



Towards Greater Resilience

Sutlej Textiles and Industries Limited

Annual Report 2011-12

Contents

Company Review

1-15

- 02 The Sulej Portrait
- 04 Presence
- 06 2011-12 Performance
- 08 Letter from the Chairman

Statutory Reports

16-48

- 16 Directors' Report
- 26 Management Discussion and Analysis
- 34 Report on Corporate Governance

Financials


49-84

- 49 Auditors' Report
- 52 Balance Sheet
- 53 Profit & Loss Statement
- 54 Notes
- 83 Cash Flow Statement

Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



**In an incredibly harsh economic background,
our constant endeavour to embrace challenges
makes us resilient in the toughest of times.**

Today, we have successfully woven new growth stories through investments in technology, maximising capacity utilisation, deeper market penetration and sharpening focus on value-addition. These strategic initiatives have enabled us to anticipate expected and unexpected changes, keeping business on course; customers satisfied and constantly add value to our stakeholders even in challenging times.

sutlej
textiles and industries limited

The Sutlej Portrait



Sutlej Textiles and Industries Limited (Sutlej) is among India's leading integrated textile players with presence across the textile value chain.

The organisation enjoys the privilege of being among the few Indian yarn producers capable of producing and supplying any type of spun yarn under one roof and has emerged as one of India's largest manufacturers and exporters of synthetic and blended dyed yarn. Sutlej is among the few recognised textile organisations that has the expertise to develop an extensive range of value-added yarns including cotton, acrylic, polyester, viscose, modal, lycra and tencel and their brands, among others.

Besides, Sutlej is carving a niche in today's fast changing economic climate with diversified offerings comprising fabrics, garments and home textiles.

Investor information

BSE code: 532782

NSE code: SUTLEJTEX

Reuters code: SUTI.BO

Bloomberg code: SUJT IN

Shareholding distribution:

**Promoters – 63.8%,
Public – 36.2%**
(Bodies Corporate – 18.3%)

Market capitalisation

(as on 31st March, 2012):
Rs. 174.42 crore

2005*

Inception

**20 million metres
per annum**

Processed fabrics capacity

**24 branches/
depots and many
agents across India**

Robust distribution network

**1.6 million pieces
per annum**

Trouser production

50+ countries

Export presence

**2.5 million metres
per annum (32
shuttleless looms)**

Home textiles furnishing capacity

3

Indian manufacturing locations

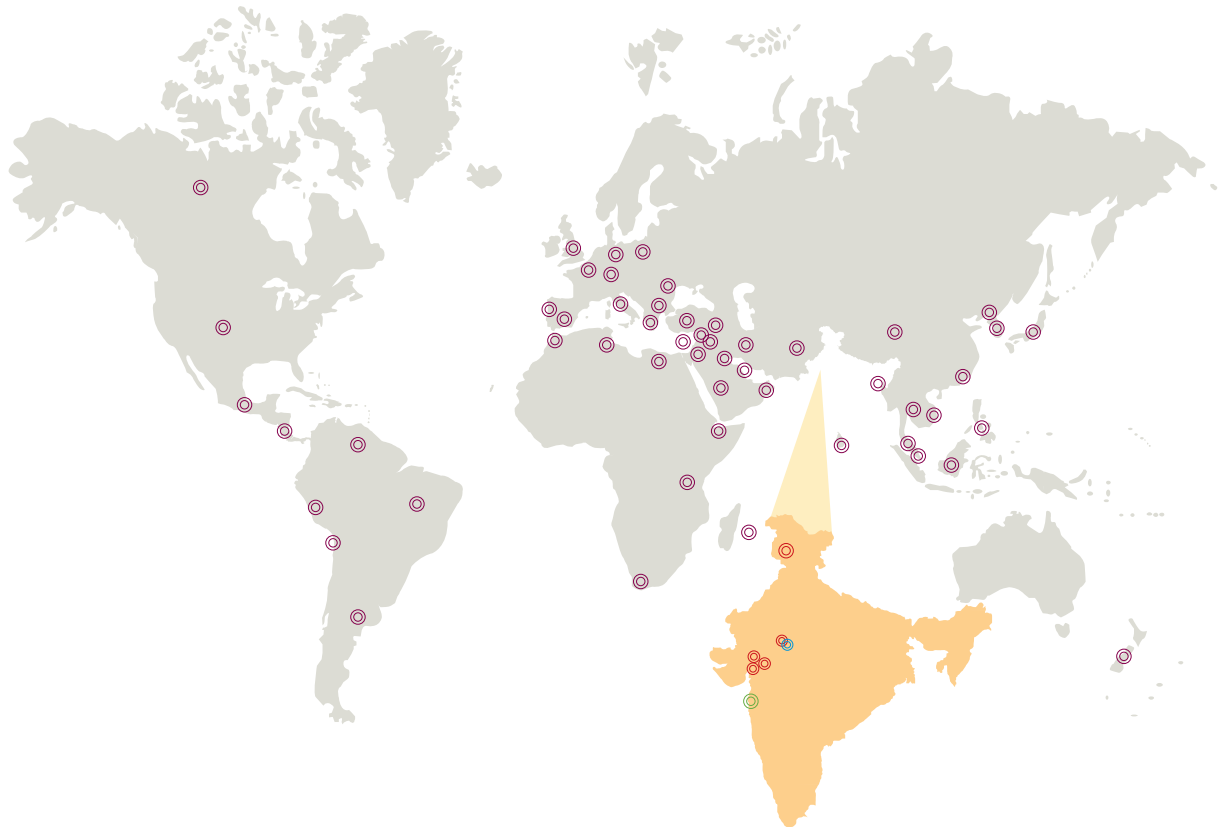
**253000 spindles
and 336 rotors**Cotton yarn and manmade fibre yarn
capacity**Rs. 110 crore**Investment in modernisation over the
past three years ending 2011-12**4.9 million metres
per annum
(60 looms)**

Fabrics capacity

IS/ISO 9001:2008Quality certification; enjoys status of
Trading house certification (conferred
by the Government of India)

* The emerging "transferee company" out of a corporate restructuring of Sutlej Industries Limited (founded by Late Mr. G. D. Birla in 1934) and Damanganga Processors Limited.

Presence



1) Manufacturing locations (India)

- a) Unit: Rajasthan Textile Mills (RTM), Bhawanimandi, Rajasthan
Products: Cotton yarn and manmade fibre yarn
- b) Unit: Chenab Textile Mills (CTM), Kathua, Jammu and Kashmir
Products: Cotton yarn and manmade fibre yarn
- c) Damanganga Fabrics: Daheli, Gujarat
Products: Fabrics and processed fabrics
- d) Damanganga Garments: Daheli, Gujarat
Products: Garments
- e) Damanganga Home Textiles: Daheli, Gujarat
Products: Home textile furnishing

2) Registered office

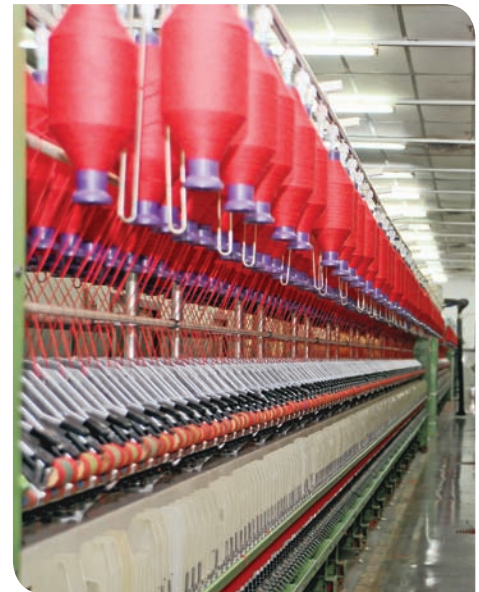
Bhawanimandi, Rajasthan

3) Corporate office

Mumbai, Maharashtra

4) Exports

Argentina, Australia, Bangladesh, Bahrain, Belgium, Brazil, Bulgaria, Cyprus, Canada, Chile, China, Columbia, Egypt, England, Germany, Greece, Hong Kong, Indonesia, Italy, Iran, Israel, Japan, Jordan, Korea, Kuwait, Lebanon, Malaysia, Mauritius, Mexico, Morocco, New Zealand, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Romania, Saudi Arabia, Spain, Singapore, Syria, Sri Lanka, Switzerland, South Africa, South Korea, Sultanate of Oman, Tanzania, Tunisia, Turkey, Thailand, the United States of America, the United Arab Emirates (UAE), Vietnam and Venezuela.



Rich product profile across divisions

Yarns

Regular quality

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

Premium quality

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

Fabrics

Premium blends

*Polyviscose *Polyviscose lycra *Poly wool *Pure wool *Poly wool lycra

Exotic blends

*Poly modal *Poly Tencel *Poly viscose linen *Poly viscose cotton *Poly silk *Linen cotton *Pure linen

Finishes

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

Home textiles

Made-ups

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

Finishes

*Fire-retardant *Bio finish *Aroma finish *Other superior finish as per buyer's requirement.

Garments

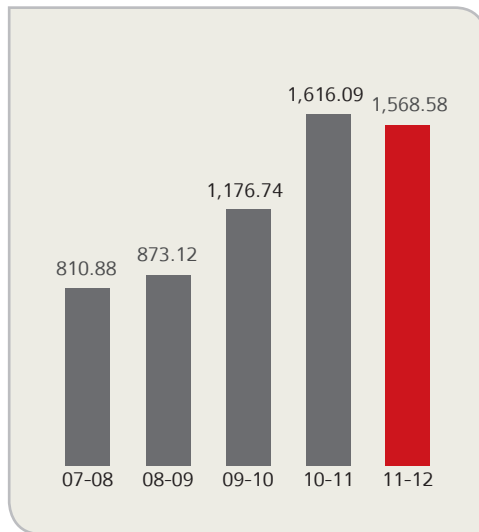
*Formal dress trouser *Semi formal trouser *Five pocket casual trouser *Auto fit trouser *Perfect fit trouser *Ladies wear trouser *School wear trouser

Key clientele

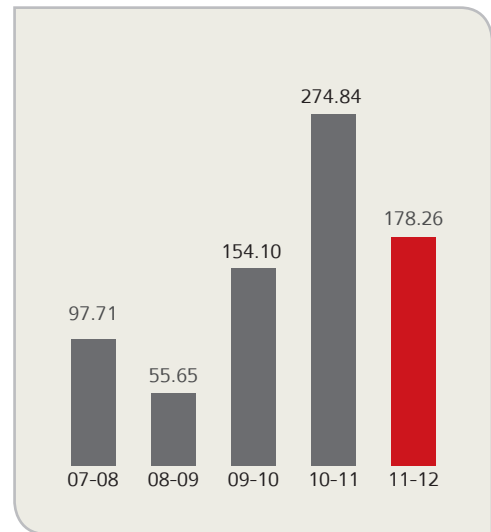
Raymonds, Harry's Collection, Digjam, Marks & Spencer, JC Penney, Next, ASDA, Grasim, Donear, Siyaram's, Arrow, Sears, Kohls, Arvind, John Miller, Tesco, Calvin Klein, GAP, Levis and Burton among others.

2011-12 Performance

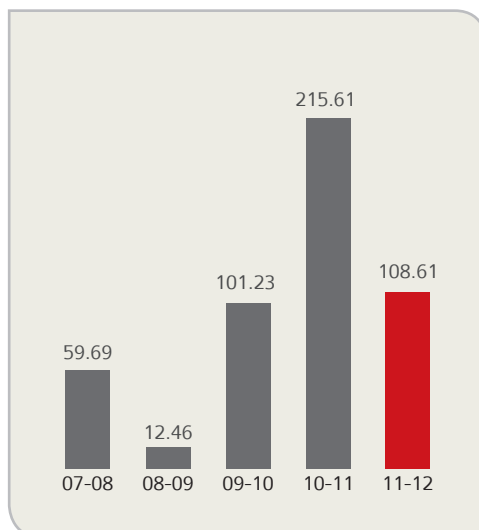
Total income (Rs. crore)



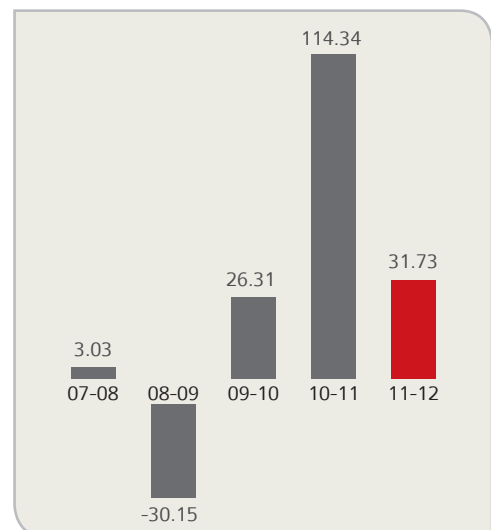
EBIDTA (Rs. crore)



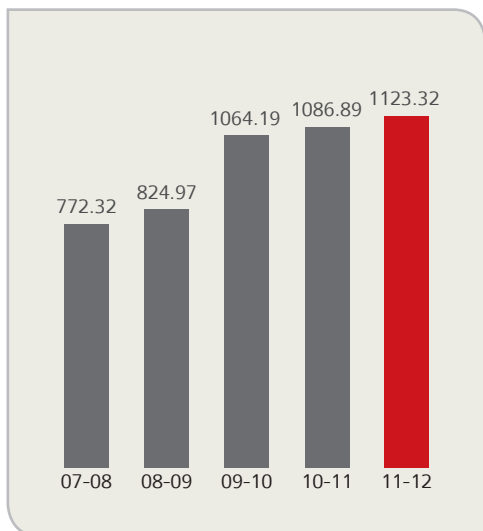
Cash profit (Rs. crore)



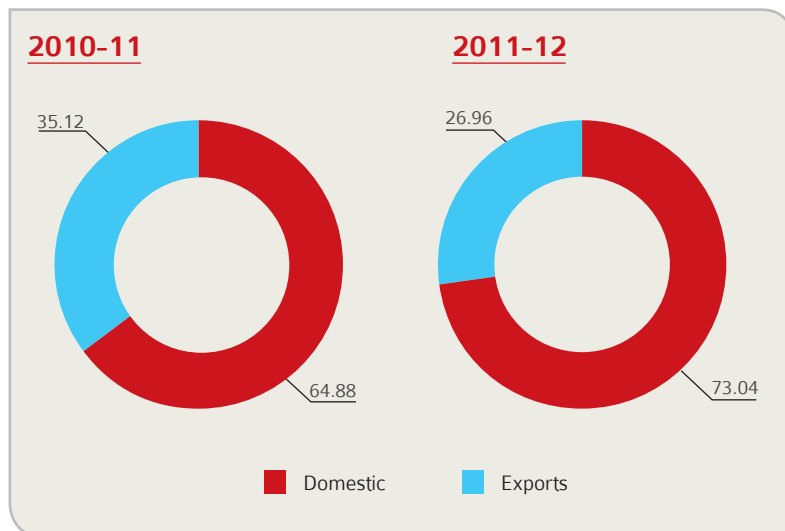
PAT (Rs. crore)



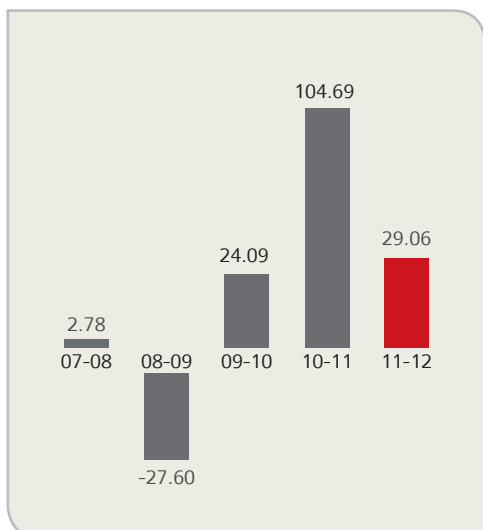
Gross block (Rs. crore)



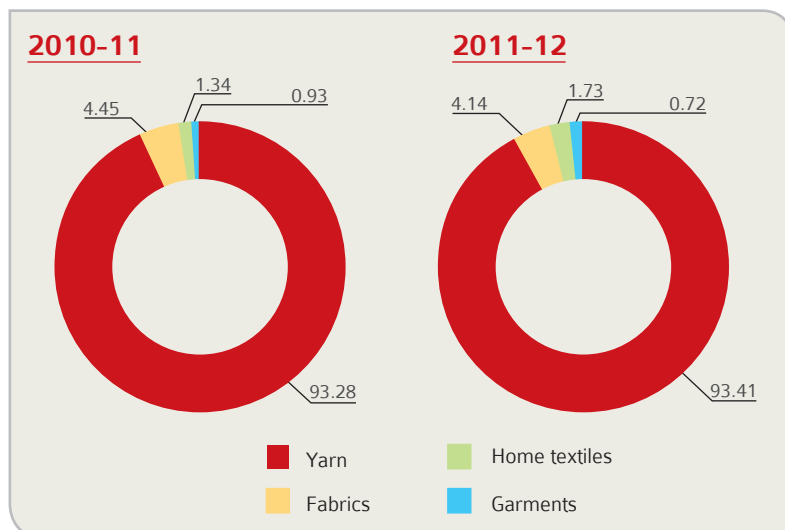
Geography-wise revenue (%)



EPS (Rs.)



Division-wise revenue (%)



Letter from the Chairman



C.S. Nopany, Chairman



This scenario was common across the industry. What gives me pleasure is the fact that despite these challenges, our performance has been among the best in the industry.

Dear Shareholders,

This was a year of global challenges and uncertainties. Events like natural disaster in Japan, growing unemployment in the US, Euro-zone crisis and political and economic turmoil in the Middle East and North African states have had a detrimental repercussion. Volatility in commodity prices and disruptions to supply chains impacted businesses globally. These events have raised serious concerns over the stability of the developed nations, as the recoveries in these economies have stalled and governments and consumers have deleveraged. Whilst this stuttering global recovery has seen growth estimates cut across the board, the transfer of economic power from mature to emerging economies is gaining momentum.

Asia too has its own challenges. However, China and India have emerged as the hope for rest of the world. While it will take a longer time for the matured markets to reach the pre-recession level growth rates, a rebalancing of global economic power can be foreseen in the medium-term.

Being resilient

On the backdrop of such a volatile environment, Sutlej also had its own set of challenges. The year tested our agility. Highly volatile raw material prices, inventories, disproportionate demand-supply equation, adverse currency movement and labour shortages impacted our realisations, volumes, margins and profitability. Labour scarcity almost throughout the year has been a new phenomenon. This scenario was prevalent across the industry.

Our resilient approach and our constant endeavour to positively embrace challenges combined with our diversified exposure to end markets enabled us to bear the impact. Our strategy and business model remain robust and relevant to the challenges and demands of our markets. We are moving forward with plans that allow us to constantly evolve and initiate early change, as opportunities present themselves.

Events during the year

Efficient inventory management: The year witnessed volatile cotton prices ranging between Rs. 32,000 per candy to Rs. 62,000 per candy. This

Our excellent earnings over the past three years have resulted in reduction of debt, thus bringing down our leveraging and strengthening our financial position.

deeply impacted the yarn pricing. It is a common practice across the industry that when the prices are increasing, the procurement of goods continue in anticipation of further price hike. But in the event of fall in prices, goods are bought for short-term consumption only. This results in inventory losses. Our efficient inventory management enabled us to withstand a turbulent economic scenario. The impact was significantly lower than the industry.

Evolving geographical mix: During the year, our exports as a proportion of total revenues declined. It is a common perception that in a depreciating rupee scenario organisations gain significantly by exporting goods. But the reality is different. The buyers have now become cautious and have set margins for negotiations at every movement of currency. Moreover, due to the weak global sentiments and prevalence of anti-dumping duty in Turkey, our exports were very selective. But simultaneously, we explored newer geographies and entered the countries like Australia, Bahrain, Bulgaria, Lebanon, New Zealand, Peru, Sultanate of Oman and Venezuela.

We sharpened our focus on the domestic markets. The Indian growth story catalyses our optimism. Increasing per capita income, rising middle class, consumer awareness and growing organised retail sets provide a good platform for us to explore the opportunities available at home and fill up the vacuum created due to the decline in exports.

Flexible product mix: Previously, there was a great demand for blended yarn for suiting and shirting. But with changing times, filament yarn being cheaper suits the current trend and preference. Our presence in the value-added segment of the yarn provides us flexibility to change our product mix as per the market demand. We introduced new qualities, new blends, and redirected from PV Dyed

yarns to other variants as per the customer's requirement. Sutej's presence across the entire value chain has facilitated the growth of its clientele base.

Prudent financial management: Our excellent earnings over the past three years have resulted in reduction in debt, thus reducing our leveraging and strengthening our financial position. This has enabled us to negotiate and avail competitive interest rates for any future funding requirements.

Nurturing relationships for a better tomorrow

We continued to invest towards developing and grooming new talent. With the industry becoming significantly competitive, we have taken appropriate measures to maintain a high retention rate. Besides, we continued to enhance our focus on the community initiatives, environment monitoring, health, safety and ethical governance to maintain a sustainable business practice.

Closing thoughts

Through a steady application of forward thinking and a resilient strategy, our future looks bright and we are ready to capitalise on the plentiful opportunities. The Indian textile and apparel industry is expected to touch USD 220 billion by 2020 on the back of positive prospects and opportunities. As always, our commitment to build value for our stakeholders remains our priority, and we are thankful and look forward to your overwhelming support in the years to come.

Best Wishes,

C.S.Nopany
Chairman

Enduring local strategy- deeper penetration into the domestic market





Sutlej has displayed endurance and constancy in the prevailing macro-economic scenario and responded proactively to the situation by focusing on domestic markets. This stable strategy enabled the organisation to survive the macro-economic challenges.

At Sutlej, we have sharpened our focus on the domestic markets to leverage upon the prevailing growth opportunities. These include:

- ✦ Increasing consumption owing to rise in population especially the middle class segment
- ✦ Change in India's demographic mix with higher concentration of population skewed towards working class segment (20-45+ years age group)
- ✦ Subsequent increase in income profile triggering a shift in the consumer spending from necessity to aspiration products like apparel
- ✦ Eventual movement of customer from traditional unorganised trade channel to organised retail



27%
Contribution of clothing to organised retail

18%
Expected CAGR of middle-class spending by 2025

(Source: MGI, Espirito Santo Investment Bank Research)

39%
Expected population in the age group of 20-45 by 2025

(Source: US Census data)

Technological excellence and capacity expansions





We are investing in technological excellence and capacity expansions to manufacture diversified and value-added products. Presence across the value-chain combined with functional flexibility helps overcome the cyclical nature of the textile industry.

At Sutej, we have constantly focussed on modernisation and capacity building. Some of the major initiatives include:

- ✦ Addition of advanced shuttleless looms for fabric weaving
- ✦ Introduction of new spindles for economies of scale
- ✦ Investments in R&D laboratories and superior equipment for technical innovation and better quality

During the year, we further upgraded technologies at our Bhawanimandi, Kathua and Bhilad units and installed the following:

Bhawanimandi unit

- ✦ One Blow Room line chute feed system
- ✦ Four LC-300 AV- model cards with fine feed
- ✦ One D-22 twin delivery Draw Frame
- ✦ Four high speed LF 4200 speed Frames
- ✦ Two Savio Polar Autoconers with Quantum-3 Clearer
- ✦ Four Joint air Splicer-4941 for Cheese Winding machines
- ✦ One Water softener plant for Dye house

Kathua unit

- ✦ Two Polar Savio Autoconers
- ✦ Replaced four Peyer 551 gauges with USTER Quantum Clearer in Autoconers
- ✦ One RSB-851 Draw frame & One LD-2 Draw frame
- ✦ Five LC-300A V3 Cards
- ✦ Two Zinser 68i Simplex Frames
- ✦ Two Flexi cleans
- ✦ Computer Colour matching system & Spectra light booth

Bhilad unit

- ✦ Replaced Dornier Looms by Picanol Looms
- ✦ Two water level controller in Jet Dyeing Machine

Rs. 53 crore

Capex during the year ending 31st March, 2012

Rs. 37 crore

Investment in technology during the year ending 31st March, 2012

Strengthening the value-added quotient





At Sutlej, our presence in the value-added segment has cushioned us against the over whelming pressure of commodity-based yarns. We have successfully emerged as one of India's largest manufacturers of value-added dyed yarns.

Our captive research teams facilitate the development of value-added products that give us flexibility in changing our product mix as per the prevailing market conditions and customers' preference.

Sutlej is winning the race in today's dynamic economic climate. Today, we are among the largest Indian licensed producers of value-added yarn varieties through the consumption of Modal, a special fibre from Lenzing, Austria. We have carved a niche by leading the manufacturing of cotton and cotton-blended dyed yarns and other specialty products like modal, lycra, tencel, coolmax and other value-added yarns. We have successfully developed the capability to manufacture any shade of yarn without compromising on comfort, quality and economy.



Sutlej is winning the race in today's dynamic economic climate. Today, we are among the largest Indian licensed producers of value-added yarn varieties through the consumption of Modal, a special fibre from Lenzing, Austria.

Directors' Report



Dear Shareholders,

1. Your Directors are pleased to present their Seventh Annual Report on the business and operations of your Company for the year ended 31st March, 2012.

Financial Results

Particulars	(Rs. in lakhs)	
	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue from Operations (Gross)	154170.79	158546.19
Gross Profit	10860.78	21560.71
Less: Depreciation	6900.36	6786.20
Taxation:		
- Current	890.00	2945.00
- MAT Credit (entitlement)/reversal	161.00	(2625.64)
- Earlier years (net)	10.98	(2.17)
- Deferred (net)	(274.93)	3023.11
Net Profit	3173.37	11434.21
Add: Balance brought forward from the previous year	13703.63	4421.45
Profit available for appropriation	16877.00	15855.66
Appropriations:		
Proposed dividend	546.10	819.14
Corporate dividend tax	88.59	132.89
Transfer to general reserve	400.00	1200.00
Balance in profit and loss statement	15842.31	13703.63
TOTAL	16877.00	15855.66

The Company invested Rs. 53 crore during the year for capital projects and intends to further invest Rs. 71 crore in 2012-13 for modernisation, upgradation and balancing capital equipments.



Dividend

2. Your Directors are pleased to recommend dividend of Rs. 5/- per share for the year ended 31st March, 2012, subject to shareholders' approval at the forthcoming Annual General Meeting. The total amount of dividend to be paid to the shareholders will be Rs. 634.69 lakhs (inclusive of dividend tax).

Capital Projects

3. The Company invested Rs. 53 crore during the year for capital projects and intends to further invest Rs. 71 crore in 2012-13 for modernisation, upgradation and balancing capital equipments.

The capital purchases are being financed by internal accruals and loans from Banks under Technology Upgradation Fund Scheme of the Government of India.

Fixed Deposits

4. At the end of the financial year under review, fixed deposits from the public, shareholders and employees amounted to Rs. 1791.10 lakhs; deposits amounting to Rs. 0.43 lakh remained unclaimed as on 31st March, 2012.

Particulars of Employees

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

Energy, Technology and Foreign Exchange

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

Management Discussion and Analysis Report

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

Corporate Governance

8. We adhere to the principles of Corporate Governance mandated by the requirements set out by the Securities And Exchange Board of India's Practices and the Listing Agreement with the Stock Exchanges and have implemented all the prescribed stipulations. As required by Clause 49(VI) of the Listing Agreement a detailed report on Corporate Governance forms a part of this Report as Annexure-IV. Certificate from the Statutory Auditors of the Company, M/s Singhi & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report.

Your Company is committed to maintain the highest standards of ethics and governance, resulting in enhanced transparency for the benefit of all stakeholders and recognises the importance of continuous assessment of governance practices to create long term value for all the stakeholders.

9. General Shareholder Information annexed with Annexure IV, forms a part of this Report.

Compliance of Accounting Standards

10. As per requirement of the Listing Agreement with Stock Exchanges and Accounting Standards of the Institute of Chartered Accountants of India, your Company has made disclosure in respect of Related Party Transactions and Deferred Taxation. The Company has duly adopted the applicable Accounting Standards in pursuance to the provision of Section 211 (3A) of the Companies Act, 1956.

Directors' Responsibility Statement

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

- (i) That in the preparation of the annual accounts, the applicable accounting standards relating to material departures, if any, were followed along with proper explanations and the Notes in the Auditors' Report in this regard are self-explanatory;
- (ii) That such accounting policies were selected and applied consistently and judgements and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for the year ended 31st March, 2012
- (iii) That proper and sufficient care were taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- (iv) That the annual accounts were prepared on a going concern basis.

Directors

12. Mr. J.S.Varshneya who was a Director of the Company since 1st June, 2006 and a Member of the some of the Board Committees of the Company, expired suddenly after a brief illness. The Board of Directors lost a valuable member who had made substantial contributions over the years and have conveyed their condolences and deep appreciation to late Mr. Varshneya's family.

13. Mr. S.M.Agarwal a Director of the Company since 2005, retires by rotation at the ensuing Annual General Meeting, and has conveyed his decision not to offer himself for re-appointment due to advanced age. Mr. Agarwal who was a Member of the Finance and Corporate Affairs Committee and is currently a member of the Audit and Remuneration Committees, has contributed significantly to the deliberations of the Board/Committee meetings. The Directors place on record their appreciation of the contributions made by Mr. Agarwal during his tenure on the Board.

14. Mr. U.K.Khaitan and Mr. Amit Dalal, Directors of the Company,

retire at the Seventh Annual General Meeting pursuant to section 256 of the Companies Act, 1956, read with Article 139 of the Articles of Association of the Company; and being eligible, offer themselves for reappointment.

15. Dr. Mahmoodur H. Rahman, who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956, holds office upto the ensuing Annual General Meeting, and being eligible offers himself for appointment as a Director.

Auditors' Report

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

Auditors

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

Cost Auditors

18. In accordance with the directives of the Central Government and pursuant to Section 233B of the Companies Act, 1956, M/s. K. G. Goyal & Associates, Jaipur, Cost Accountant, have been appointed as Cost Auditors to audit the cost accounting records relating to Company's units Rajasthan Textile Mills, Chenab Textiles Mills, Damanganga Fabrics, Damanganga Garments and Damanganga Home Textiles for the Financial year 2012-13. The appointment is subject to the approval of the Central Government.

19. Cost Audit Reports for all the applicable products for the year ended 31.03.2011 were filed on 24.09.2011 with the Cost Audit Cell of the Ministry of Corporate Affairs, within due dates viz.27.09.2011.

Acknowledgements

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

For and on behalf of the Board

Place: New Delhi
Dated: May 16, 2012

C.S. Nopany
Chairman

Annexure- I To The Directors' Report

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

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

Name & Designation of the Employee	Remuneration received (Rs.)	Qualifications & Experience	Nature of Employment	Nature of duties	Date of commencement of employment	Age (Yrs.)	Last Employment held before joining the company
Mr. S.K. Khandelia President	1,86,64,830	B.Com., FCA, 36 years.	Regular	Overall Management	July 01, 2005	61	Sutlej Industries Ltd.

(2) Employed for part of the year and were in receipt of remuneration aggregating not less than Rs. 500000/- per month: Nil

Notes:

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

Annexure – II to the Directors' Report

Annexure – II A

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

A) Conservation of Energy

(1) Energy conservation Measures taken:

Conservation of energy is an essential step towards overcoming energy crisis, environmental degradation & global competitiveness. The company has always been conscious of the need for conservation of energy and is making continuous efforts to conserve energy by effecting process & machinery modifications, implementation of technological advancements, development of newer methods, energy audit, maintenance, waste heat recovery, etc. These measures lead to savings in terms of energy, money and time.

Besides continuing the measures taken in earlier years, following steps were taken during the year 2011-12, with a view to reduce the cost of energy and consequently the cost of production.

(i) Bhawanimandi Unit

- a) Installation of 30 kw Inverters (4 Nos.) at dyeing machine, resulted in annual saving of 116160 Kwh p.a., equivalent to approx. Rs. 4.88 lakhs.
- b) Modification in PHE at Dye House, resulted in annual saving of 308550 kwh p.a., equivalent to approx. Rs. 12.99 lakhs.
- c) Reduction in heaters for heating furnace oil at fuel lines & tanks for Wartsila DG sets, resulted in annual saving of Rs. 13.75 lakhs.
- d) Replacing old pumps with energy efficient pumps of about 80-86% rating in Humidification Plants, resulted in annual saving of 87120 kwh p.a., equivalent to approx. Rs. 3.67 lakhs.
- e) Replacing 29 old motors by energy efficient motors on machines in various departments, resulted in annual saving of 112530 kwh p.a., equivalent to approx. Rs. 4.74 lakhs.

(ii) Kathua Unit

- a) Replacing 35 Supply Air Fans & 24 Return Air Fans by Energy efficient FRP Fans and installing 43 Nos. pumps with RH Controller in existing Humidity plants, resulted in saving of 4,21,875 kwh p.a., equivalent to approx. Rs. 12.23 lakhs.

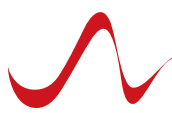
- b) Installation of 8 Nos. Inverters on Dyeing Machines, resulted in annual saving of 121,960 kwh p.a., equivalent to approx. Rs. 3.54 lakhs.
- c) Installation of 13 Nos. Inverters with electrical break on Hydro extractors, resulted in saving of 125,600 kwh p.a., equivalent to approx. Rs. 3.64 lakhs.
- d) Installation of Inverters of 43 Nos. L.R Ring Frame pneumafil resulted in saving of 219,600 kwh p.a., equivalent to approx. Rs. 6.37 lakhs.
- e) Saving in steam through high temperature drain on installation of Heat Recovery system in Dye House No.1, 4 & 4A, resulted in saving of about Rs. 25 lakhs p.a.

(III) Bhilad Units

- a) Installation of 12 Nos. Bay Lights in Process House to improve lighting and reduce energy consumption by 8000 kwh p.a., equivalent to approx. Rs. 0.52 lakh.
- b) Partition provided in Damanganga Home Textile to reduce load on Air conditioning resulted in energy saving of 32,400 kwh p.a., equivalent to approx. Rs. 2.11 lakhs.
- c) Replacement of Dornier looms by latest Picanol Optimax resulted in energy saving of 106,704 kwh p.a., equivalent to approx. Rs. 6.94 lakhs.
- d) Auto water level controller installed in two Jets, resulted in better quality of product and reduced water consumption of process by 36,000 KL p.a. an annual saving of Rs. 5.08 lakhs.
- e) Traps working maintained on quarterly basis resulted in elevated boiler feed Water temperature, leading to fuel saving of 180 tons p.a.
- f) Provision & use of hot water in Jet dyeing resulted in energy saving of 46,800 kwh p.a., equivalent to approx. Rs. 3.04 lakhs.

FORM-A

		2011-2012	2010-2011
A) Power and Fuel Consumption:			
1. Electricity:			
(a) Purchased:			
Units	lakhs	2719.50	2592.56
Total Cost	Rs. in lakhs	8818.41	7779.81
Rate / Unit	Rs./unit	3.24	3.00
(b) Own Generation:			
(i) Through Diesel Generators			
Units	lakhs	15.16	18.06
Units per litre of Diesel Oil	KWH/ltr	3.52	3.61
Cost/Unit	Rs.	10.47	10.00
(ii) Through Furnace Oil Generators			
Units	lakhs	22.33	13.17
Units per litre of Furnace Oil		3.92	3.80
Cost/Unit	Rs.	8.65	6.27
(iii) Through Thermal Power Plant			
Units	lakhs	128.57	249.15
Units per MT of Coal		864.69	970.68
Cost/Unit	Rs.	4.44	4.16
2. Coal			
Quantity	Tons	16559.69	16687.00
Total Cost	Rs. in lakhs	877.78	814.96
Average Rate	Rs./ton	5300.73	4883.71
3. Furnace Oil			
Quantity	Kilo litres	569.21	346.72
Total Cost	Rs. in lakhs	193.22	82.65
Average Rate	Rs./kilo litre	33945.29	23837.68
4. Others:			
Rice Husk	Tons	16307.81	15092.75
Total Cost	Rs.in lakhs	624.69	556.95
Average Rate	Rs./ton	3830.62	3690.18
(B) Consumption per unit of production:			
Production :			
Electricity Per Ton of yarn Production	Units	4219	4106
Coal per Ton of yarn Production	Tons	0.131	0.127
Rice husk per ton of production	Tons	0.364	0.323
Electricity per thousand metres of Grey fabrics	Units	734	700
Electricity per thousand metres of Processed fabrics	Units	215	228
Electricity per thousand metres of Home Furnishings	Units	969	980
Electricity per thousand pcs. of Trousers	Units	3005	2428
Coal per thousand metres of processed fabrics	Tons	0.440	0.450



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

Company has following proposals to save energy during the year 2012-13:

(i) Bhawanimandi Unit

- a) To install 26 Nos. inverters at a capital cost of Rs. 17.90 lakhs, which is expected to result in annual saving of Rs. 29.10 lakhs.
- b) To replace 70 Nos. old motors with energy efficient motors at a capital cost of Rs. 17.50 lakhs, which is expected to result in annual saving of Rs. 14.65 lakhs .
- c) To replace Pneumatic Accessories for stopping air leakage to save energy at a capital cost of Rs. 10 lakhs, which is expected to result in annual saving of Rs. 38.77 lakhs.
- d) To increase plates in Heat Exchanger (PHE) at a capital cost of Rs. 1.50 lakhs, which is expected to result in saving of Rs. 1.94 lakhs.
- e) To replace 35 Nos. old pumps with energy efficient pumps at a capital cost of Rs. 8.75 lakhs, which is expected to result in annual saving of Rs. 24.42 lakhs.

(ii) Kathua Unit

- a) To replace 2 Nos. old, small capacity and low efficiency Air Compressor of 155 to 310 cfm with 810 cfm high efficiency Air Compressor, which will save about 47000 kwh p.a. i.e. Rs. 14 lakhs p.a.
- b) To replace 52 nos. old Supply Air Fan and Return Air Fan by Energy efficient FRP Fans in existing Humidity plants, which is expected to result in saving of 293000 kwh p.a. i.e. Rs. 9 lakhs p.a.
- c) Energy saving by modification in 23 Nos. pumps in Humidification plants in unit nos. 7a, 8a & TFO which will save about 184000 kwh p.a. i.e. Rs. 5.70 lakhs p.a.

- d) Installation of Heat Recovery System for Dye House No. 5, 6 & 8, which will save in steam generation resulting in saving of about Rs. 43 lakhs p.a.

(iii) Bhilad Units

- a) Installation of six Nos. VFD on jet dyeing to reduce energy consumption by 60000 kwh p.a.
- b) Installation of Water level controllers on 4 Jet dyeing to reduce water consumption by 10000 KL p.a. and energy consumption by 13333 kwh p.a.
- c) Installation of Steam Generator with Thermo pack, eliminating requirement of second boiler operation in parallel, to achieve saving of Coal by 700 MT p.a. and Electricity by 72000 kwh p.a.
- d) Installation of Roberts Roll on Stenter machine to improve productivity and reduce energy consumption by 70000 kwh p.a.
- e) Installation of Symphony air coolers with latest technology, to provide better working atmosphere in summer and safeguard temperature-related issues; with less energy consumption by 40% and water consumption by 25% compared to other equivalent systems.
- f) Automation of supply water pumps to achieve reduction in energy consumption by 21600 kwh p.a.
- g) Installation of close loop control system on compressors for efficient working to achieve energy saving by 136000 kwh p.a.

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

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

FORM-B

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

B) Technology Absorption

1) Research & development

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

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

Company has separate mélange development centre having machines from blow room to finishing with 768 spindles and knitting machines for quick preparation of samples in knitted form. During the year the Company set up a PV development centre with 384 spindles and other machines for development of Synthetic Blended yarn.

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

Wider product mix having value added products at less cost with better quality helped us in improving our volumes and per unit realisation.

c) Future Plan of Action

1. The Company plans to add two Nos. Evenness Tester UT-5 of Uster with Hairiness Sensor of latest version and technology, one each at its Kathua & Bhawanimandi Units at a total cost of Rs. 120 lakhs.
2. It is proposed to install Dye House Laboratory Equipments for testing and shade matching at a Capital Cost of Rs. 47 lakhs.

d) Expenditure incurred on Research and Development

	(Rs. in lakhs)
i) Capital	54.63
ii) Recurring	188.81
iii) Total	243.44
iv) Total R&D Expenditure as a Percentage of total turnover	0.16 %

2) Technology Absorption, Adaptation and Innovation

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

All units of the Company have most modern and state of the art plant and machinery. Almost all machines and equipments are not more than 10 years old. Company has been continuously resorting to Technology Absorption, Adaptation and Innovation.

Following state of the art machines and equipments were installed and modifications/additions were made in existing machines during the year. Company also took various measures for Technology Absorption, Adaptation and Innovation.

Bhawanimandi Unit

1. Installed 1 No. Blow Room line chute feed system for improving productivity and quality of product.
2. Installed 4 Nos. "LC-300 AV- model cards" with fine feed for improving productivity and quality of product.
3. Installed 1 No. "D-22 Draw Frame" twin delivery for improving productivity and quality of product.
4. Installed 4 Nos. "LF 4200 speed Frame" high speed for improving production and quality of product.
5. Installed 2 Nos. "Autoconers of Savio Polar with Quantum-3 Clearer for better quality.

6. Installed 4 Nos. "Joint air Splicer-4941 A Units for Cheese Winding machines" for improving quality product.
7. Installed 1 No. "Water softener plant" 30 KL/hr Capacity in Dye house for improving quality of product.

Kathua Unit

1. Installed 2 Nos. Polar Savio Autoconers.
2. Replaced Peyer 551 gauges with USTER Quantum Clearer in 4 Nos. Autoconers.
3. Installed 1 No. RSB-851 Draw frame & 1No.LD-2 Draw frame.
4. Installed 5 Nos. LC-300A V3 Card.
5. Installed 2 Nos. Zinser 68i Simplex Frame.
6. Installed 2 Nos. Flexi clean.
7. Installed Computer Colour matching system & Spectra light booth etc.

Bhilad Units

1. Replaced Dornier Looms by Picanol Looms with latest technology to achieve better productivity and quality.
2. Installed 2 Nos. water level controller in 2 Nos. Jet Dyeing Machine.

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

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

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

The company has not imported any technology.

C) Foreign Exchange Earnings and Outgo

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

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

(b) Total Foreign Exchange earned and used	(Rs. in lakhs)
i) Total foreign exchange earned	37253.53
ii) Total Foreign Exchange used	4903.91

Annexure – II B

Corporate Social Responsibility

Your company is conscious about its social responsibilities and has always remained in forefront to discharge the same.

Education

- ☞ Your company constructed the Building for the Government Birla College, Bhawanimandi (Rajasthan), which was under Company's management, until upgradation to a Government College. The Company has been regularly giving donations to various colleges and schools for construction of class rooms, laboratory blocks etc., apart from extending financial help to brilliant students, from time to time.

Health & Social Welfare

- ☞ The Company organises free medical camps every year for the benefit of residents living around its Unit area. Your Company has also been extending financial help to voluntary organisations for organising Free Medical Camps, Eye Camps etc.

In view of the paucity of drinking water, Company has set up facilities for cold drinking water outside its premises at Kathua & Bhawanimandi to benefit the general public.

Sports

- ☞ To encourage sporting talent at the local level, the Company regularly extends financial assistance through the local administration and the local communities, for organising sports events. Company also contributes for promotion of sports and has sponsored State level sports events.

Social and Religious Events

- ☞ Your Company has constructed temples at all its Units, where members of the staff as well as general public are welcome for worship. Religious functions are held throughout the year, especially during festivals. Your Company also provides financial assistance to communities in the vicinity of its Plants for organising various religious activities.

Environment

- ☞ All plants of the Company conform to environment friendly technologies. All units of the Company have beautiful and green campuses. To preserve the environment and make it clean and healthy, the Company has planted trees in large numbers in and around the premises of all its Units and thereby helped maintain the green cover.

General

- ☞ Your Company has been instrumental in setting up and running of the Jhalawar Nagrik Sahkari Bank Ltd., at Bhawanimandi which has extended financial assistance to residents in Bhawanimandi and nearby areas, as an instrument for promoting inclusive growth and development of the local area.

Whenever natural calamities struck the common people, your Company is always in the forefront to provide relief and has been donating to the Prime Minister's/Chief Minister's Relief Funds, from time to time.

Annexure-III to Directors' Report

Management Discussion and Analysis



Global economic scenario

Countries across the globe witnessed economic turmoil through most part of 2011. USA had issues of debt and growing unemployment. Euro zone crisis was spreading like a cancerous disease with its ill-effects harming the world, at large. The Arab World faced political turmoil hampering the global crude oil supply. Asia too had its own challenges. But, China and India emerged as the hope for rest of the world. However, towards the fag end of 2011, the global economy witnessed some encouraging signs of moderate growth as the threats from the above mentioned factors were milder than expected. According to the World Economic Outlook, the global economy grew by 2.8% in 2011.

Country	2010	2011	2012(E)
USA	3.0	1.7	2.1
UK	2.1	0.7	0.8
China	10.4	9.2	8.2
Japan	4.4	-0.7	2.0
European Union	2.0	1.6	0.0
World	4.2	2.8	2.7

(Source: World Economic Outlook, April 2012)

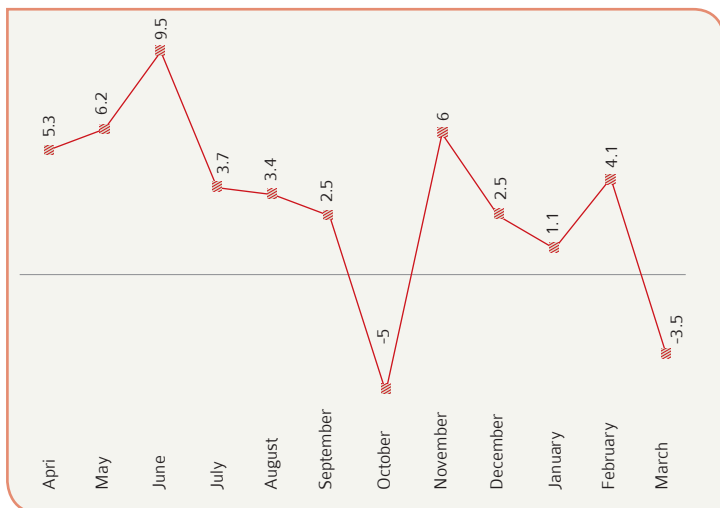
Indian economic scenario

India's economy witnessed a slowdown in 2011-12, largely owing to global factors combined with domestic challenges like tightening of the monetary policy, high inflation, weakening industrial growth and investments. India's industrial production witnessed a 2.8% growth during the year. Exports continued to be robust, registering a growth rate of 23.5 %, while imports witnessed 29.4% growth. The trade deficit ballooned to USD 185.8 billion during the year 2011-12 owing to an increase in international prices of imported commodities - oil and gold and silver, exerting pressure on exchange rate and Indian rupee. This led to widening of current account deficit and lowering net accretion to reserves.

The global per capita fibre consumption is expected to grow steadily to 11-12 kg per capita by 2025, which means additional fibre consumption of about 20 million tonnes would be required.



India's Industrial Growth in 2011-12 (%)



(Source: The Hindu, May 11, 2012)

According to a UN report, the Indian economy is expected to gain back its momentum and is projected to see a faster growth of 7.5% in the coming years on the back of higher saving and investment rates, even as most of the Aisa-Pacific economies are likely to expand at a slow pace.

Global textile and apparel industry review

Post 2009 recession, the developed nations witnessed marginal revival of demands as a result of stimulus measures being implemented by governments of these nations. The industry has witnessed a shift of manufacturing activities from developed to developing nations, especially China and India, to meet their demands for apparel and textiles. During 2010, the industry was valued around USD 612 billion.

The global per capita fibre consumption is expected to grow steadily to 11-12 kg per capita by 2025, which means additional fibre consumption of about 20 million tonnes would be required. It is expected that the global textiles and apparels trade would grow at a CAGR of 6.3% over the next decade to reach USD 1 trillion by 2020 (Source: Technopak Research).

Outlook

Dynamic consumer preferences and demographic structure of US and EU is impacting the global textiles and apparels industry. A number of avenues have opened up in China and India. As a result, China is expected to become the second largest apparel market after the US.

China and India, combined, are expected to stabilise their textile and apparel trade in the next 6-8 years. The total global textiles and apparels trade is expected to reach USD 1 trillion by 2020. Among other emerging nations, Bangladesh, Vietnam and Cambodia are expected to play a major role in world trade. South Asia and ASEAN countries are expected to increase their export shares.

The global textiles fibre and spun yarn market is expected to reach 93 million tonnes and 47.3 million tonnes respectively by 2015 on account of

- ▄ Increasing global textile trade following the expiry of restrictive agreements
- ▄ Continuing shift in production to low cost countries
- ▄ Restoration of consumer confidence
- ▄ Recovery in demand for textiles, and
- ▄ Rising market potential in developing regions

(Source: Global Industry Analyst).

USD 1 trillion
Estimated value of global textile and apparel trade by 2020

Indian textile and apparel industry review

Overview

The Indian textile sector contributes 4% to the country's gross domestic product (GDP), accounts for 14% of industrial production and 10% to country's export. The industry provides direct employment to about 35 million people and is the second largest provider of employment after the agricultural sector. The Indian textile industry is estimated to be of the size of USD 75 billion in 2011-12.

India's textile export performance has continued to lag its global competitors in last few years. It has a meager 4.3 % share of the world market compared to China's 20.3% and has witnessed a growth of 11% between 2007-12.

During 2011-12, the industry witnessed a challenging environment owing to unprecedented volatility in raw material prices and exchange rate fluctuations, European debt crisis, high inflation and interest rates. Finished goods exports are estimated to be USD 34 billion in 2011-12 as against USD 26.8 billion in 2010-11. India is looking to set textile export target at USD 38 billion in 2012-13. While economic uncertainties in the US and Europe are expected to persist in the medium term, growing demand in new markets like Latin America and Africa will help India's textile exports.

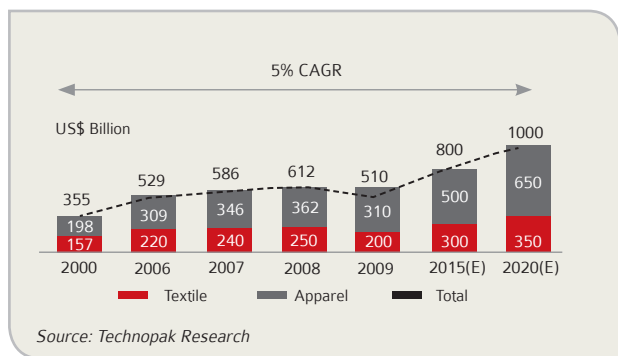
10%
Contribution to India's total exports earnings

(Source: CCI Report on Indian Textile Industry and IBEF)

USD 35 billion
Investments by the industry over the last four years

(Source: IBEF)

Global Textile and Apparel Trade



The textile industry value-chain



India's positioning in textile manufacturing capacity

Installed capacity	World	India	%of world	India's rank
Spinning (in millions)				
1. Spindles (cotton system)	205	46.00	21	2nd
2. Spindles (wool)	15	1.00	7	3rd
3. Rotors	9	0.80	8	4th
Weaving (in millions)				
1. Shuttle looms	4.50	2.20	49	1st
2. Shuttle less looms	1.60	0.10	8	4th
3. Handlooms	3.60	2.40	67	1st
Total looms	9.70	4.70	48	1st

(Source: ITMF reports and Government of India publications)

Production projections

Production	Units	2011	2015	2020
Yarn production	Billion Kg	4.70	6.50	9.00
Fabric production	Billion sq. mtrs	62.00	80.00	100.00
Garment production	Billion pieces	10.00	14.00	20.00

(Source: DGCI&S)

The Cotton chronicle

India has 30% area under cotton cultivation. It is the largest area under cotton globally, followed by China (20%) and the US (9%). Over the last two decades, India has witnessed an increase of around 68% in the cotton acreage along with enhanced yields and production primarily due to widespread introduction of genetically modified cotton seed, i.e. BT cotton. As a result of high production and non-equilibrium of demand-supply situation, combined with uncertainties on cotton exports resulted in extremely volatile cotton prices. Many farmers held back their stocks expecting a rise in price. Considering the adverse situation of the farmers, The Directorate-General of Foreign Trade (DGFT) lifted the ban on cotton exports permitting export of quantities that were registered but not shipped.

Growth drivers of the Indian Textiles and Apparels Industry

Rising income levels

India's per capita income during 2011-12 is estimated to have risen by 14.3% and stands at Rs. 60972 as compared to Rs. 53331, during 2010-11 (Source: CSO). The increasing private consumption levels signals higher expenditures on clothes, entertainment and luxury.

Organised retail

Organised retail in India is expected to grow from around 5% of India's GDP in 2010-11 to 24% of the GDP by 2020. About 83% of the Indian readymade garments and apparel market is unorganised and 17% is organised, which is forecasted to increase in the coming years.

Rapid urbanisation, modernisation, existence of foreign brands, rapid emergence of malls in metro cities, tier I, and tier II cities, need for better retail experience, increasing incomes, changing lifestyle patterns and rising brand and image consciousness has infused growth in the organised retail.

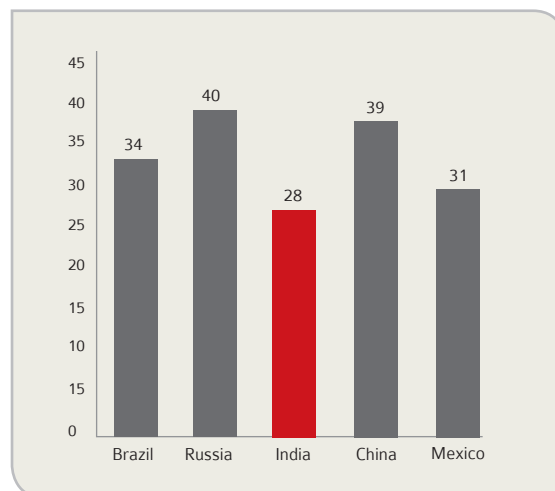
Corporate workforce

In 2010 more than 700 million people or 64% of the total population represented the working population. A growing corporate workforce, with an increasing number of women workers, and increasing compliance amongst corporate houses, has catalysed spending on apparels and formal wear.

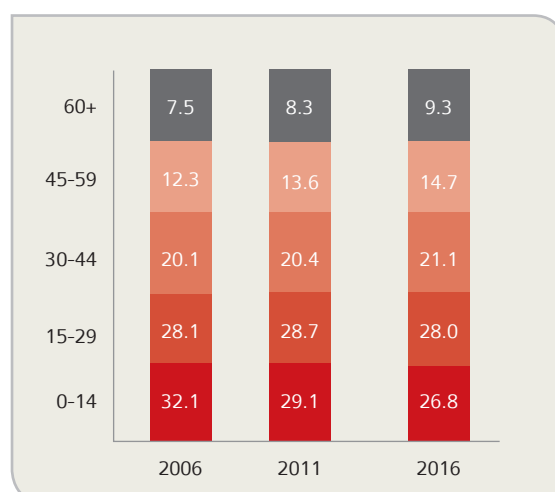
Age profile

The median age of India's population is 28 years, signifying that majority of the population comprises young people. The majority of demand for garments comes from young people. Going ahead, around 76% of the population is projected to be below 45 years by 2016 and 65% of them will be in the age bracket of 15-45 years.

Median age



Expected age profile



91 million

Middle-class household by 2030

590 million

People are expected to live in urban India by 2030, almost double of USA's population

(Source: World Population Prospects, UN; McKinsey Global Institute Analysis; McKinsey Global Institute, India's urban awakening: Building inclusive cities, sustaining economic growth; The Economic Times; and National Council for Applied Economic Research (NCAER))

SCOT Analysis of the Indian Textiles and Apparels Industry

Strengths

- ✦ Among the largest producers of natural and man-made fibres globally
- ✦ Strong and diverse raw material base
- ✦ Unique blend of tradition and technology
- ✦ Globally competitive spinning industry
- ✦ Flexible production systems and entrepreneurial skills
- ✦ Diverse design base

Challenges

- ✦ Continuously changing fashion trends
- ✦ High indirect taxes, power costs and interest rates
- ✦ Inflexible labour laws

Opportunities

- ✦ Increased organised retail and presence of brands
- ✦ Huge investments from the Government and the private sector
- ✦ Increasing collaborations between national and international players

Threats

- ✦ Largely competitive market
- ✦ A relatively large chunk of the market is unorganised
- ✦ Volatile raw material costs and increasing fuel costs
- ✦ Export business may be affected by exchange rate fluctuations

Investments

An additional investment of USD 62 billion is required across the value chain by 2020 in order to meet the expected growth in the textiles and apparels industry.

Segment	Additional production required	Investment required (in USD billion)
Spun yarn	3.9 billion kg	9
Filament Yarn	5.8 billion kg	7
Weaving	50 billion sq. mtr.	8
Knitting	76 billion sq. mtr.	5
Processing	95 billion sq. mtr.	19
Ready-made Garments	38 billion pieces	14

(Source: Technopak Analysis)

Increased investments in the Indian textiles and apparels sector will lead to capacity expansions and increase in industrial production. Modernising the sector with the latest technologies will help the sector grow significantly.

Outlook

The long term prospects of the industry seem optimistic due to increasing manufacturing preference in developing nations. Apart from this, factors like strong domestic demand, rising population, increasing income levels, rapid urbanisation, better demographics, augmented organised players and penetration of retailers into untapped cities will aid to the growth of the industry. As a result, the industry is expected to reach USD 134 billion in 2015 and USD 220 billion by 2020. On the export front, demand is expected to be fairly robust in long term. With new economies and markets - China, India, Russia, UAE, South Africa etc. - emerging as hubs of consumption, the Indian textiles and clothing exports has the potential to reach USD 45 billion by 2015 and USD 80 billion by 2020.

8%

India's expected share in the world trade in textiles and apparels by 2020

(Source: Ministry of Textiles).

USD 100 billion

Expected growth in apparel market by 2020 as a result of the entry of foreign brands and improving demographics

(Source: Technopak Analysis)

USD 9 billion

Expected growth in home textiles market by 2020

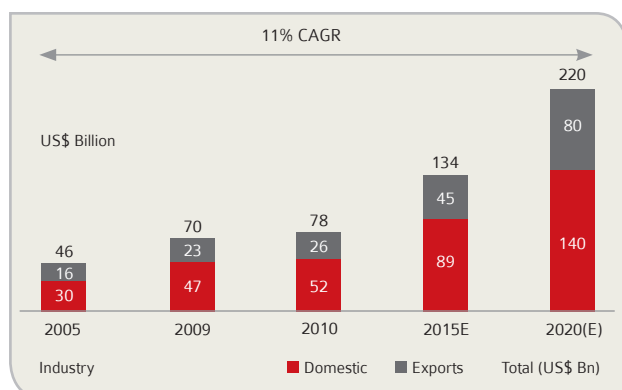
(Source: Technopak Analysis)

USD 220 billion

Estimated value of Indian textile and apparel trade by 2020

(Source: Ministry of Textiles)

India's Textile and Apparel Industry Growth



(Source: Technopak Analysis)

Operational Review

Segmental analysis

Yarns

93.41%	Contribution to total revenues in 2011-12	
90.17%	Contribution to total exports in 2011-12	
99.19%	Contribution to total EBITDA in 2011-12	
93.86 %	Average capacity utilisation in 2011-12	
Production (tonnes)		
Product	2011-12	2010-11
Cotton yarn	13757	15191
Man-made fibre yarns	52897	53238

Fabrics

4.14%	Contribution to total revenues in 2011-12	
7.34%	Contribution to total exports in 2011-12	
(-)0.59%	Contribution to total EBITDA in 2011-12	
76.85%	Average capacity utilisation in 2011-12	
Production (thousand meters)		
Product	2011-12	2010-11
Fabrics	5370	5661

Home textiles

1.73%	Contribution to total revenues in 2011-12	
2.40%	Contribution to total exports in 2011-12	
1.81%	Contribution to total EBITDA in 2011-12	
84.54%	Average capacity utilisation in 2011-12	
Production (thousand meters)		
Product	2011-12	2010-11
Home furnishing fabrics	2119	1926

Garments

0.72%	Contribution to total revenues in 2011-12	
0.09%	Contribution to total exports in 2011-12	
(-) 0.41%	Contribution to total EBITDA in 2011-12	
88.41%	Average capacity utilisation in 2011-12	
Production (pieces)		
Product	2011-12	2010-11
Trousers	186879	277798

Financial review

Owing to challenging external scenario, the Company could not maintain the growth levels reported in the previous year. But, the Company is quite optimistic about its future performance owing to its strong fundamentals and strategies adopted. Following is the brief summary of the financial performance:

Particulars	(Rs. in crore)	
	2011-12	2010-11
Revenue from operations	1541.71	1585.46
Gross Profit	108.61	215.61
Depreciation	69.00	67.86
Profit before tax	39.61	147.75
Profit after tax	31.73	114.34

Awards and recognition

During the year 2011-2012, the Company has received the following awards from The Synthetic and Rayon Textiles Export Promotion Council (SRTEPC):-

1. **Silver Trophy** – Second Best Export performance in the category of Spun Yarn (2010-11)
2. **Gold Trophy** – Best Export performance in the category of Viscose Spun Yarn (2008-2009)
3. **Gold Trophy** – Best Export performance in the category of Acrylic Yarn (2009-2010)
4. **Gold Trophy** – Best Export Performance in the category of Exports of Fabrics to “Focus LAC Countries” (2010-2011)

Human resources

The Company acknowledges the valuable contribution of its employees towards success of the organisation and actively encourages quest for higher performance. It maintains healthy relations with its employees and regularly undertakes training and skill development initiatives to motivate and guide them towards achieving the Company's goals and objectives. It had 11198 employees on its payroll as on 31st March, 2012.

Ecological social concern

Company has been regularly undertaking numerous initiatives in education, healthcare, women and child development and environment.

Internal control system

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

Cautionary statement

The statements in this Management Discussion and Analysis Report describing the company's objectives, projections, estimates and expectations may be 'Forward Looking Statements' within the meaning of applicable law and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts business and other incidental factors.

Annexure-IV to Directors' Report

Report on Corporate Governance



A. Corporate Governance Philosophy

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

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

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

- ❖ Strategic supervision by the Board of Directors which is made up of appropriate size, bouquets of experience, and commitment to discharge their responsibilities;
- ❖ Timely and adequate flow of information to the Board and its Committees for meaningful and focused discussion at the meetings;
- ❖ Independent verification of company's financial reporting from time to time and on quarterly basis;
- ❖ A sound system of internal controls within the Risk Management framework to mitigate perceived risk factors;

The Company believes that a sound governance discipline also enables the Board to direct and control the affairs of the Company in an effective manner and maximise stakeholder value, including the society at large.



- ⌘ Timely and balanced disclosure of all material information; and disclosure of all deviations, if any, to all stakeholders;
- ⌘ Compliance with applicable laws, rules, regulations and guidelines;
- ⌘ Transparency and defined accountability;
- ⌘ Equitable and fair treatment to all the stakeholders including employees, customers, vendors, shareholders and investors.

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

B. Board of Directors

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

(a) Constitution

The Company's Board of Directors presently comprises of nine members, eight of whom are Non-executive Directors and one Wholetime Director. Cumulatively, they account for more than 85 per cent of the Board's strength as against the minimum requirement of 50 per cent as per the Listing Agreement. The Non-executive Directors are eminent professionals with a vast experience of industry, finance and law. The Board is headed by Non-executive Chairman and it has more than the required number of Independent Directors. All the Directors possess the requisite qualifications and experience in general corporate management, finance, banking and other allied fields enabling them to contribute effectively in their capacity as Directors of the Company. None of the Directors are inter se related to each other. Except the Wholetime Director, all Directors are liable to retire by rotation.

(b) Number of Board Meetings

During the year under review, four Board meetings were held on May 13, 2011; July 27, 2011; October 18, 2011 and January 24, 2012. The Meetings were held as per the requirements of business; and maximum interval between any two Board Meetings was within the permissible limits. The Board

meets at least once in every quarter inter alia, to review the quarterly results and other items on the agenda. The Board is given presentation covering industry environment, project implementation, project financing and operations of the Company. Additional meetings are held when necessary. Senior Executives are invited to provide additional inputs at the Board meeting, as and when necessary.

(c) Directors' Attendance at Board Meetings and Details of Directorships/Committee Positions held

The composition of the Board of Directors, their attendance at the Board meetings during the year and at the last Annual General Meeting and the number of other Directorships/Board level committee positions held by them in other Indian public companies as on March 31, 2012 is as follows:

Name of Director	Category of Director	Number of Board meetings attended	Attendance at last AGM	Number of Other Director Ships in Public Companies	Number of other Companies' Board Committee(s)	
					Chairperson	Member
Mr. C. S. Nopany	NED/PG	4	No	13	1	2
Mr. U. K. Khaitan	I/NED	2	No	11	0	0
Mr. J. S. Varshneya @	I/NED	3	No*	-	-	-
Mr. S. M. Agarwal	I/NED	3	No	9	0	1
Mr. Amit Dalal	I/NED	4	No	5	0	2
Mr. Rajan A. Dalal	I/NED	4	No	2	0	0
Mr. Ashok Mittal	I/NED	4	No	0	0	0
Mr. Rajiv K.Podar	I/NED	1	No	2	0	0
Dr. Mahmoodur H. Rahman #	I/NED	0	No	0	0	0
Mr. C. Singhania	ED	4	Yes	1	0	1

NED – Non Executive Director; PG – Promoter Group, ED-Executive Director designated as Wholtime Director and I – Independent,

None of the Directors of the Company hold any shares of the Company.

@ Ceased to be Director (since 18.11.2011) due to demise.

* Abstained due to ill health.

Inducted as a Director w.e.f. the Board Meeting held on 24.01.2012, which was the last meeting for the financial year.

(d) Information to the Board

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

- ▣ Annual operating plans and budgets
- ▣ Capital budget expenditures
- ▣ Quarterly, half yearly and annual results of the Company
- ▣ Minutes of the Audit and other Committees of the Board
- ▣ Information relating to recruitment and remuneration of senior level officers just below the Board level.
- ▣ Materially important legal or taxation issues
- ▣ Status of financial obligations to and by the Company

- ▣ Any significant development in human resources or industrial relations
- ▣ Details of risk exposure and steps taken by Management to limit or restrain the risk
- ▣ Compliance status with any regulatory, statutory or listing agreement related requirements or in relation to any shareholder services

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

C. Details of Remuneration Paid to Directors

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

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

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

The Non-Executive Directors are paid sitting fees for attending each Meeting of the Board of Directors and Committees thereof. The Company also pays to its Non-Executive Directors commission upto 1% of the net profits for all Directors put together, with the maximum ceiling* of Rs. 2,00,000/- to each director. The total commission payable to all the Non-Executive Directors for the financial year 2011-12 will be Rs. 38,63,835/- for which provision was made in the

books of accounts. The Commission shall be paid after the adoption of annual accounts of the Company for the year ended March 31, 2012 by the shareholders at the forthcoming AGM. Commission to all the Non-Executive Directors of the Company is determined after taking into account their valuable guidance for the various business initiatives and decisions at the Board level and also profitability of the Company. The details of commission payable and sitting fees (including for committee meetings) paid to the Directors during the year 2011-2012 are as follows:

Sl. No.	Name of Director	Commission (Rs.)	Sitting Fees (Rs.)
1.	Mr. C. S. Nopany	2500000*	70000
2.	Mr. U. K. Khaitan	200000	45000
3.	Mr. J. S. Varshneya	126575	95000
4.	Mr. S. M. Agarwal	200000	120000
5.	Mr. Amit Dalal	200000	110000
6.	Mr. Rajan A. Dalal	200000	70000
7.	Mr. Ashok Mittal	200000	80000
8.	Mr. Rajiv K. Podar	200000	30000
9.	Dr. Mahmoodur H. Rahman	37260	0

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

ii) Remuneration paid/payable to the Executive Director of the Company for the year ended March 31, 2012, is as under:-

Wholetime Director	Salary etc.	Perquisites	(Amount Rs. in lakhs)	
			Retirement Benefits	Total
Mr. C. Singhanian	13.06	2.02	1.57	16.65

D. Committees of The Board

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

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

The details of these committees are as follows:

I. Audit Committee

Composition of Audit Committee

The Audit Committee comprises three Non-executive Directors and one Executive Director and is headed by Mr. S.M. Agarwal, an Independent Non-executive Director. Mr. S.M. Agarwal, is a retired government servant and has been ex-Communication Secretary to the Government of India. He has participated in several national and international seminars and conferences on the subject in India and Abroad. The other members of the Committee are: Mr. Amit Dalal, Mr. Rajiv K. Podar and Mr. Chaturbhuji Singhanian.

Terms of Reference

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

- ☞ Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, reliable and sufficient.
- ☞ Reviewing with the Management and Statutory Auditors the quarterly/annual financial statements before submission to the Board, and focusing primarily on:
 - (i) Any changes in the accounting policies and procedures
 - (ii) Compliance with accounting standards
 - (iii) Adequacy of the internal control system, including Management information system
 - (iv) Compliance with listing agreements with the stock exchanges and conformity with their requirements concerning financial statements
 - (v) Major accounting entries based on the exercise of prudential judgment by Management
 - (vi) Any related party transactions of the Company of a material nature that may cause potential conflict with the interests of the Company

38 ❖ Reviewing the Company's financial and risk management policies

- ❖ Recommending the appointment and removal of statutory and Internal Auditors and determination of the audit fees and also grant approval for payment for any other services
- ❖ Reviewing the scope and adequacy of the internal audit functions and deciding upon the scope of work of the Internal Auditors, discussing with Internal Auditors significant audit findings and follow up actions initiated thereon
- ❖ Any other matter that may be referred to the Committee from time to time
- ❖ The Audit Committee also reviews every quarter the Report on Corporate Governance under clause 49 of the Listing Agreement and Secretarial Audit Report of the Practising Company Secretaries
- ❖ As required under Listing Agreement, ordinarily, the Chairman of the Audit Committee is required to be present at the Annual General Meeting to answer shareholder queries; however, in the event his indisposition/sickness or non-availability due to unforeseen reasons, any one Member of the Audit Committee/Board, with appropriate assistance, is requested to depute in his stead, for the purpose

Meetings and Attendance

During the year under review, the Audit Committee met four times: May 12, 2011, July 26, 2011, October 18, 2011, and January 23, 2012

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

Name of the member attended	Status	Category	Number of meetings
Mr. J. S. Varshneya @	Chairman	Non-executive Independent	3
Mr. S. M. Agarwal*	Chairman	Non-executive Independent	3
Mr Amit Dalal	Member	Non-executive Independent	4
Mr. Rajiv K.Podar #	Member	Non-executive Independent	0
Mr. Chaturbhuj Singhania \$	Member	Executive Director	0

@ Ceased to be a member/Chairman due to demise w.e.f. November 18, 2011.

* appointed Chairman w.e.f. January 24, 2012

appointed a Member w.e.f. January 10, 2012

\$ appointed a Member w.e.f. January 24, 2012

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

Terms of Reference

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

II. Shareholders'/Investors' Grievance Committee

Composition

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

Meetings and Attendance

During the year under review the Committee met once on September 17, 2011. The attendance of the members of the Committee was as follows:

Name of the member attended	Status	Category	Number of meetings
Mr. C.S.Nopany @	Chairman	Non-executive	0
Mr. Amit Dalal *	Chairman	Non-executive/Independent	1
Mr. Ashok Mittal #	Member	Non-executive/Independent	1
Mr. Rajiv K. Podar #	Member	Non-executive/Independent	1
Mr S.M.Agarwal \$	Member	Non-executive/Independent	0
Mr C.Singhania \$	Member	Executive	0

@ Ceased to be Chairman on reconstitution w.e.f. May 13, 2011.

* appointed Chairman w.e.f. May 13, 2011

appointed a Member w.e.f. May 13, 2011

\$ Ceased to be a Member w.e.f. May 13, 2011

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

INVESTORS' COMPLAINTS RECEIVED AND RESOLVED DURING THE YEAR

During the year under review the Company received 16 complaints/letters from the shareholders which were duly attended. The average period of redressal of grievances is 7 (seven) days from the date of receipt of letters/complaints. There was no unresolved complaint as on March 31, 2012.

III. Remuneration Committee**Composition**

The Remuneration Committee comprises of three Non-executive Directors and is headed by Mr. U.K.Khaitan. The other members of the Committee are: Mr. S.M.Agarwal and Mr. Rajan Dalal.

Terms of Reference

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

Meetings and Attendance

During the year under review, there was one Meeting of the Committee on July 27, 2011. The attendance of the members at the Committee meeting was as follows:

Name of the member attended	Status	Category	Number of meetings
Mr. J. S. Varshneya @	Chairman	Non-executive Independent	1
Mr. U.K.Khaitan *	Chairman	Non-executive Independent	1
Mr. S.M.Agarwal	Member	Non-executive Independent	0
Mr. Rajan Dalal #	Member	Non-executive Independent	0

@ Ceased to be Member/Chairman upon his demise w.e.f. November 18, 2011.

* Appointed as Chairman of the Committee w.e.f. January 24, 2012

Inducted as Member of the Committee w.e.f. January 24, 2012

IV. Finance & Corporate Affairs Committee**Composition**

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

Terms of Reference

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

Meetings and Attendance

The Committee met seven times on April 04, 2011, April 16, 2011, May 13, 2011, June 29, 2011; August 29, 2011, October 18, 2011 and December 28, 2011 during the year under review. The attendance of the members of the Committee was as follows:

Name of the member attended	Status	Category	Number of meetings
Mr. C. S. Nopany	Chairman	Non-executive	0
Mr. S.M.Agarwal \$	Member	Non-executive / Independent	6
Mr. J.S.Varshneya @	Member	Non-executive / Independent	3
Mr. C. Singhania	Member	Executive	7
Mr. Rajan Dalal #	Member	Non-executive / Independent	0
Mr. Rajiv K.Podar #	Member	Non-executive / Independent	0

\$ Ceased to be Member w.e.f. January 24, 2012

@ Ceased to be Member upon demise w.e.f. November 18, 2011

Inducted as a Member w.e.f. January 24, 2012

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

E. Remuneration Policy

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

F. Management

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

Disclosures

(i) Materially significant Related Party Transactions

Details of materially significant related party transactions that is the transactions of a material nature between the Company and the Promoters, Management, Directors or their relatives etc. are disclosed in the Note No. 30.07 of the Annual Accounts in compliance with the Accounting Standard relating to "Related Party Disclosures". Details of all such transactions are provided to the Board at the Board Meetings, and the interested Directors, if any, neither participate in the discussion, nor vote on such matters.

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

(ii) Accounting treatment in preparation of financial statements

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

(iii) Risk Management

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

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

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

(iv) Corporate Ethics

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

Code for prevention of Insider Trading;

Code for Corporate disclosure;

Code of Conduct;

Whistle Blower policy;

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

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

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

As per the requirement of Clause 41(ii) and 49(V) of the Listing Agreement, a certificate duly signed by CEO and CFO of the Company, regarding the Financial Statements for the year ended March 31, 2012, was placed at the Board Meeting of the Company held on May 16, 2012.

G. Shareholder Information

(i) Means of communication

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

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

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

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

(ii) Annual General Body Meetings of The Company

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

AGM	Financial Year	Date	Time	Venue	Special resolution/s If any, passed
6th	2010-2011	August 06, 2011	3.00 p.m	Registered Office: Pachpahar Road Bhawanimandi (Raj)	Payment of commission upto 1% of the net profits of the Company, over and above the usual sitting fees to all the Directors put together, during each of the five financial years commencing from April 01, 2011
5th	2009-2010	August 06, 2010	3.00 p.m	Registered Office: Pachpahar Road Bhawanimandi (Raj)	None
4th	2008-2009	August 28, 2009	3.00 p.m	Registered Office: Pachpahar Road Bhawanimandi (Raj)	Appointment of Mr. S.K.Khandelia as Whole time Director, Inter alia, under Section 269 of the Companies Act, 1956 on certain terms and conditions.

The 7th Annual General Meeting of the Company is proposed to be held on August 11, 2012 at 3.00 P.M. at the Registered Office of the Company.

Postal Ballot: No resolution by way of Postal Ballot was passed during the year 2011-2012.

(iii) Disclosures regarding Directors seeking re-appointment

Mr. U.K.Khaitan and Mr. Amit Dalal Directors of the Company retire by rotation at the Seventh Annual General Meeting and are eligible for re-appointment. The proposed appointment of Dr. Mahmoodur H. Rahman, as Director, and of Mr. C. Singhania, as Wholetime Director of the Company is also being placed before the Seventh Annual General Meeting. Brief particulars of the Directors being re-appointed/appointed, nature of their expertise in specific functional areas, names of companies in which they hold Directorships and memberships/chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under clause 49 of the listing agreement with the stock exchanges in India, are provided in the notes to the notice of the annual general meeting.

(iv) General Shareholders' information

1) 7th Annual General Meeting:

Date	August 11, 2012
Day	Saturday
Time	3.00 p.m.
Venue	At Registered Office Pachpahar Road, Bhawanimandi 326 502 (Raj.)

2) Last date for receipt of Proxies

Thursday, August 09, 2012 (before 3.00 p.m.at the Registered Office of the Company).

3) Book closure

The register of members and share transfer books of the Company shall remain closed from June 04, 2012 to June 11, 2012 (both days inclusive).

4) **Tentative financial calendar:**

Next financial year	April 01, 2012 to March 31, 2013
Audited Annual Results (2011-12)	May 16, 2012
Publication of Audited Results (2011-12)	May 17, 2012
Mailing of Annual Report	End June, 2012
First Quarter Results & Limited Review	End July, 2012
Second Quarter Results & Limited Review	End October, 2012
Third Quarter Results & Limited Review	End January, 2013
Audited Annual Results (2012-13)	Mid May, 2013

5) **Dividend**

Payment date (tentative): August 16, 2012.

The Board of Directors at their meeting held on May 16, 2012, have recommended a Dividend of Rs. 5/- per share for the year ended March 31, 2012, subject to shareholders' approval at the forthcoming Annual General Meeting. If approved, the dividend will be paid to the shareholders after August 11, 2012 but within 7 working days from the date of Annual General Meeting. The company will continue to use NECS/ECS or any other electronic mode for payment of dividend to the shareholders located in places where in such facilities/system is in existence.

6) **Listing on Stock Exchanges and stock codes:**

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

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

Listing fees for the year 2012-13 have been paid to the Stock Exchanges within the stipulated time.

7) Corporate Identification Number

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

8) Market price data

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

Month	Bombay Stock Exchange Ltd., Mumbai		National Stock Exchange of India Limited, Mumbai	
	High	Low	High	Low
April, 2011	301.00	231.50	301.00	229.00
May, 2011	290.95	238.10	294.90	235.00
June, 2011	253.95	171.05	251.00	173.50
July, 2011	224.00	188.00	223.75	188.05
August, 2011	202.00	150.20	202.00	147.00
September, 2011	194.90	160.10	198.95	159.50
October, 2011	186.00	156.50	186.50	154.10
November, 2011	175.00	142.00	173.20	137.65
December, 2011	154.00	127.05	155.00	126.05
January, 2012	168.00	128.00	184.00	130.90
February, 2012	190.00	148.25	183.95	148.35
March, 2012	174.95	152.70	175.95	153.55

9) Distribution of shareholding:

The distribution of shareholding as on March 31, 2012 was as follows:

Sl. No.	Number of equity shares	Number of shareholders	% of total shareholders	Number of shares held	% of total shares
1.	Up to 100	2945	58.75	136920	1.25
2.	101 to 500	1446	28.84	374521	3.43
3.	501 to 1000	290	5.78	220266	2.02
4.	1001 to 5000	264	5.27	597105	5.47
5.	5001 to 10000	23	0.46	159584	1.46
6.	10001 to 100000	30	0.60	783639	7.17
7.	100001 to 500000	9	0.18	1951696	17.87
8.	500001 to above	6	0.12	6698177	61.33
	TOTAL	5013	100.00	10921908	100.00

10) Details of shareholding as on 31st March, 2012 was as under:

Sl. No.	Number of equity shares	Number of folios	% of total folios	Number of shares held	% of total shares
1.	Promoters	13	0.26	6971235	63.83
2.	Financial institutions, Banks and mutual funds	3	0.06	2687	0.02
3.	Private Corporate bodies/ associates	246	4.91	1996701	18.28
4.	Indian Public	4618	92.12	1918913	17.57
5.	FII's	0	0	0	0
6.	NRI, Foreign Nationals and OCBs	133	2.65	32372	0.30
	TOTAL	5013	100.00	10921908	100.00

11) Dematerialisation of shares and liquidity:

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company entered into an agreement with National Securities Depository Ltd. and Central Depository Services (India) Ltd. As a result, 96.96% of the total equity share capital of the Company was held in a dematerialised form with NSDL and CDSL as on 31.03.2012.

The company has paid the requisite fees to all these authorities for the year 2012-13.

12) Share transfer system

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

13) Address for Shareholders' Correspondence

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

14) Registrar and Transfer Agent

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

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

15) Compliance Officer's Details:

Mr. D.R.Prabhu
Company Secretary & Compliance Officer
Seated at Corporate Office at:
Sutlej Textiles and Industries Limited
Solaris-1, D Wing, 4th Floor,
Opp L&T Gate No-6, Saki Vihar Road,
Powai, Andheri-East, Mumbai-400 072
Tel : 022-4219 8800 / 4219 8824
Fax : 022-4219 8830/31
E-mail ID: prabhu@sutlejtextiles.com

16) Investor Relations:

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

H. Compliance**(i) Statutory Compliance, Penalties and Strictures**

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

(ii) Listing Agreement Compliance

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

(iii) Insider trading

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

(iv) Code of conduct and ethics

The Company laid down a Code of Conduct for the entire Board of Directors and Senior Management to avoid a conflict of interest. The Directors and Senior Management have affirmed compliance with Code of Conduct for the year 2011-2012. A declaration to this effect is attached to this report. The Code of Conduct is available on the Company's website www.sutlej-textiles.com.

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

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

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

(vi) Adoption of Non-Mandatory requirements

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

(vii) Re-appointment of Directors

Mr. U.K.Khaitan and Mr. Amit Dalal, Directors of the Company retire by rotation at this Annual General Meeting and are eligible for reappointment. Brief particulars of the Directors being reappointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationship between directors inter se as stipulated under clause 49 of the listing agreement with the stock exchanges are provided in the notes to the notice of the annual general meeting.

(viii) Auditors' Certificate on Corporate Governance

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

(ix) Disclosure Under Clause 53 of The Listing Agreement Regarding Certain Agreements With The Media Companies.

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

contracts/agreements/MoUs or similar instruments with media companies and/or their associates.

I. Investor Safeguards and Other Information

(i) Dematerialisation of Shares

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

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

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

(iii) Timely Encashment of Dividends

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

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

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

Financial Year ended	Date of Declaration of Dividend	Amount remaining unclaimed /unpaid as on 31/03/2012 (Rs.)	Last date for claiming unpaid Dividend amount (on or before)	Last date for transfer to IEPF
31.03.2006	19.09.2006	667424.00	18.09.2013	18.10.2013
31.03.2007	26.09.2007	477432.00	25.09.2014	25.10.2014
31.03.2008	26.09.2008	174169.00	25.09.2015	25.10.2015
31.03.2009	28.08.2009	216922.00	27.08.2016	27.09.2016
31.03.2010	06.08.2010	418050.00	05.08.2017	05.09.2017
31.03.2011	06.08.2011	1738425.00	05.08.2018	05.09.2018

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

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

(v) Update Address/Bank Details

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

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

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

(vii) Register email address

As you all may be aware, Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing Circulars 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, whereby Companies are permitted to send notice/documents including Annual Report comprising Balance Sheet, Profit and Loss Account, Directors Report, Auditors Report etc

in electronic mode (hereinafter 'documents'), provided the Company has obtained email address of its members for sending these documents through email by giving an advance opportunity to every shareholder to register their email addresses and changes therein from time to time with the Company.

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

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

(viii) Addresses for correspondence:

Sutlej Textiles and Industries Limited

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

Sharepro Services (India) Pvt.Ltd.

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

(ix) Location of the Plants:

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

Declaration of Compliance of the Company's Code of Conduct

To,

Sutlej Textiles and Industries Limited

Pachpahar Road,
Bhawanimandi-326502 (Rajasthan)

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2012.

Place: Mumbai

Dated: April 30, 2012.

Chaturbhuj Singhania

Wholetime Director

Auditors' Certificate

To,

The Members of Sutlej Textiles and Industries Limited

We have examined the compliance of the conditions of Corporate Governance by M/s Sutlej Textiles and Industries Limited for the year ended 31st March 2012 as stipulated in Clause 49 of Listing Agreement of the said Company with stock exchanges.

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

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

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

For **Singhi & Co.**

Chartered Accountants

Firm Reg. No. 302049E

B. K. Sipani

Partner

Membership No. 88926

Place: New Delhi

Dated: May 16, 2012

Auditors' Report

To ,
The Shareholders

1. We have audited the attached Balance Sheet of SUTLEJ TEXTILES AND INDUSTRIES LIMITED (the Company) as at March 31, 2012 and also the Profit and Loss Statement and the Cash Flow Statement for the year ended on that date annexed thereto in which financial statements of Chenab Textile Mills, Kathua Unit of the Company audited by Branch auditors are incorporated. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating, the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit, have been received from the branches/depots not visited by us. The report on the account of Chenab Textile Mills, Kathua Unit audited by Branch auditors has been forwarded to us and has been appropriately dealt by us in preparing our report;
 - iii. The Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns from the depots and the returns from the Chenab Textile Mills, Kathua Unit audited by Branch Auditors.
 - iv. In our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012, from being appointed as directors in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, 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, 2012.
 - b) In the case of the Profit and Loss Statement, of the profit of the Company for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

B.K.Sipani
Partner
Membership No. 88926

Place: New Delhi
Dated: May16, 2012

Annexure referred to in paragraph 3 of our report of even date to the shareholders

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. Fixed Assets of the Company's units at Bhawanimandi and Daheli (Near Bhilad) have been physically verified by the Management during the year and in respect of Kathua unit, all fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- c. There was no substantial disposal of fixed assets during the year.
- (ii) a. As explained to us inventories (except stock lying with third parties and in-transit) were physically verified during the year by the management at reasonable intervals.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification, wherever done.
- (iii) a. The Company has granted loan to two Bodies Corporates covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 7000 lakhs and the year-end balance of loans granted to such parties was nil.
- b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- c. In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular.
- d. As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in internal control system.
- (v) a. According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under to the extent applicable, with regard to the deposits accepted from the public. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) a. According to the records of the Company, the Company is generally regular in depositing material undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, service tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities. There was no material undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.
- b. According to the records of the Company, there are no dues outstanding of sales tax, income tax, service tax, custom duty, wealth tax, excise duty and cess on account of any dispute, other than the following:

Name of Statute	Nature of Dues	Amount (Rs. in lakhs)	Forum where Dispute is Pending	Related Period
Central Excise Act, 1944	Disallowances & Penalty on Cenvat on Service Tax	33.80	Commissioner (Appeals), Jaipur	Oct., 05 to Mar., 06
Central Excise Act, 1944	Demand & Penalty for Service Tax	23.91	CESTAT, New Delhi	Dec.,05 to Oct.,06
Central Excise Act, 1944	Reversal of Cenvat Credit, Interest & Penalty on Excise Duty	20.64	Rajasthan High Court, Jaipur	May,99 to Feb.,2002
Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax and Interest	99.31	Rajasthan High Court, Jodhpur	April, 06 to March, 12
Central Excise Act, 1944	Excise duty on Textile Committee Cess and penalty thereon	17.64	Central Excise & Service Tax Appellate Tribunal, New Delhi	2000– 2005
Central Excise Act, 1944	Excise duty on Clearance of Yarn at Single Stage	23.66	Central Excise & Service Tax Appellate Tribunal, New Delhi	1995 – 1996
Gujarat Tax on Entry of Specified Goods into Local Areas Act, 2001	Entry Tax, Penalty and Interest thereon	761.05	Commercial Tax Officer, Vapi	Apr' 06 to Mar' 12

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash loss in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. We have been informed that the Company has not issued any debenture during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
- (xiv) The Company does not deal or trade in shares, securities, debentures and other securities except that it has investments in shares / units of mutual funds and these are held in the name of the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees in favour of financial institution or bank for loans taken by others.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed during the year by the Company were, prima facie, applied by the Company for the purpose for which loans were obtained.
- (xvii) According to the information and explanation given to us, on an overall examination of the balance sheet of the Company,

we report that no funds raised on short-term basis have been used for long-term investment by the Company.

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

Place: New Delhi
Dated: May 16, 2012

B.K.Sipani
Partner
Membership No. 88926

52 Balance Sheet as at 31st March, 2012

(Rs.in lakhs)

	Note No.	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds:			
Share Capital	1	1092.19	1092.19
Reserves and Surplus	2	26494.37	23955.69
		27586.56	25047.88
Deferred Government Subsidies	3	103.09	135.75
Non-Current Liabilities:			
Long-term Borrowings	4	41152.46	46440.49
Deferred Tax Liabilities (Net)	5	4715.03	4989.96
Other Long-term Liabilities	6	252.69	273.80
Long-term Provisions	7	316.95	315.86
		46437.13	52020.11
Current Liabilities:			
Short-term Borrowings	8	19272.64	25989.96
Trade Payables	9	3411.30	3038.51
Other Current Liabilities	10	16154.79	12054.93
Short-term Provisions	7	1516.50	1622.85
		40355.23	42706.25
TOTAL		114482.01	119909.99
ASSETS			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	11.1	58050.56	60333.01
Intangible Assets	11.2	162.12	213.43
		58212.68	60546.44
Capital Work-in-Progress		1260.32	347.57
Non-Current Investments	12	5000.07	0.07
Long-term Loans and Advances	13	3333.46	3620.75
Trade Receivables	14	-	-
Other Non-Current Assets	15	-	-
		67806.53	64514.83
Current Assets:			
Current Investments	16	182.00	165.00
Inventories	17	29708.59	34195.92
Trade Receivables	14	11233.59	13264.91
Cash and Bank balances	18	389.89	464.40
Short-term Loans and Advances	13	1678.04	1584.51
Other Current Assets	15	3483.37	5720.42
		46675.48	55395.16
Net Assets of Okara Mills(Pakistan) (Refer Note No. 30.03)		-	-
TOTAL		114482.01	119909.99
Contingent Liabilities and Commitments	19		
Summary of significant accounting policies and other notes on accounts	30		

The accompanying notes are an integral part of the financial statements.
In terms of our Report of even date attached.

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

B. K. Sipani
Partner
Membership No. 88926

C. S. Nopany
Chairman

Place: New Delhi
Dated: May 16, 2012

D. R. Prabhu
Secretary

C. Singhania
Wholtime Director & CFO

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

Profit & Loss Statement for the year ended 31st March, 2012

(Rs.in lakhs)

	Note No.	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
REVENUE :			
Revenue from Operations	20	154170.79	158546.19
Less: Excise Duty		469.74	381.45
Revenue from Operations(Net)		153701.05	158164.74
Other Income	21	3156.99	3444.11
TOTAL REVENUE		156858.04	161608.85
EXPENSES :			
Cost of Materials Consumed	22	92856.54	81362.80
Purchase of Traded Goods	23	10687.50	19581.84
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	24	(2990.60)	(2389.65)
Employee Benefits Expense	25	11450.12	10751.30
Other Expenses	26	27028.03	24818.67
TOTAL		139031.59	134124.96
Profit before finance costs, tax, depreciation and amortisation		17826.45	27483.89
Finance Costs	27	6965.67	5923.18
Depreciation and Amortisation Expense	28	6900.36	6786.20
Profit before tax		3960.42	14774.51
Tax Expense			
Current Tax	29	1061.98	317.19
Deferred Tax		(274.93)	3023.11
PROFIT AFTER TAX		3173.37	11434.21
Basic & Diluted Earnings Per Equity Share (of Rs. 10 each) (Rs.)	30.08	29.06	104.69
Summary of significant accounting policies and other notes on accounts	30		

The accompanying notes are an integral part of the financial statements.
In terms of our Report of even date attached.

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

B. K. Sipani
Partner
Membership No. 88926

Place: New Delhi
Dated: May 16, 2012

D. R. Prabhu
Secretary

C. S. Nopany
Chairman

C. Singhania
Wholetime Director & CFO

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

Notes forming part of Balance Sheet as at 31st March, 2012

(Rs. in lakhs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE NO. 1		
Share Capital		
Authorised		
2,50,00,000 (Previous year 2,50,00,000) Equity Shares of Rs. 10 each	2500.00	2500.00
50,00,000 (Previous year 50,00,000) Preference Shares of Rs.10 each	500.00	500.00
	3000.00	3000.00
Issued, subscribed and fully paid-up shares		
1,09,21,908 (Previous year 1,09,21,908) Equity Shares of Rs. 10/- each fully paid-up.	1092.19	1092.19
	1092.19	1092.19

Terms/ rights attached to Equity shares

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

Reconciliation of the number of Equity Shares outstanding:

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

Shareholder holding more than 5 percent Equity shares of the Company:

S. No.	Name of shareholder	As at 31st March, 2012		As at 31st March, 2011	
		Number of Shares held	Percentage of holding	Number of Shares held	Percentage of holding
1	Uttar Pradesh Trading Co.Ltd.	2027798	18.57	2027798	18.57
2	Hargaon Investment & Trading Co.Ltd.	1140931	10.45	1140931	10.45
3	New India Retailing and Investment Ltd.	1137536	10.42	1137536	10.42
4	Yashovardhan Investment & Trading Co. Ltd.	991224	9.08	991224	9.08
5	Birla Institute of Technology and Science	752439	6.89	752439	6.89
6	Ronson Traders Ltd.	648249	5.94	648249	5.94

Notes forming part of Balance Sheet as at 31st March, 2012

	(Rs.in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
NOTE NO. 2		
Reserves and Surplus		
(i) Capital Reserve		
Balance as per last financial statement	530.49	530.49
(ii) General Reserve		
Balance as per last financial statement	9721.57	8521.57
Add : Additions during the year	400.00	1200.00
Closing Balance	10121.57	9721.57
(iii) Profit & Loss Statement - Balance		
Balance as per last financial statement	13703.63	4421.45
Add: Profit for the year	3173.37	11434.21
	16877.00	15855.66
Less: Allocation and appropriation		
Proposed Dividend @	546.10	819.14
Corporate Dividend Tax	88.59	132.89
Transfer to General Reserve	400.00	1200.00
Total	1034.69	2152.03
Closing Balance	15842.31	13703.63
Total Reserve and Surplus (i to iii)	26494.37	23955.69

@ The Board of Directors has recommended dividend of Rs.5 per Equity Share (Previous year Rs.5 per Equity Share and a one time special dividend of Rs.2.50 per Equity Share) of Rs.10 each for the year ended 31st March, 2012. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

	(Rs.in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
NOTE NO. 3		
Deferred Government Subsidies		
(i) Capital Subsidy sanctioned by The Jammu & Kashmir State Government on specific Fixed Assets		
As per last financial statements	49.76	62.89
Less : Transferred to Profit & Loss Statement	12.61	13.13
	37.15	49.76
(ii) Capital Subsidy sanctioned by Ministry of Textiles under TUFs on specific Fixed Assets		
As per last financial statements	85.99	115.29
Less : Transferred to Profit & Loss Statement	20.05	20.05
Less : Short recovery of subsidy	-	9.25
	65.94	85.99
	103.09	135.75

Notes forming part of Balance Sheet as at 31st March, 2012

(Rs.in lakhs)

	Non-current portion		Current maturities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE NO. 4				
Long-term Borrowings				
(i) Secured :				
Term loans from Banks (a)	41042.06	44307.39	8317.21	7123.03
Term loan from a Bank (b)		2000.00	2000.00	-
Total (i)	41042.06	46307.39	10317.21	7123.03
(ii) Unsecured :				
Fixed Deposits (c)	110.40	133.10	1680.70	1244.20
Total (ii)	110.40	133.10	1680.70	1244.20
(iii) Amount disclosed under the head "Other current liabilities" (Note No.10)	-	-	(11997.91)	(8367.23)
Total (i)+ (ii)-(iii)	41152.46	46440.49	-	-

(a) (i) Securities :

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

(ii) Terms of Repayments (Current year):

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

Notes forming part of Balance Sheet as at 31st March, 2012

Terms of Repayments (Previous year):

(Rs.in lakhs)			
As at 31st March, 2011	Rate of Interest (p.a.)	Repayments	
		No. of Installments	Periodicity
15680.00	12.00% & 12.25% linked with Base Rate	6-30	Quarterly Equal
3856.17	8.00% fixed	7-15	Quarterly Graded
24585.22	10.00% to 12.25% linked with Base Rate	2-26	Quarterly Graded
186.00	11.50% linked with Base Rate	32	Quarterly Equal to begin from 01.04.2012.
44307.39			

- (b) Secured by subservient charge over moveable fixed assets and current assets of the Company, carries rate of Interest @ 11.25% p.a. (Previous year 11% p.a.) and repayable within 1 year from the balance sheet date.
- (c) (i) Fixed deposit from public carries rate of interest @ 9.50% to 10% p.a. (Previous year 8.50% to 9% p.a.) and are repayable after 2 to 3 years (Previous year 2 to 3 years) from the date of acceptance of Deposits.
- (ii) Current maturities of fixed deposits includes amount accepted from related parties Rs.678.20 lakhs.(Previous year Rs.504.60 lakhs)

	(Rs.in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
NOTE NO. 5		
Deferred Tax Liabilities (Net)		
Deferred Tax Liability on account of:		
Depreciation	5515.90	5606.05
	5515.90	5606.05
Deferred Tax Assets on account of:		
(i) Amount disallowed u/s.43-B & Provision for Leave Salary & Wages	533.16	508.74
(ii) Deferred Government Subsidies	29.54	37.30
(iii) Others	238.17	70.05
	800.87	616.09
Deferred Tax Liability/(Assets) (Net)	4715.03	4989.96

	(Rs.in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
NOTE NO. 6		
Other Long-Term Liabilities		
Trade Deposits	237.66	193.93
Interest accrued but not due on Fixed Deposit	9.50	74.09
Employee Security deposits	5.53	5.78
	252.69	273.80

Notes forming part of Balance Sheet as at 31st March, 2012

(Rs.in lakhs)

	Long- term		Short - term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE NO. 7				
Provisions				
Provision for Employee Benefits	316.95	315.86	110.03	91.18
Proposed Dividend	-	-	546.10	819.14
Corporate Dividend Tax	-	-	88.59	132.89
Loss on Forward Contract	-	-	109.70	3.90
Others - Contingencies *	-	-	544.88	472.10
Provision for Tax (Net)	-	-	117.20	103.64
	316.95	315.86	1516.50	1622.85

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

Particulars	Disputed		Other Obligation	Total
	Statutory Matters			
Opening Balance	472.10	-	-	472.10
	(265.95)	(-)	-	(265.95)
Addition	115.04	-	-	115.04
	(278.41)	(-)	-	(278.41)
Utilisation	-	-	-	-
	(-)	(-)	-	(-)
Reversal/ Paid	42.26	-	-	42.26
	(72.26)	(-)	-	(72.26)
Closing Balance	544.88	-	-	544.88
	(472.10)	(-)	-	(472.10)

- (i) Provision of disputed statutory matters are on account of legal matters, where the Company anticipates probable outflow. The amount of provision is based on estimate made by the Company considering the facts and circumstances of each case. The timing and amount of cash flow that will arise from these matters will be determined by the relevant authorities only on settlement of these cases.
- (ii) Figures in brackets represents previous year's amounts.

(Rs.in lakhs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE NO. 8		
Short-Term Borrowings		
A Secured :		
Loan repayable on demand		
Working Capital Facilities from banks are secured/to be secured by hypothecation of moveables including book debts, both present and future, of the unit, ranking pari-passu inter se.	14814.65	23263.07
Total (A)	14814.65	23263.07
B Unsecured :		
Short Term Loan from a Bank	3500.00	2500.00
Buyer's Credit from Banks (Guaranteed by the Company's bankers)	757.99	176.89
Inter corporate deposit (repayable on demand)	200.00	50.00
Total (B)	4457.99	2726.89
Total (A+B)	19272.64	25989.96

Notes forming part of Balance Sheet as at 31st March, 2012

	As at 31st March, 2012	(Rs.in lakhs) As at 31st March, 2011
NOTE NO. 9		
Trade Payables *		
Trade payables (including acceptance)	3411.30	3038.51
	3411.30	3038.51

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

	As at 31st March, 2012	(Rs.in lakhs) As at 31st March, 2011
NOTE NO. 10		
Other Current Liabilities		
Current maturities of long-term debts (Note No. 4)	10317.21	7123.03
Current maturities of Fixed Deposits (Note No. 4)	1680.70	1244.20
Interest accrued and due on borrowings	456.87	538.09
Interest accrued but not due on borrowings	387.18	222.16
Credit balance & advances received from Customers	438.90	562.03
Unpaid Dividend	36.92	19.64
Unpaid Matured Deposit & Interest accrued thereon	0.43	0.15
Creditors for Capital Goods	186.45	129.30
Statutory dues	259.91	230.67
Employees liabilities	1476.41	1373.24
Security Deposits	44.38	30.53
Rebate and Claims	168.10	177.77
Director's Commission	34.77	14.40
Others	666.56	389.72
	16154.79	12054.93

Notes forming part of Balance Sheet as at 31st March, 2012

NOTE NO.11.1 & 11.2

Fixed Assets

Description	Gross Block				Depreciation				Net Block	
	As At 31st March, 2011	As At Additions	Deductions	As At 31st March, 2012	As At 31st March, 2011	For the Year ended 31st March, 2012	Deductions	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Note No. 11.1										
(A) Tangible Assets										
Land	786.70	139.13	5.44	920.39	37.28	4.75	-	42.03	878.36	749.42
Building	21108.45	486.14	6.33	21588.26	3344.26	538.67	1.06	3881.87	17706.39	17764.19
Plant and Equipment	83779.50	3720.02	903.34	86596.18	43097.40	6060.14	835.34	48322.20	38273.98	40682.10
Vehicles	667.98	132.12	33.87	766.23	261.81	67.27	23.51	305.57	460.66	406.17
Furniture & Fixtures	930.44	54.82	8.72	976.54	557.05	66.42	7.93	615.54	361.00	373.39
Office Equipments	877.74	52.39	39.86	890.27	525.15	55.51	29.54	551.12	339.15	352.59
	108150.81	4584.62	997.56	111737.87	47822.95	6792.76	897.38	53718.33	58019.54	60327.86
Assets held for Sale (at estimated selling price)									31.02	5.15
TOTAL (A)	108150.81	4584.62	997.56	111737.87	47822.95	6792.76	897.38	53718.33	58050.56	60333.01
Note No.11.2										
(B) Intangible Assets										
Software and Designing rights	37.68	0.31	-	37.99	24.10	4.86	-	28.96	9.03	13.58
Software IT (ERP)	500.05	55.98	-	556.03	300.20	102.74	-	402.94	153.09	199.85
TOTAL (B)	537.73	56.29	-	594.02	324.30	107.60	-	431.90	162.12	213.43
Total (A+B)	108688.54	4640.91	997.56	112331.89	48147.25	6900.36	897.38	54150.23	58212.68	60546.44
Previous Year	106418.78	3072.38	802.62	108688.54	42084.08	6786.20	723.03	48147.25	60546.44	

Notes:

- Land includes Freehold Land of Rs.511.11 lakhs(Previous year Rs.382.43 lakhs) and Leasehold Land of Rs.409.27 lakhs (Previous year Rs.404.27 lakhs). In case of Kathua unit Leasehold Land for Rs.263.37 lakhs (Previous year Rs.258.37 lakhs) are pending for registration in the name of the unit.
- Fixed assets includes share of the company in a Holiday Home at Haridwar jointly owned with other Bodies Corporates.
- Additions includes Borrowing Cost Rs.20.28 lakhs (Previous Year Nil) & Employees cost Rs.7.86 lakhs (Previous Year Nil)

Represents Amortisation of Lease Rent.

Notes forming part of Balance Sheet as at 31st March, 2012

	Shares (Nos.)	Face Value Shares (Rs.)	As at 31st March, 2012 (Rs.in lakhs)	As at 31st March, 2011 (Rs.in lakhs)
NOTE NO. 12				
Non-current Investments				
Long Term Investment (Non-Trade)				
Unquoted (Fully paid-up) (at cost)				
A) In Equity Shares of Co-operative Bank : The Jhalawar Nagrik Sahkari Bank Ltd., Bhawanimandi	50	100	0.05	0.05
B) Investments in Government & Trust Securities : National Saving Certificates (VIII Issue) (Lodged as Security Deposit)			0.02	0.02
C) Investment in Preference Shares : 8.50% Cumulative Redeemable Preference Shares fully paid-up in The Oudh Sugar Mills Ltd.	50000000	10	5000.00	-
Aggregate amount of Unquoted Investments			5000.07	0.07

(Rs.in lakhs)

	Long-term		Short - term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE NO. 13				
Loans and Advances				
(Unsecured, Considered Good unless otherwise stated)				
(i) Capital advances	325.51	578.51	-	-
(ii) Security Deposits	531.78	406.93	18.68	7.10
(iii) Balances with Excise and Custom Department :				
Considered Good	-	-	373.55	343.35
Considered Doubtful	-	-	137.12	137.12
Less: Provision for non-usable Cenvat credit	-	-	(137.12)	(137.12)
	-	-	373.55	343.35
(iv) Advances Recoverable in Cash or in Kind				
Considered Good	2.05	3.97	1211.44	1098.03
Considered Doubtful	-	-	12.06	12.06
	2.05	3.97	1223.50	1110.09
Less: Provision for doubtful			(12.06)	(12.06)
	2.05	3.97	1211.44	1098.03
(v) Others loan and Advances:				
Income Tax Refund Receivable	-	-	1.15	75.75
MAT credit entitlement @	2464.64	2625.64	-	-
Prepaid Expenses	9.48	5.70	73.22	60.28
	2474.12	2631.34	74.37	136.03
TOTAL (i to v)	3333.46	3620.75	1678.04	1584.51

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

Notes forming part of Balance Sheet as at 31st March, 2012

(Rs.in lakhs)

	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE NO. 14				
Trade Receivables				
(Unsecured, Considered Good unless otherwise stated)				
(a) Outstanding for more than six months (from due date)				
Considered Good	-	-	244.44	44.93
Considered Doubtful	-	-	203.01	153.01
	-	-	447.45	197.94
Less: Provision for Doubtful	-	-	(203.01)	(153.01)
	-	-	244.44	44.93
(b) Other receivables	-	-	10989.15	13219.98
	-	-	11233.59	13264.91

(Rs.in lakhs)

	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE NO. 15				
Other Assets				
(Unsecured, Considered Good unless otherwise stated)				
Export Benefits/ Claims Receivable				
Considered Good #	-	-	1379.96	2571.87
Considered Doubtful	-	-	162.15	46.60
Less: Provision for Doubtful	-	-	(162.15)	(46.60)
	-	-	1379.96	2571.87
Others, Considered Doubtful	-	-	42.49	42.49
Less: Provision for Doubtful	-	-	(42.49)	(42.49)
Government Subsidies Receivable				
Considered Good	-	-	2097.26	3136.63
Considered Doubtful	-	-	177.19	-
Less: Provision for Doubtful	-	-	(177.19)	-
Interest accrued on Fixed Deposits	-	-	6.15	11.92
	-	-	3483.37	5720.42

Includes Rs.108.33 lakhs (Previous year Rs.108.33 lakhs) being not allowed by Excise Department towards simultaneous claim for rebate of duty on input & finished goods, hence Company has filed writ petition before the Hon'ble Rajasthan High Court, Jaipur against the order. Pending disposal of appeal by the Hon'ble High Court, above amount has been considered good by the Management.

Notes forming part of Balance Sheet as at 31st March, 2012

	Units (Nos.)	Face Value Units (Rs.)	As at 31st March, 2012 (Rs.in lakhs)	As at 31st March, 2011 (Rs.in lakhs)
NOTE NO. 16				
Current Investments				
Unquoted (Fully paid-up) (Non-Trade)				
Investments in Mutual Funds (At cost or fair value, whichever is lower)				
UTI-MIS-Advantage Plan -Growth-Plan	241714.56	10	45.00	45.00
UTI-Fixed Term Income Fund Series VII -III - Growth Plan (1200000)	1370000	10	137.00	120.00
Earmarked in compliance with the provisions of Companies (Acceptance of Deposits) Rules, 1975				
Aggregate amount of Unquoted Investments			182.00	165.00

	As at 31st March, 2012	(Rs.in lakhs) As at 31st March, 2011
NOTE NO. 17		
Inventories (As certified by the Management)		
Raw Materials (includes own produced goods)	10761.43	18663.08
Work-in-Progress	4421.57	3866.39
Finished Goods	12557.15	9787.04
Traded Goods	156.17	456.75
Stores and Spare-parts,etc.	1698.36	1274.64
Waste	113.91	148.02
	29708.59	34195.92
Goods in transit included in above inventories are as under:		
Raw Materials	750.00	2070.61
Finished Goods	155.79	28.53
Stores and Spare-parts,etc	69.21	-

Basis of valuation of inventories are as under:

All the inventories are valued at lower of cost or net realisable value except waste which is being valued at net realisable value.

Notes forming part of Balance Sheet as at 31st March, 2012

	As at 31st March, 2012	(Rs.in lakhs) As at 31st March, 2011
NOTE NO. 18		
Cash and Bank balances		
(a) Cash and cash equivalents:		
Cash Balance on Hand (Including Stamps in Hand)	30.57	24.40
Cheques/ Drafts in Hand	19.90	12.40
Balance with Banks in:		
Current Accounts	265.58	377.39
Cash Credit Accounts(debit balance)	0.13	0.10
(b) Earmarked balances with banks:		
Unpaid Dividend Account	36.92	19.64
Fixed Deposit Accounts (lodged as Security Deposit)	14.41	3.16
Employees Security Deposit Accounts	22.36	27.29
Deposit in Post Office Saving Bank Accounts (lodged as Security Deposit)	0.02	0.02
	389.89	464.40

	31st March, 2012	(Rs.in lakhs) As at 31st March, 2011
NOTE NO. 19		
Contingent Liabilities and Commitments		
(A) Contingent Liabilities (Not provided for) in respect of:		
1 Claim against the Company not acknowledged as debts:		
a) Labour Matters, except for which the liability is unascertainable	84.31	93.84
b) Demand raised by Excise Department for various matters	66.28	66.28
c) Demand for Service Tax, being contested by the Company	23.91	23.91
d) Demand for Entry Tax (including penalty & interest): (stay granted by the Tribunal)	365.25	317.47
Note: The management believes that the Company has a strong chance of success in above mentioned cases and hence, no provision their against is considered necessary.		
2 Bills Discounted with Bankers (Since Realised upto 30.04.2012 Rs.1106.11 lakhs, Previous year Rs.2037.84 lakhs)	1961.03	5696.09
3 The Company has procured certain capital goods under EPCG Scheme at concessional rate of duty. As on 31st March, 2012, the Company is contingently liable to pay differential custom duty Rs.3257.92 lakhs (Previous year Rs.4334.58 lakhs) on such import. In view of past export performance and future projections, the management is hopeful of completing the export obligation within stipulated time, and expect no cash outflow on this account.		
(B) Commitments:		
1 Estimated amount of Contracts remaining to be executed on Capital Account [Net of Advances Rs.208.81 lakhs (Previous Year Rs.575.20 lakhs)] and not provided for	257.27	1249.06
2 The Kathua unit of the Company has availed certain government subsidies. As per the terms and conditions, the unit has to continue production for specified number of years failing which amount of availed subsidies alongwith interest, penalty etc. will have to be refunded.		

Notes forming part of Profit & Loss Statement for the year ended 31st March, 2012

(Rs.in lakhs)

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
NOTE NO. 20		
Revenue from Operations		
(I) Sale of Manufactured goods:		
Cotton Yarn	33605.26	33562.82
Man Made Fibres Yarn	94584.71	89952.47
Fabrics	4689.57	5543.85
Trousers	705.41	1120.32
Home Furnishing Fabrics	2653.96	2061.08
Waste	1937.72	1614.20
TOTAL (I)	138176.63	133854.74
(II) Sale of Traded goods:		
Cotton Yarn	6421.81	12521.94
Man Made Fibres Yarn	4640.17	7233.72
Fabrics	741.43	600.23
Other	7.37	70.56
TOTAL (II)	11810.78	20426.45
(III) Sale of Services:		
Job Processing	1329.57	1305.55
Other	402.80	357.30
TOTAL (III)	1732.37	1662.85
Aggregate sale of goods and services (I to III) @	151719.78	155944.04
(IV) Other Operating Revenue:		
Export incentives	2451.01	2602.15
TOTAL (IV)	2451.01	2602.15
Revenue from Operations (Gross) (I to IV)	154170.79	158546.19
Less: Excise Duty	469.74	381.45
Revenue from Operations (Net)	153701.05	158164.74

@ Sales includes Export Sales of Rs.39117.91 lakhs (Previous year Rs.53085.20 lakhs).

Notes forming part of Profit & Loss Statement for the year ended 31st March, 2012

	(Rs.in lakhs)	
	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
NOTE NO. 21		
Other Income		
Dividend from Non-current Investment (Non-Trade)	-	0.02
Profit on sale of Non-current Investment (Non-Trade)	7.99	-
Interest from Bank Deposits	2.04	2.71
Interest from Inter-Corporate Deposits	713.57	586.75
Interest from others *	1312.47	1164.20
Profit on sale/discard of Fixed Assets (Net)	-	20.62
Miscellaneous Income	268.51	246.84
Excess provisions and unspent liabilities written back	637.20	423.97
Net Gain on Foreign Currency transactions and translation (Including Gain on Cancellation of Forward Contract of Rs.40.25 lakhs)	-	807.00
Provision for doubtful advances written back	-	13.47
Sundry credit balances written back (net)	102.54	55.93
Insurance Claims	63.64	70.99
Deferred Government Subsidies	32.66	33.18
Bad Debts Recovered	3.54	5.00
Others	12.83	13.43
	3156.99	3444.11

* Includes Rs.123.17 lakhs (Previous Year Rs.106.13 lakhs) on account of Interest subsidy under Rajasthan Investment Promotion Scheme (RIPS) and Rs.427.71 lakhs (Previous Year Rs.361.16 lakhs) being 3% Central interest subsidy received on working capital loans.

	(Rs.in lakhs)	
	For the Year ended 31st March, 2012	For the Year ended 31st March,2011
NOTE NO. 22		
Cost of Materials Consumed		
Cotton	18732.46	18014.57
Man Made Fibres	67102.59	56561.07
Yarn	3005.11	2791.07
Grey Fabric	121.97	332.39
Dyes & Chemicals	3715.94	3437.93
Others	178.47	225.77
	92856.54	81362.80

	(Rs.in lakhs)	
	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
NOTE NO. 23		
Purchase of Traded Goods		
Cotton Yarn	5872.85	11527.15
Man Made Fibres Yarn	4172.57	7375.32
Fabrics	635.67	618.02
Others	6.41	61.35
	10687.50	19581.84

Notes forming part of Profit & Loss Statement for the year ended 31st March, 2012

(Rs.in lakhs)

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
NOTE NO. 24		
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods		
Inventories as at 31st March, 2012		
Work-in-Progress (A)	4421.57	3866.39
Finished Goods (B)	12557.15	9787.04
Traded Goods (C)	156.17	456.75
Waste	113.91	148.02
	17248.80	14258.20
Inventories as at 31st March, 2011		
Work-in-Progress (A)	3866.39	3964.81
Finished Goods (B)	9787.04	7779.73
Traded Goods (C)	456.75	24.13
Waste	148.02	99.88
	14258.20	11868.55
	(2990.60)	(2389.65)

Details of Inventories are given below:

	As at 31st March, 2012	As at 31st March, 2011
(A) Work-in-Progress:		
Cotton Yarn	1131.19	961.23
Man Made Fibres Yarn	2605.80	2421.99
Yarn	147.14	167.36
Fabrics	394.35	201.67
Job work	143.09	114.14
	4421.57	3866.39
(B) Finished Goods:		
Cotton Yarn	1031.33	2008.41
Man Made Fibres Yarn	9482.39	6548.94
Fabrics	899.75	613.18
Trousers	126.46	145.92
Home Furnishing Fabrics	1017.22	470.59
	12557.15	9787.04
(C) Traded Goods:		
Cotton Yarn	29.35	-
Man Made Fibres Yarn	108.44	369.67
Cotton Fabrics	-	77.38
Fabrics	18.38	9.70
	156.17	456.75

Notes forming part of Profit & Loss Statement for the year ended 31st March, 2012

	(Rs.in lakhs)	
	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
NOTE NO. 25		
Employee Benefits Expense		
Salaries, wages and bonus	10154.82	9328.65
Contribution to provident and other funds	1071.31	1199.08
Employee welfare expenses	231.85	223.57
	11457.98	10751.30
Less: Amount capitalised during the year	7.86	-
	11450.12	10751.30

	(Rs.in lakhs)	
	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
NOTE NO. 26		
Other Expenses		
Processing and Job Charges	1102.63	1133.89
Consumption of Stores & Spares \$\$	2542.48	2294.11
Consumption of Packing Material	1914.92	1917.27
Power, Fuel and Water Charges \$\$	11523.62	10598.05
Rent	156.90	122.40
Insurance(Net) @	122.80	89.16
Rates and Taxes *	94.23	54.15
Repairs and Maintenance:		
Buildings	308.00	227.84
Machinery	1272.02	1437.32
Others	90.24	98.51
Freight & Forwarding Expenses etc .	2716.84	3216.44
[Net of recovery of Rs.431.09 lakhs (Previous year Rs.333.68 lakhs)]		
Selling Commission & Brokerage	1403.90	1627.10
Rebates, Compensation and Cash Discounts	713.72	473.19
Miscellaneous Expenses \$, \$\$	1424.47	1435.53
Auditors Remuneration:		
Statutory Auditors: #		
As Auditors	11.79	10.59
For Tax Audit	2.58	2.33
For Limited Review	2.59	2.33
In other Capacity, for		
Certifications and other matters	1.37	0.81
Travelling and other out of pocket expenses	2.27	1.56
Branch Auditors:		
As Auditors	15.00	13.25
Travelling and other out of pocket expenses	0.79	0.60
Cost Auditors: #		
As Auditors	1.30	1.29
Travelling and other out of pocket expenses	0.34	0.26

Notes forming part of Profit & Loss Statement for the year ended 31st March, 2012

	(Rs.in lakhs)	
	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
NOTE NO. 26 (CONTD.)		
Adjustment relating to previous year (Net)	4.71	21.24
Loss on sale/discard of Fixed Assets (Net)	4.12	-
Bad Debts		
Less: Provision for Bad Debts	-	-
Charity and Donations	90.78	20.00
Net Loss on Foreign Currency transactions and translation ##	1116.04	-
(including loss on Cancellation of Forward Contract of Rs.178.45 lakhs) (other than considered as finance costs)		
Provision for Doubtful Refund/ subsidies & Debts	342.74	-
Directors' Commission & Fees	44.84	19.45
	27028.03	24818.67

@ Amount is net of Nil (Previous year Rs.42.72 lakhs) Insurance Subsidy received under Central Government Scheme.

* Includes excise duty on increase/(decrease) of finished goods stock Nil (Previous year Rs.6.17 lakhs), Wealth Tax Rs.6.49 lakhs (Previous year Rs.6.10 lakhs) and Sales tax Rs.56.82 lakhs (Previous year Rs.8.15 lakhs).

\$ Amount is net of credit of Rs.196.40 lakhs (Previous year Rs.209.46 lakhs) for Sharing of Common Expenses with a body corporate.

Including service tax wherever applicable.

\$\$ Previous year includes Stores & Spares Consumed Rs.9.57 lakhs , Power, Fuel and Water Charges Rs.44.07 lakhs and Miscellaneous Expenses Rs.8.50 lakhs related to earlier years.

The Company has complied with the announcement issued by the Institute of Chartered Accountants of India (ICAI) on Accounting for Derivatives' requiring provision for loss on all outstanding derivative contracts by marking them to market rate.

Accordingly Loss on Forward Contracts amounting to Rs.109.70 lakhs included herein above (Previous year Rs.3.90 lakhs is net off with Net Gain on Foreign Currency transactions and translation under Note no. 21-Other income).

	(Rs.in lakhs)	
	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
NOTE NO. 27		
Finance Costs		
Interest Expenses # / \$	6602.50	5722.65
Other Borrowing costs	160.48	100.01
Loss on Foreign Currency transactions and translation (considered as finance costs)	222.97	100.52
	6985.95	5923.18
Less: Amount capitalised during the year	20.28	-
	6965.67	5923.18

Net of 4% / 5% interest subsidies received/receivable under TUF (Technology Upgradation Fund) scheme amounting to Rs.2353.15 lakhs (Previous year Rs.2634.94 lakhs).

\$ Previous year includes Rs.83.64 lakhs related to earlier years .

Notes forming part of Profit & Loss Statement for the year ended 31st March, 2012

(Rs.in lakhs)

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
NOTE NO. 28		
Depreciation and Amortisation expense		
Depreciation of tangible assets (Refer Note No.11.1)	6792.76	6681.35
Amortisation of intangible assets (Refer Note No.11.2)	107.60	104.85
	6900.36	6786.20

(Rs.in lakhs)

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
NOTE NO. 29		
Current Tax		
Current Tax for the year @	890.00	2945.00
Less: MAT Credit (Entitlement)	(75.00)	(2625.64)
Add: MAT Credit Reversal relating to earlier year	236.00	-
	1051.00	319.36
Current Tax adjustments for earlier years (Net)	10.98	(2.17)
	1061.98	317.19

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

Notes forming part of Balance Sheet and Profit & Loss Statement

NOTE NO. 30

Summary of significant accounting policies and other notes on accounts

30.01 Nature of Operations

The Company is a manufacturer of Synthetic Staple Fibres Yarn, Man made Fibres blended yarn & Cotton Yarn and Fabrics. It has two spinning units viz. Rajasthan Textile Mills, Bhawanimandi (Raj) & Chenab Textile Mills, Kathua (J & K), one weaving & processing unit viz. Damanganga Fabrics, one Garments unit viz. Damanganga Garments and one Home Textiles unit viz. Damanganga Home Textiles at Village Daheli, near Bhilad (Gujarat).

30.02 Summary of significant accounting policies

(A) Basis of Accounting

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

(B) Use of Estimates

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

(C) Revenue Recognition

- (i) Revenue from sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the delivery.
- (ii) Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (iii) Revenue from process of fabrics are recognised on delivery of the goods to customers/when the goods are ready for delivery. When goods are partly processed, the expenses so incurred is shown as work-in-progress.

(D) Fixed Assets

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

(E) Depreciation

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

(F) Foreign Currencies

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

Notes forming part of Balance Sheet and Profit & Loss Statement

(G) Inventories

- i) Inventories are valued as follows:

Raw materials, stores and spares	Lower of cost and net realisable value. Cost is determined on a weighted average basis. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress, finished goods and Traded goods	Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads. Cost of finished goods includes excise duty, wherever applicable. Also refer Note No. 30.02 (C) (iii) above.
Waste	At net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

- ii) Work-in-progress, Finished Goods and Traded goods have been valued as per the principles and basis as in the previous year/ consistently followed.
- iii) Provision for obsolete/old inventories is made, wherever required.
- iv) Inter unit transfers of material for further processing is being made at market rate prevailing at the time of such transfers and inventories of such "transfers" if any, is also valued accordingly as same could not be identified separately and in the opinion of the management such valuation have no material impact on inventory valuation. Such stock at the year end are shown as part of raw materials inventory.
- v) In view of substantially large number of items in work- in- progress, it is not feasible to maintain the status of movement of each item at shop floor on perpetual basis. The Company, however, physically verifies such stocks at the end of every month/ quarter and valuation is made on the basis of such physical verification.

(H) Retirement and other employee benefits

- 1 Retirement benefits in the form of Provident Fund and Superannuation Scheme, which are defined contribution plans, are charged to the Profit & Loss Statement of the year when the contributions to the respective funds are due.
- 2 Gratuity and Leave encashment which are defined benefits, are accrued based on actuarial valuation at the balance sheet date carried out by an independent actuary using the projected unit credit method.
- 3 Gratuity liability is being contributed to the gratuity fund formed by the Company.

(I) Excise Duty on job work

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

(J) Investments

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

(K) Taxation

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

MAT Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by

Notes forming part of Balance Sheet and Profit & Loss Statement

Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Statement and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(L) Government Grants and Subsidies

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

Government Subsidies relating to depreciable Fixed Assets are treated as Deferred Income as per Accounting Standard - 12, which are recognised in Profit and Loss Statement over the useful life of the respective assets.

(M) Borrowing Cost

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

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

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

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

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

(O) Provisions

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

(P) Derivatives

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

30.03 In respect of Okara Mills, Pakistan, (Which remained with the Company as a result of transfer of textiles division of Sutlej Industries Limited with the Company) no returns have been received after 31.03.1965. Against Net Assets of Okara Mills, Pakistan amounting to Rs.232.35 lakhs, the demerged/transferor Company had received adhoc compensation of Rs.25 lakhs from Government of India in the year 1972-73. These assets now vest in the Custodian of Enemy Property, Pakistan for which claim has been filed with the Custodian of Enemy Property in India .The Company shall continue to pursue its claim for compensation/ restoration of assets. Hence, further compensation, if any received, credit for the same will be taken in the year of receipt. In the year 2003-04, net assets of Rs. 207.35 lakhs (net of compensation received) as on 31.03.1965, valued at pre-devaluation Exchange Rate, being diminution in value has been provided for.

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

Notes forming part of Balance Sheet and Profit & Loss Statement

30.05 Disclosure as per Accounting Standard - 15

	As at 31st March, 2012	As at 31st March, 2011
(Rs.in lakhs)		
Define Contribution Plan -		
The Company has recognised the following amounts in the Profit and Loss Statement for the year		
Contribution to Employees Provident Fund	647.81	590.88
Contribution to Superannuation Fund	19.43	15.63
Define Benefit Plan -		
The following table set out the status of the gratuity plan as required under AS 15 (Revised 2005):		
(a) A reconciliation of opening and closing balances of the present value of the defined benefit obligation (DBO):		
Opening DBO	1739.21	1391.82
Past & Current Service Cost	188.92	278.48
Interest cost	147.83	111.34
Contribution by planned participants Actuarial (gain)/loss	(50.28)	63.46
Benefits paid	(123.88)	(105.89)
Closing DBO	1901.80	1739.21
(b) A reconciliation of opening and closing balances of the fair value of plan assets:		
Opening fair value of plan assets	1739.21	1391.82
Expected return	125.51	98.01
Actuarial gain/(loss) [Rs.(121) (Previous year Rs.102)]		
Contribution by the employer	160.96	355.27
Benefits paid	(123.88)	(105.89)
Closing fair value of plan assets	1901.80	1739.21
(c) A reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets to the assets recognised in the balance sheet:		
Present value of defined benefit obligation at the end of the year	1901.80	1739.21
Fair value of the plan assets at the end of the year	1901.80	1739.21
Liability recognised in the balance sheet	-	-
(d) The total expense recognised in the profit and loss statement:		
Past & Current service cost	188.92	278.48
Interest cost	147.83	111.34
Expected return on plan assets	(125.51)	(98.01)
Actuarial (gains)/loss	(50.28)	63.46
Net Gratuity cost	160.96	355.27
(e) For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets:	%	%
State/Govt. of India securities	29	20
Corporate Bond/Fixed Deposit	23	23
Special Deposit Scheme	20	24
HDFC Group unit Linked Plan - Option B	26	32
Other investments- UTI Master Shares	2	1

Notes forming part of Balance Sheet and Profit & Loss Statement

	As at 31st March, 2012	As at 31st March, 2011
(f) Actual return on plan assets	7.22%	7.04%
(g) Following are the Principal Actuarial Assumptions used as at the balance sheet date:		
Discount rate	8.50%	8.00%
Expected rates of return on any plan assets	7.22%	7.04%
Average Salary escalation rate	6.00%	5.50%
Average remaining working life of the employees(years)	23.94	24.50
The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.		

The amounts for the current and previous four years in respect of gratuity are as follows:

Particulars	(Rs.in lakhs)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	1901.80	1739.21	1391.82	1159.68	1026.09
Plan assets	1740.84	1383.94	1196.62	966.62	901.83
Surplus / (deficit)	160.96	355.27	195.20	193.06	124.26
Experience adjustment on plan assets- gain/(loss)	3.04	(54.81)	66.28	(27.92)	
Experience adjustment on plan liabilities- gain/(loss)	43.36	34.58	(33.55)	(49.74)	

Notes forming part of Balance Sheet and Profit & Loss Statement

30.06 Segment Reporting

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company.

As part of Secondary reporting, revenues are attributed to geographic areas based on the location of the customers.

The following tables present the revenue, profit, assets and liabilities information relating to the Business/Geographical segment for the year ended 31.03.2012.

Information about Business Segment - Primary

(Rs. in lakhs)

Reportable Segments	Yarn		Fabrics and Apparels		Total	
	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Revenue						
Revenue from operations	143385.02	147285.81	10316.03	10878.93	153701.05	158164.74
Inter Segment Revenue	2497.98	2367.57			2497.98	2367.57
Total Revenue from operations	145883.00	149653.38	10316.03	10878.93	156199.03	160532.31
Result						
Segment Result	9648.24	19528.79	(519.58)	(451.67)	9128.66	19077.12
Unallocated Corporate Income (Net of expenses)					1797.43	1620.57
Finance costs					6965.67	5923.18
Profit before Tax					3960.42	14774.51
Less:Provision for Taxation						
Current					1061.98	317.19
Deferred Tax					(274.93)	3023.11
Profit after Tax					3173.37	11434.21
Other Information						
Segment Assets	91816.10	104124.89	14831.65	12761.72	106647.75	116886.61
Unallocated Corporate Assets					7834.26	3023.38
Total Assets					114482.01	119909.99
Segment Liabilities	5730.09	5159.19	1992.23	1677.45	7722.32	6836.64
Unallocated Corporate Liabilities					5564.89	6115.42
(Including Deferred Tax Liabilities Rs.4715.03 lakhs)						
(Previous year Rs.4989.96 lakhs)						
Total Liabilities					13287.21	12952.06
Capital Expenditure	3377.04	2517.94	1923.62	245.30	5300.66	2763.24
Depreciation	6244.12	6117.86	656.24	668.34	6900.36	6786.20
Non-cash expenditure other than Depreciation & Amortisation					342.74	

Notes forming part of Balance Sheet and Profit & Loss Statement

Secondary Segment - Geographical by location of customers

(Rs. in lakhs)

Reportable Segments	Domestic		Export		Total	
	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Revenue from operations	114630.11	104844.96	41568.92	55687.35	156199.03	160532.31

Other Information:

The company has common assets for producing goods for domestic market and overseas market. However, it has Export Trade Receivable Rs.1703.96 lakhs (Previous year Rs.4049.06 lakhs).

Notes:

- (i) The Company is organised into two main business segments, namely;
- Yarn comprising of Cotton and Man Made Fibres Yarn;
 - Fabrics and Apparels comprising woven of Worsted/ Synthetic Staple Yarn, Fabric Processing, Home Furnishings and Garments.

Segments have been identified and reported taking into account, the nature of products, the differing risks and returns, the organisation structure, and the internal financial reporting systems.

- (ii) Segment revenue in each of the above domestic business segment primarily includes sales, other income and export incentives in the respective segments.

Segment revenue comprises of:

Particulars	(Rs. in lakhs)	
	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Revenue from operations	151250.04	155562.59
Export Incentives	2451.01	2602.15
Other income identifiable to segment	1108.09	1676.98
Segment Revenue from operations & Other income	154809.14	159841.72
Add: Unallocated income	2048.90	1767.13
Total Revenue of the Company	156858.04	161608.85

- (iii) The segment revenue in the geographical segments considered for disclosure are as follows:
- (a) Revenue within India includes sales to customers located within India and earnings in India.
 - (b) Revenue outside India includes sales to customers located outside India and earnings outside India and export incentives benefits.
- (iv) Segment, Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
- (v) Previous year figures has been regrouped to make them comparable with current year figures.

Notes forming part of Balance Sheet and Profit & Loss Statement

30.07 Related Party Disclosure

(a) Key Management Personnel and their relatives

Shri S.K. Khandelia [President]

Smt. Manju Khandelia (wife), Smt. Indra Devi Khandelia (mother),
Shri Ashish Khandelia (son) & Shri Anurag Khandelia (son)

Shri C. Singhanian (Wholetime Director)

Shri K.C. Agarwal (Joint Executive President, Daheli Unit)

Smt Savita Agarwal (wife) , Ms. Sweta Agarwal (daughter), Smt Indra
Devi Agarwal (mother), Shri Harsul Agarwal (son) & Radhey Shyam
Agarwal (father) HUF

(b) Transactions with Related Parties during the year:

(Rs. in lakhs)

Particulars	Key Management Personnel		Relatives of Key Management Personnel	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011	For the year ended 31st March, 2012	For the year ended 31st March, 2011
1 Fixed Deposits Received				
Shri S.K. Khandelia	102.00	3.70		
Smt. Indra Devi Khandelia			8.00	2.00
Smt.Manju Khandelia			57.40	15.00
Shri Ashish Khandelia			1.10	1.90
Shri Anurag Khandelia			109.40	17.30
Smt. Indra Devi Agarwal			0.60	0.50
Radhey Shyam Agarwal, HUF			0.40	0.30
Smt. Savita Agarwal			-	0.10
2 Fixed Deposits Paid				
Shri S.K. Khandelia	17.90	-		
Smt.Manju Khandelia			12.20	-
Shri Ashish Khandelia			28.70	-
Shri Anurag Khandelia			46.50	-
3 Interest on Fixed Deposits				
Shri S.K. Khandelia	11.31	4.59		
Smt. Indra Devi Khandelia			5.63	4.94
Smt.Manju Khandelia			22.37	16.65
Shri. Ashish Khandelia			1.45	2.81
Shri Anurag Khandelia			28.92	20.99
Smt. Indra Devi Agarwal			0.78	0.66
Ms. Sweta Agarwal			0.06	0.05
Radhey Shyam Agarwal, HUF			0.51	0.44
Smt. Savita Agarwal			0.18	0.16
4 Remuneration: \$				
Shri S.K. Khandelia	186.65	155.31		
Shri K.C. Agarwal	35.25	31.43		
Shri C. Singhanian	16.65	14.50		

Notes forming part of Balance Sheet and Profit & Loss Statement

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

(Rs. in lakhs)

Particulars	Key Management Personnel		Relatives of Key Management Personnel	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011	For the year ended 31st March, 2012	For the year ended 31st March, 2011
5 Balance outstanding as at the year end:				
a Fixed Deposits Payable				
Shri S.K. Khandelia	129.30	45.20		
Smt. Indra Devi Khandelia			55.50	47.50
Smt. Manju Khandelia			209.50	164.30
Shri Ashish Khandelia			-	27.60
Shri Anurag Khandelia			270.00	207.10
Smt. Indra Devi Agarwal			7.10	6.50
Ms. Sweta Agarwal			0.50	0.50
Radhey Shyam Agarwal, HUF			4.70	4.30
Smt. Savita Agarwal			1.60	1.60
b Remuneration payable				
Shri K.C. Agarwal	0.65	0.65		

§ Remuneration to Key Managerial personnel do not include provision for leave encashment and contribution to the approved Gratuity Fund of the Company, which are actuarially determined for the Company as a whole.

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

30.08 Earnings per Share (EPS)

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

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Profit/(Loss) attributable to the Equity Shareholders(A) (Rs. in lakhs)	3173.37	11434.21
Number of Equity Shares (B)	10921908	10921908
Nominal value of Equity Shares (Rs.)	10	10
Basic and Diluted Earnings per Share (Rs.)-A/B	29.06	104.69

30.09 i) Outstanding Forward Covers in respect of foreign currencies for Hedging purposes are as follows:

(Figures in lakhs)

Currency	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
	Loans/Other Liabilities	Liabilities	For future	Export Sales
USD	2.68	68.23	83.31	315.38
INR	146.45	3123.07	4275.15	14577.83
Euro	-	-	7.08	5.51
INR	-	-	479.16	348.42
GBP	-	-	0.21	0.50
INR	-	-	17.04	35.41

Notes forming part of Balance Sheet and Profit & Loss Statement

(Figures in lakhs)

Currency	As at 31st March, 2012	As at 31st March, 2011
	Trade receivable	
USD	25.36	61.30
INR	1309.93	2811.22

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

(Figures in lakhs)

Currency	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
	Loans/Other Liabilities		Sundry Creditors for Goods, Services and Expenses	
USD	12.72	7.25	4.49	9.35
INR	575.08	333.13	220.03	421.55
Euro	-	-	0.25	0.56
INR	-	-	17.49	34.99
CHF	-	-	0.03	0.13
INR	-	-	1.98	6.17
GBP	-	-	-	0.04
INR	-	-	-	2.79

Currency	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
	Loans & Advances		Trade receivable	
USD	0.07	0.74	5.54	6.98
INR	3.78	33.09	283.46	311.73
Euro	0.23	3.22	0.76	1.21
INR	15.55	200.02	50.13	76.67
CHF	0.10	1.03	-	-
INR	5.79	44.10	-	-
JPY	-	25.35	-	-
INR	-	12.17	-	-
GBP	-	-	-	0.73
INR	-	-	-	52.79

30.10 Value of Imported & Indigenous Materials Consumed and Percentage Thereof

(Value Rs. in lakhs)

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Value	%	Value	%
Indigenous	91377.40	98.41	79408.55	97.60
Imported	1479.14	1.59	1954.25	2.40
	92856.54	100.00	81362.80	100.00

Notes forming part of Balance Sheet and Profit & Loss Statement

30.11 Value of Imported & Indigenous Stores, Spare-Parts and Packing Material Consumed and Percentage Thereof

(Value Rs. in lakhs)

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Value	%	Value	%
Indigenous	4059.95	91.08	3699.06	87.83
Imported	397.45	8.92	512.32	12.17
	4457.40	100.00	4211.38	100.00

Note: Excluding charged to Machinery Repairs & Capitalised.

30.12 C.I.F.Value of Imports

(Rs. in lakhs)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Raw Materials	1272.95	1733.99
Yarn purchase	-	90.31
Stores and Spare Parts	434.82	445.74
Capital Goods	2225.29	934.30
(Taken on the basis of actual receipt in the Mills Premises irrespective of date of payment)		

30.13 Earning in Foreign Exchange

(Rs. in lakhs)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Export on F.O.B. Basis	37253.53	51301.32

30.14 Expenditure in Foreign Currency

(on payment basis)

(Rs.in lakhs)

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Travelling	90.13	51.01
Export Sale Compensation/claims	86.05	49.08
Commission	618.75	367.61
Interest	23.59	50.73
Legal & Professional Charges	28.90	59.44
Donation	90.40	-
Others	56.62	56.21

Notes forming part of Balance Sheet and Profit & Loss Statement

30.15 Remittance in Foreign Currency on Account of Dividends

	(Rs.in lakhs)
	For the Year ended 31st March, 2012
	For the Year ended 31st March, 2011
Amount of Dividend related to 2010-11 remitted in Foreign Exchange (Rs. in lakhs)#	-
Number of Non-Resident Shareholders	133
Number of Shares held by such Non-Resident Shareholders	61491

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

30.16 The Company has prepared current year account as per presentation and disclosure requirement of Revised Schedule VI to the Companies Act, 1956 applicable with effect from 1st April, 2011. Previous year figures have been reclassified/regrouped to conform current year figures.

Signature to notes 1 to 30.16
In terms of our Report of even date attached.

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

B. K. Sipani
Partner
Membership No. 88926

Place: New Delhi
Dated: May 16, 2012

D. R. Prabhu
Secretary

C. S. Nopany
Chairman

C. Singhania
Wholetime Director & CFO

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

Cash Flow Statement for the year ended 31st March, 2012

83

(Rs. in lakhs)

PARTICULARS	31.03.2012	31.03.2011
(A) CASH FLOW FROM OPERATING ACTIVITIES		
a. Net Profit before Tax	3960.42	14774.51
Adjustment for:		
Depreciation	6900.36	6786.20
Interest Paid (Net of Capitalised)	6584.83	5722.65
Interest Received	(2028.08)	(1753.65)
Dividend from Long Term Investment (Non trade)	-	(0.02)
Deferred Government Subsidies	(32.66)	(33.18)
Profit on sale of Current Investment (Non trade)	(7.99)	-
Loss / (Profit) on Sale/Discard of Fixed Assets (Net)	4.12	(20.62)
Unrealised Foreign Exchange Fluctuation Loss/ (Gain) (Net)	192.70	(228.72)
Excess Provisions and Unspent Liabilities Written Back	(637.20)	(423.97)
Provisions for doubtful advances Written Back	-	(13.47)
Sundry Credit Balances written back (Net)	(102.54)	(55.93)
Provision for Doubtful Refund/ subsidies & Debts	342.74	-
b. Operating Profit before working capital changes	15176.70	24753.80
Adjustment for:		
Trade and other Receivables	3115.09	(3331.41)
Inventories	4487.33	(5780.95)
Grants / Subsidy from Government (Revenue in nature)	(449.51)	(490.30)
Trade Payables	1620.81	1896.73
c. Cash Generated from Operations	23950.42	17047.87
Direct Taxes (paid) / Refund (Net)	(820.02)	(2845.34)
Net Cash (used in)/from Operating Activities (A)	23130.40	14202.53
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	96.06	100.21
Dividend from Long Term Investment (Non trade)	-	0.02
Interest Received	2033.85	1756.85
Sale / (Purchase) of Investment (Net)	(5009.01)	(120.00)
Purchase of Fixed Assets	(5223.23)	(3698.64)
Movement in Fixed Deposits	(11.24)	102.78
Net Cash used in Investing Activities (B)	(8113.57)	(1858.78)

PARTICULARS	(Rs. in lakhs)	
	31.03.2012	31.03.2011
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Short term Borrowings (Net)	(6327.24)	(1493.00)
Long term Borrowings (Net)	(2071.14)	(4835.81)
Dividend paid and Tax on Distributed Profits	(952.03)	(318.40)
Interest Paid (Net of TUFS subsidy)	(5764.53)	(5778.91)
Net cash from Financing Activities (C)	(15114.94)	(12426.12)
Net increase/(decrease) in Cash and CashEquivalents [(A)+(B)+(C)]	(98.11)	(82.37)
Cash and Cash Equivalents (Opening Balance)	414.29	496.66
Cash and Cash Equivalents (Closing Balance) *	316.18	414.29
* Break-up as under:-		
Cash Balance on Hand (Including Stamps in Hand)	30.57	24.40
Cheques/Drafts in Hand	19.90	12.40
Cash Credit Account (Debit Balance)	0.13	0.10
With Banks in Current Accounts	265.58	377.39
TOTAL	316.18	414.29
Other Bank Balances shown under appropriate activities	73.71	50.11
Cash and Bank Balances as per Note No.-18	389.89	464.40

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

The accompanying notes are an integral part of the financial statements.
In terms of our Report of even date attached.

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

B. K. Sipani
Partner
Membership No. 88926

Place: New Delhi
Dated: May 16, 2012

D. R. Prabhu
Secretary

C. S. Nopany
Chairman

C. Singhania
Wholtime Director & CFO

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

Corporate Information

Board of Directors

Mr. C.S. Nopany – *Chairman*
Mr. S.M. Agarwal
Mr. U.K. Khaitan
Mr. Amit Dalal
Mr. Rajan A. Dalal
Mr. Ashok Mittal
Mr. Rajiv K. Podar
Dr. Mahmoodur H. Rahman
Mr. Chaturbhuj Singhania
Wholetime Director & C.F.O.

Executives

Corporate office

Mr. S.K. Khandelia – *President*
Mr. Chaturbhuj Singhania
Wholetime Director & Chief Financial Officer
Mr. D.R. Prabhu – *Secretary*

Unit Heads

Bhawanimandi Unit

Mr. S.S. Maheshwari – *Joint Executive President*

Kathua Unit

Mr. K.C. Sharma – *Joint Executive President*

Daheli Unit

Mr. K.C. Agarwal – *Joint Executive President*

Auditors

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

Branch Auditors

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

Bankers

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

Registered Office

Pachpahar Road
Bhawanimandi 326 502
Rajasthan

Manufacturing Units

Rajasthan Textile Mills

Bhawanimandi 326 502
Rajasthan

Chenab Textile Mills

Kathua 184 102
Jammu and Kashmir

Damanganga Units

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

