through periodic wage increase over the next 5 to 10 years. Further, it is assumed that the ceiling on gratuity amount will increase in line with salary inflation over the long

term. No allowance has been made for performance based discretionary increase in salary in individual cases.

- v) The retirement age has been uniformly taken as 58 years.
- vi) No allowance has been made for future improvement in in-service mortality.
- vii) It is assumed, based on their overall behavior pattern, that the employees are unlikely to avail/encash the entire accumulated/carry forward of leave during the coming 12 months.
- viii) Attrition rate vary from industry to industry and, within industry, from company to company. In practice no single averaged out figure is likely to be representative of the different attrition rates observed over the entire age range. Since the data regarding the number of employees who left the services of the company during past few years is not available, the attrition rate, which is chosen with the concurrence of the company's authorized officials, is based on the experience gathered from other similar manufacturing units broadly corresponding in size, activity and staffing pattern to those of the Company.

The amount of gratuity and leave encashment to be recognized in books is as follows:

Balance Sheet		
	GRATUITY	LEAVE ENCASHMENT
Net liability recognised in Balance Sheet	1632014	3185743
Statement of Profit and Loss		
Current service cost	298390	661855
Net actuarial loss recognised in the period	1333624	2523888
Expense recognised in the Statement of Profit and Loss	1632014	3185743

Comparative figures for the last year have not been provided as the company has followed AS-15 from the current financial year.

X SEGMENT REPORTING

The Company has only one segment and deals only in single line of products i.e. "Footwears". Thus the Accounting Standard 17 "Segment Reporting" issued by "The Institute of Chartered Accountants of India" is not applicable

XI RELATED PARTY DISCLOSURES:-

Disclosures as required by the Accounting Standard -18 "Related Party Disclosures" issued by the ICAI are given below:

-Associate Companies

1. Universal Cyber Infoway Pvt. Ltd.
2. Pride Properties Pvt. Ltd.
3. Susamg mac Pvt. Ltd.
4. Sam Export
5. S.R. Footwears Pvt. Ltd.
6. Zoom Merchantile & Finance Ltd.
7. Gulmohar Investments & Holdings.Ltd.
8. Socks & Socks

-Key Management Personnel:

1. Mr. R.C. Mahajan - Managing Director
2. Mr. Amit Mahajan - Director Commercial & Chief Financial Officer
3. Mr. Amit Mahajan - Director Operations

TRANSACTIONS WITH RELATED PARTIES:-

(Rs./Lacs)

Particulars	Associates		Key Management personnel	
	Current year	Previous year	Current year	Previous year
Loans accepted	Nil	105.00	Nil	468.05
Preferential equity shares/warrants	Nil	342.25	Nil	117.75
Loans Repaid/ Adjusted	Nil	116.44	78.59	430.60
Payment of				
Interest	Nil	Nil	Nil	Nil
Remuneration & Perks	N.A.	NA	41.58	36.93
Sale of Goods	Nil	2.43	Nil	Nil
Outstanding Balance	Nil	0.51	567.80	646.39

XII. Managerial remuneration including all benefits.

(Rs./Lacs)

PARTICULARS	Current Year	Previous Year
Salary	39.75	35.24
Provident Fund contribution	0.00	0.22
Perks	1.83	1.47
Total	41.58	36.93

XIII EARNING PER SHARE:

As per As-20 Earning per share issued by ICAI EPS is as follows:-

(Rs./Lacs)

PARTICULARS	Current Year	Previous Year
Net Profit/(loss)	14.75	(348.74)
Average no. of shares of Rs 10/- each(basic)	13916000	13916000
Earning Per Share (Basic)	0.11	(2.51)
Weighted average number of share(diluted)	13916000	13916000
Diluted Earning per share	0.11	(2.51)

XIV. DEFERRED TAX:

Deferred tax assets & liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

Major components of Deferred tax Assets & Liabilities are:

(Rs./Lacs)

PARTICULARS	As at March 31, 2014	During the year	As at March 31, 2013
A. Deferred Tax Liability			
- Difference between carrying amount of fixed assets in the financial statements and the income tax returns.	1,301.87	35.87	1,266.00
TOTAL	'A' 1,301.87	35.87	1,266.00

**S. R. Industries
Limited**
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B. Deferred Tax Assets			
- Unabsorbed Depreciation/business loss	1,436.54	74.82	1,361.72
- Expenses charged in the financial statements but not allowable in Income Tax	19.43	(58.79)	78.21
- Provision for doubtful debts	9.21	(41.42)	50.64
- Provision for leave encashment	31.86	9.19	22.66
- Provision for gratuity	16.32	10.01	6.31
TOTAL	B' 1,513.35	(6.19)	1,519.54
Net Deferred Tax Liability/(Asset)	(211.49)	42.05	(253.54)
Tax Impact	(65.35)	12.99	(78.34)

As a matter of prudence the Company has not recognized any deferred tax assets.

XV. As per Accounting Standard -28 "Impairment of Assets" issued by ICAI, the management has reviewed its cash generating units as on 31.03.2014. No indication has been found by the management to suggest that the recoverable amount of Asset is less than the carrying amount. Hence no impairment loss on asset has been recognized.

XVI MOVEMENT OF PROVISIONS

Provisions	Current Year		Previous Year	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Opening Balance	22.67	6.32	23.57	9.07
Add:	18.61	20.57	0.00	0.00
Less: Amount Used	9.42	10.5	0.90	2.75
Closing Balance	31.86	16.32	22.67	6.32

XVII. Derivatives instruments and unhedged foreign currency exposure

Particulars	As at 31.03.2014	As at 31.03.2013
Unhedged foreign currency exposure	Nil	Nil

XVIII. Due to inadequate profits, the company has not created Capital Redemption Reserve.

XIX. CIF Value of Imports, Earnings & Expenditure in foreign Currency

PARTICULARS	(Rs./ Lacs)	
	Current Year 12 Months	Previous Year 9 Months
a) CIF Value of Imports		
Capital Goods	Nil	Nil
Raw Material, Consumable Stores, Stores & Spares	188.40	114.44
b) Expenditure in Foreign Currency		
Interest	0.00	0.00
Traveling	4.26	2.16
Discount	0.00	0.00
Others	0.00	0.00
c) Earnings In Foreign Exchange		
FOB Value of Exports	0.00	79.06

XX. Previous year figures have been recasted/regrouped/rearranged wherever necessary to make them comparable with that of current year.

For & on behalf of the Board

sd/-	sd/-	sd/-
CHETNA ANAND	AMIT MAHAJAN	R.C. MAHAJAN
Company Secretary	Director-Commercial	Managing Director
	& Chief Financial Officer	

In terms of our separate report of even date annexed
For **KANSAL SINGLA & ASSOCIATES**
Chartered Accountants

Place : Chandigarh.
Date : May 31, 2014

SD/-
(S.K. ARORA)
Partner
Membership No. 070405
FRN 003897N

NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Shareholders of the Company will be held on Monday, the 29th day of September, 2014 at 9.15 a.m. at the Registered Office of the Company at F-110, Industrial Area, Phase VII, Mohali (Pb.) to transact the following business –

ORDINARY BUSINESS –

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Profit & Loss Account for the year ended on that date together with the Reports of Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Amit Mahajan, who retires by rotation and is eligible for reappointment.
3. To consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution: -
"RESOLVED that M/s Kansal Singla & Associates, Chartered Accountants, the retiring Auditors be and are hereby reappointed as Statutory Auditors for the year 2014-15 and that the Audit Committee be and is hereby authorised to fix their remuneration."

(A) SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s) the following ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, Mr. Madan Mohan Puri (DIN No: 01711466) Director of the company who retires by rotation at this Annual General Meeting, and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as Independent Director of the Company to hold office for the five consecutive years for a term up to 30th September, 2019, not liable to retire by rotation.

Place : Mohali
Date : September 05, 2014
Regd. Office – F-110,
Industrial Area, Phase VII
Mohali (Punjab)-160055

For and on Behalf of the Board
R.C.MAHAJAN
Managing Director

NOTES -

1. Member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and on a poll to vote instead of himself. The proxy need not be a Member of the Company. A blank form of proxy is enclosed and if intended to be used, it should be returned, duly completed, to the Registered Office of the Company, not less than 48 hours before the scheduled time of the meeting.
2. Explanatory statement as required under Section 102 (1) of the Companies Act, 2013 is annexed hereto.
3. Pursuant to the provisions of Section 91 of the Act, The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, September 23, 2014 to Monday, September 29, 2014 (both days inclusive).
4. In compliance with the provisions of Section 108 of the Companies Act, 2013 (The Act) and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is providing facility to its members to exercise their vote at the meeting through e-voting. Please refer to the instructions which are being sent along the Annual Report.

5. Members holding shares in physical form are requested to notify change in address, if any, to the Company at its Registered Office or to the Registrar & Transfer Agents - M/s Link Intime India Pvt. Limited, 44, Community Centre, 2nd Floor, Naryana Industrial Area Phase - I, Near PVR, Naryana, New Delhi - 110 028.
6. Members holding shares in electronic form are requested to notify change in their address, if any, to their Depository Participant.
7. Members/Proxies are requested to bring their copy of this Notice along with duly filled admission slip for attending the meeting.

ANNEXURE TO THE NOTICE

Explanatory statement as required under Section 102 (1) of the Companies Act, 2013

Item No: 4

Mr. Madan Mohan Puri is a Non Executive Independent Director in terms of Clause 49 of the Listing Agreement of the Stock Exchanges and retires by rotation at this Annual General Meeting under the provisions of the erstwhile Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member Under Section 160 of Companies Act, 2013 proposing his candidature for the office of an independent director of the company.

As per the provisions of Section 149 of the Companies Act, 2013, every listed public company is required to have at least 1/3rd of the total number of directors as independent directors, hence this resolution. The company has received a declaration from Mr. Madan Mohan Puri, that he meets the criteria of independence as prescribed under Section 149 (6) of the Act. In the opinion of the Board, Mr. Madan Mohan Puri fulfills the conditions specified in the Act and rules made there under for his appointment as Independent Director.

The Board feels that his continued association with the company would be of immense benefit and it is desirable to avail his services and therefore recommends his appointment as Independent Director to the members in terms of resolution set out in item no: 4 of the notice.

Copy of the draft letter of appointment of Mr. Madan Mohan Puri setting out terms and conditions of his appointment would be available for inspection by members at the registered Office of the company during normal business hours on working days. He does not hold any shares in the company. Except Mr. Madan Mohan Puri, none of the directors, key managerial person, or their relatives is interested or concerned in this resolution

Place : Mohali
Date : September 05, 2014
Regd. Office – F-110,
Industrial Area, Phase VII
Mohali (Punjab)-160055

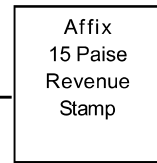
For and on Behalf of the Board
R.C.MAHAJAN
Managing Director

PROXY FORM

Folio No. _____ DPID _____
Client ID _____

I/We _____ of _____
(Name in Blocks) (Address)
in the State of _____ being a member(s) of S.R. Industries Limited
hereby appoint _____
(Name in Blocks)
of _____ in the State of _____ or failing
(Address)
him/her _____ of _____
(Name in Blocks) (Address)
in the State of _____ as my/our proxy to vote for me/us and on my/our behalf at
the Twenty Fifth Annual General Meeting of the Company to be held on Monday, September 29, 2014 at 9:15 a.m. at its
Registered Office: F 110, Industrial Area, Phase-VII, Distt. Mohali (Pb.) or at any adjournment thereof.

Signed this _____ day of _____ 2014.
(Date) (Month)



Signature

- Notes:(1) The proxy need not be a member of the Company.
(2) The proxy form duly completed and signed across 15 Paise Revenue Stamp must be deposited at the Registered Office of the Company at least 48 hours before the time fixed for commencement of the meeting.

NO GIFTS/COMPANYS' PRODUCT WILL BE GIVEN FOR ATTENDING THE MEETING

(TEAR HERE)

ATTENDANCE SLIP

**Twenty Fifth Annual General Meeting
September 29, 2014**

**S. R. Industries
L i m i t e d**

Folio No. _____ DPID _____
No of Share(s) held _____ Client ID _____

Full name of the Member/Proxy attending the meeting

(First Name) (Second Name) (Surname)

FIRST HOLDER/JOINT HOLDER/PROXY
(Strike out whichever is not applicable)

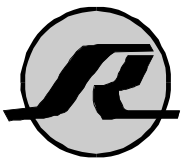
I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company held on Friday, September 29, 2014 at 9:15 a.m. at F 110, Industrial Area, Phase-VII, Distt. Mohali (Pb.)

Signature of the Member/Proxy

(CUT HERE)

BOOK - POST

S .R. Industries Limited



Regd. Office :
F-110, Industrial Area, Phase-VII,
Mohali (Punjab)-160055
Phones : (0172) 4602888
