

Chitradurga Spintex Limited



**Annual Report
2013-14**

Board Of Directors

Sri S. Vishwanath	Managing Director
Sri S. Rajasekharappa	Chairman
Sri S. Chandrashekar	Director
Sri S.T. Thippeswamy	"
Sri S. Prasannakumar	"
Sri S. Thippeswamy	"

Registered Office

Bangalore Road,
Siddapura Village,
Challakere-577 522
Karnataka State.

Auditors

M/s.Chetan N Dedhia,
Chartered Accountants,
Mumbai

Bankers

ICICI Bank

Share Transfer Agents

Canbank Computer Services Ltd.,
(A Subsidiary of Canara Bank)
#218, J.P.Royale,
1st Floor, 2nd Main,
Sampige Road, (Near 14th Cross),
Malleswaram, Bangalore-560001
Ph: 080-23469661, 23469662, email:canbankrta@ccsl.co.in,
Website:www.canbankrta.com

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NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Company will be held at the Registered Office at Bangalore Road, Siddapura Village, Challakere, Chitradurga Dist. Karnataka, Pin-577 522 on Friday 19th September 2014 at 11.00 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2014 and the Statement of Profit and Loss for the year ending 31st March 2014 together with the reports of the Auditors and Directors thereon.
2. To appoint Auditors and fix their remuneration.

By order of the Board
S. Rajasekharappa
Chairman

Challakere, 16th August 2014

NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 13th September, 2014 to 19th September, 2014 (both days inclusive.)
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
4. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/RTA.
7. Electronic copy of the Annual Report for 2013-2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-2014 is being sent in the permitted mode.
8. Electronic copy of the Notice of the 23rd Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 23rd Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
9. Members may also note that the Notice of the 23rd Annual General Meeting and the Annual Report for 2013-2014 will also be available on the Company's website www.chitradurga.co.in for their download. The

physical copies of the aforesaid documents will also be available at the Company's Registered Office at Bangalore Road, Siddapura Village, Challakere, Chitradurga Dist. Karnataka, Pin-577 522 for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: chitraspin@gmail.com.

10. E-mail address: The Company is concerned about the environment and encourages the green initiative taken by the Ministry of Corporate Affairs (MCA), Government of India. Members holding equity shares of the Company in physical form, are requested to provide their e-mail address to the Company by e-mail to ravi@ccsl.co.in or naidu@ccsl.co.in. Members holding equity shares of the Company in electronic form are requested to register their e-mail address with their respective Depository Participant for enabling us send the annual report etc., by e-mail.

11. **Voting through electronic means**

- I **Voting through electronic means (e-voting):** Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 read with Clause 35B of the listing agreements, your Company is pleased to provide e-voting facility to the members to exercise their right to vote at the said AGM electronically on all the resolutions set forth in the Notice convening the 23rd AGM. Instructions relating to e-voting facility forming part of this notice, is below:
- II **Poll at the meeting:** After all the agenda items have been discussed, the Chairman will order Poll in respect of all the items. Poll will be conducted and supervised under Scrutinizers to be appointed for the purpose. After conclusion of the Poll, the Chairman may declare the meeting as closed. The Results of the Poll aggregated with the Results of e-voting will be announced by the Company on its website www.chitradurga.co.in and also informed to the Stock Exchanges.

The instructions for e-voting are as under:

- A In case a member receives an email from NSDL (for members whose email IDs are registered with the Company / the R & T Agent viz. Canbank Computer Services Ltd / Depository Participant(s):
- I Open email and open PDF file viz; "CSL Annual Report E-voting. Pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for E-voting. Please note that the password is an initial password.
 - ii Launch internet browser by typing the following URL:<https://www.evoting.nsdl.com>
 - iii Click on Shareholder-Login
 - iv Put user ID and password as initial password / PIN noted in step (i) above. Click Login.
 - v Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi Home page of E-voting opens. Click on E-voting: Active Voting Cycles.
 - vii Select "EVEN" of Chitradurga Spintex Limited.
 - viii Now you are ready for E-voting as Cast Vote page opens
 - ix Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - X Upon confirmation, the message "Vote cast successfully" will be displayed.
 - Xi Once you have voted on the resolution, you will not be allowed to modify your vote.
 - Xii Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority Letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to shilpagparekh31@gmail.com with a copy marked to **evoting@nsdl.co.in**
- B In case a member receives physical copy of the Notice of Annual General Meeting (for members whose email IDs are not registered with the Company / the R & T Agent viz.

Canbank Computer Services Ltd/ Depository Participant (s) or requesting physical copy):

- (i) Initial password will be provided separately in the following format :

EVEN (E-voting Event Number)	USER ID	PASSWORD /PIN
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- (ii) Please follow all steps from Sl. No. (ii) to (xii) above, to cast vote.

- II In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and Evoting user manual for shareholders available at the downloads section of www.evoting.nsdl.com.

If you are already registered with NSDL for E-voting then you can use your existing user ID and password / PIN for casting your vote.

- III You may also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

The E-voting period commences on 11 September 2014 (9.00 a.m.) and ends on 2014 (6.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date 15 August 2014, may cast their vote electronically. The E-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- IV The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 15 August 2014.

- V Ms. Shilpa Parekh, (Membership No. ACS 21939 CP No. 10746) Proprietor of S G PAREKH & Co., Company Secretary in Practice, has been appointed as the Scrutinizer to scrutinize the e-voting process (including the physical ballots received from shareholders who don't have access to the e-voting process) in a fair and transparent manner.

- VI The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the Evoting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any forthwith to the Chairman of the Company.

The Results shall be declared on or after the Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.chitradurga.co.in and on the website of NSDL within two (2) days of passing of the resolutions at the Annual General Meeting of the Company and communicated to the BSE Limited.

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 23rd Annual Report of the Company together with audited financial statements and accounts for the year ended March 31, 2014.

Financial Highlights

Particulars	(Rupees in Lakhs)	
	2013-14	2012-13
Gross Revenue	65.96	4.08
PBITD	56.17	-2.10
Net Profit/(-)Loss	56.17	-2.10

Operations:

Due to delay in getting approval for the Scheme of Arrangement pursuant to section 391 to 393 of the Companies Act, 1956 the Company is not in a position to undertake any projects of manufacturing, trading or weaving of Textile and other goods, and due to paucity of working capital. The Company has also not been able to raise any loans from Financial Institutions, which is essential for expanding its business activities. Hence, due to the reasons beyond the control of your Directors, your Company has not undertaken any business during the year, but with a view to mobilize the funds your Company has sold all its unusable assets. The Directors are under the process of exploring other avenues of diversifying into new areas of business.

Though there is no business is undertaken, its net worth remains positive and considering the fact that the Company has adequate resources to continue in operational existence for the foreseeable future and taking into account the management assessment of improvement in the economic condition in general they continue to adopt the going concern basis in preparing the annual report and accounts.

Dividend

In view of inadequacy of profits, your Directors are unable to recommend any dividend for the year under report.

Corporate Governance

A detailed report on Corporate Governance pursuant to the requirements of Clause 49 of the Listing Agreement forms part of the Annual Report. A certificate from the auditors of the Company, Chetan N Dedhia, Chartered Accountants, confirming compliance of conditions of corporate governance as stipulated under the aforesaid Clause 49 is provided as annexure.

Management Discussion and Analysis Report

The management discussion and analysis of financial condition including the result of operation of the Company for the year under review as required under clause 49 of the listing agreement with the stock exchange is given as a separate statement in Annual Report.

Auditors:

The Statutory Auditors of the Company, Chetan N Dedhia, Chartered Accountants, Mumbai, retire at the conclusion of the ensuing Annual General Meeting of the Company and have confirmed their willingness and eligibility for re-appointment and have also confirmed that their reappointment, if made, will be within the limits under Section 224(1B) of the Companies Act, 1956.

Auditors' Report:

The Board has duly examined the Statutory Auditors' report to accounts which is self explanatory and clarifications wherever necessary, have been included in the Notes to Financial Statements of the Annual Report.

Regarding Auditors comment on 'on going concern' the Director contend that the Company will be able to continue as going concern, though the Company has not undertaken any business activity, its net worth remains positive and considering the fact that the Company has adequate resources to continue in operational existence for the foreseeable future and taking into account the management assessment of improvement in the economic condition in general and as borne out by AAS16 issued by the council of the ICAI, they continue to adopt the going concern basis in preparing the annual report and accounts.

Your Directors, continue their efforts to improve the financial viability of the Company and also take such steps as may be required under current laws and regulations in terms of disclosure and reporting required to be made to concerned statutory authorities.

Particulars of Employees

During the year there was no employee drawing remuneration beyond the limits prescribed under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

Disclosure in respect of conservation of energy as required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, as amended is given below.

Conservation Of Energy. Technology Absorption, Foreign Exchange Earnings and Outgo are Nil during the year.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2 AA) of the Companies Act, 1956, with respect to the Directors' responsibility statement it is hereby confirmed that:

- i. In the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments 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 said period.
- iii. The Directors have 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; and
- iv. The Directors have prepared the annual accounts of the Company on a 'going concern basis'.

Acknowledgements

Your Directors wish to place on record their appreciation for the continued support and co-operation of the shareholders, Bankers, various regulatory and Government authorities and for the valuable contributions made by the employees of the Company.

On behalf of the Board of Directors
S. Rajasekharappa
Chairman

Challakere, May21, 2014

Report on Corporate Governance

In accordance with Clause 49 of the Listing Agreement with the BSE Limited (BSE) and some of the best practices followed on Corporate Governance, the report containing the details of Corporate Governance systems and processes is as under.

Company's Governance Philosophy

The Company is laying maximum emphasis on the effective system of Corporate Governance. The interaction between the Board, the Executives and other functionaries is so configured to have a distinctly demarcated role and improved corporate performance.

The Company's Corporate Philosophy is woven around its total commitment to the ethical practices in the constant quest to grow with profits and enhance Stakeholders value and align the interests of the Stakeholders, and society at large through adoption of best practice and standards.

Board of Directors

Composition of the Board

A majority of the Board, 3 out of 6, are independent Directors and **one is non-executive director**. The Audit Committee and Shareholders' Grievance Committee comprise only independent Directors and non-executive Directors. The Company has defined guidelines and established framework for the meeting of the Board and Board Committees.

To comply with the provisions of the Listing Agreement, other statutory provisions the Board of Directors of the Company comprises of six members, two of whom are executive promoter Directors, one is non-executive promoter director and three are non-executive independent Directors. The requisite information as per the requirements of Clause 49 of the Listing Agreement is provided in the following table:

Name of director	Category	Number of Directorships', chairmanships & memberships'			Attendance	
		Director ships	Chairman ships	Member ships	Board Meeting	AGM
Sri S. Vishwanath	Executive –Promoter	-	-	-	6	Yes
Sri S. Rajasekharappa	Executive –Promoter	-	-	-	6	Yes
Sri S. Chandrasekhar	Non-Executive Promoter	-	1	2	6	Yes
Sri S.T. Thippeswamy	Non-Executive Independent	-	-	2	6	Yes
Sri S. Prasannakumar	Non-Executive Independent	-	1	2	6	Yes
Sri S. Thippeswamy	Non-Executive Independent	-	-	-	6	Yes

All the Independent Directors of the Company furnished a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations were placed before the Board.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956, except Sri S. Vishwanath, Sri S. Rajasekharappa, and Sri S. Chandrasekhar, who are related to each other as brothers.

During the Financial Year 2013-2014, the Board of Directors met six times. The dates of the meetings were 27.05.2013, 24.06.2013, 12.08.2013, 27.08.2013, 12.11.2013 and 03.02.2014. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company and none of the Directors of

the Company are receiving any remuneration or fee. The meetings are usually held at the Company's Registered Office at Siddapura Village, Bangalore Road, Challakere-577522, Karnataka.

Brief profile of Directors

S. Vishwanath (50) is a BE graduate in electronics has got over 26 years of experience in Textile industry and Edible Oil Industry. He is currently the Managing Director of the Company. He does not hold any shares in the Company as on 31.03.2014

S. Rajasekharappa (64) is a BE graduate in Metallurgy and has over 42 years of experience in textile industry and Edible Oil Industry. He became industrialist in other fields like oil industry, having vast experience as businessman. He is currently the chairman of the board. He does not hold any shares in the Company as on 31.03.2014

S. Chandrashekar (66) is a graduate in science and has over 46 years of experience in Textile & Edible Oil Industry. Currently is chairman of the shareholders / investors grievances committee. He holds 25700 shares in the Company as on 31.03.2014

S.T. Thippeswamy (73) is a graduate and has over 36 years of experience in Cotton business. He is currently a member of Audit Committee and the shareholders / investors grievance committee. He does not hold any shares in the Company as on 31.03.2014.

S. Prasannakumar (54) is a graduate and professionally he is businessman and has over 24 years of experience in trading activity especially he has got vast experience in cotton, oil and oil seeds trading. He does not hold any shares in the Company as of 31.03.2014. He is chairman of the audit committee.

S. Thippeswamy (53) is a graduate and professionally he is businessman and has over 19 years of experience in trading activity. He does not hold any shares in the Company as of 31.03.2014.

Audit Committee

The Audit Committee comprises of three members, all of whom are non-executive. The Chairman of the Audit Committee, Mr. S. Prasannakumar has sound financial knowledge as well as many years of experience in general management and trading. The majority of the audit committee members, including the chairman have accounting and financial management expertise.

Key responsibilities of the audit committee

Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and accurate and provide sufficient information. The determination of audit fees of statutory auditors, and approval of payment to statutory auditors for any other services rendered by them.

Reviewing, with the management, annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the Directors' responsibility statement, changes if any in accounting policies, major accounting entries, significant adjustments made in the financial statements arising out of audit findings, compliance with listing and other legal requirements relating to financial statements, approval of all related party transactions, qualifications in the draft audit report. Reviewing with the management the quarterly financial statements before submission to the Board for approval. Reviewing with the management, performance of statutory auditors, and adequacy of the internal control systems.

Reviewing, management discussions and analysis of financial condition and results of operations, statement of related party transactions, quarterly compliance certificates confirming compliance with laws and regulations, including any exemptions to these compliances, such other function as may be assigned by the board of