

**31st ANNUAL REPORT**



**2011**

**ADINATH TEXTILES LIMITED**

## BOARD OF DIRECTORS

Sh. Rajneesh Oswal	Executive Director
Sh. Raman Marwaha	Director
Sh. R.P. Gupta	Director
Sh. S.K. Sekhri	Director

## AUDITORS :

M/s. Dass Khanna & Co.  
Chartered Accountants  
Ludhiana.

## REGISTERED OFFICE & WORKS

Village Bholapur, P.O. Sahabana  
Chandigarh Road, Ludhiana - 141 123

## OFFICES

- 4-J & E, Gopala Tower,  
25, Rajendra Place  
New Delhi - 110 008.
- 302, Raheja Chambers,  
Nariman Point,  
Mumbai - 400 021.

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**Registrar & Transfer Agents**  
Skyline Financial Services (p) Limited  
D-153/A, 1st Floor  
Okhla Industrial Area, Phase - 1,  
New Delhi - 110020

## NOTICE

Notice is hereby given that the 31st Annual General Meeting of the members of the company will be held on Friday the 30<sup>th</sup> day of September, 2011 at 11.00 A.M. at the Registered Office of the Company at Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana to transact the following business.

**AS ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh R.P.Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

**NOTES:**

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

1. The Register of Members and Share Transfer books of the Company shall remain closed from Saturday the 24th day of September 2011 to Friday the 30th day of September 2011 (both days inclusive), for the purpose of AGM, for both physical and electronic segments.

2. Members/proxies are requested to bring their copy of Annual Report to the Meeting.

3. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their question in writing to the Company, so as to reach the registered office of the Company at least 10 days before the date of the meeting so that information required may be made available at the time of the Meeting

4. Members are requested to :

(i) Quote their folio number/Client ID & DP-ID in all correspondence with the company.

(ii) Notify immediately to the company any change in their address/mandate, if any.

(iii) REGISTER THEIR E. MAIL ID WITH THE COMPANY OR ITS REGISTRAR OR THEIR DEPOSITORY PARTICIPANT TO ENABLE THE COMPANY TO SEND THE NOTICES AND OTHER REPORTS THROUGH E.MAIL.

5. Shares of the Company are available for De-Materialization under ISIN INE207C01019. Members who have not opted for De-Materialization are requested to do so in their own interest.

6. Shareholders/ Proxy holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the Meeting Hall.

7. Please note that the meeting is for members or their proxies only. Please avoid being accompanied by non-members and children.

By order of the Board  
For Adinath Textiles Limited  
Sd/-

Place : Ludhiana Rajneesh Oswal  
Dated : 11th August, 2011 (Executive Director)

**DETAILS OF DIRECTOR RETIRING BY ROTATION AND SEEKING REAPPOINTMENT**

Sh. R.P.Gupta is a graduate. He has an experience of more than three decades to his credit in the field of Accounts and Finance. Mr. R.P. Gupta was first appointed as additional director of the company on 31.01.2001 and thereafter was appointed as director liable to retire by rotation. Mr. R.P.Gupta is member of Audit Committee and share transfer cum Investor Grievances committee of the board. He is director in LimeLite Consultants (Pvt.) Ltd.

Mr. R.P.Gupta does not hold any shares in the company

## DIRECTORS' REPORT

The Directors of your company are pleased to present the 31st Annual Report together with the Audited Accounts of the company for the year ended 31.03.2011.

FINANCIAL RESULTS	(Rs. in lacs)	
	2010-11	2009-2010
Income from Operations	448.15	1284.12
Other Income	39.42	12.92
Profit/(Loss) before interest and depreciation	52.43	181.54
Less interest	0.01	0.09
Gross Profit/(Loss)	52.42	181.45
Depreciation	10.39	12.08
Net Profit/(Loss) Before Tax	42.03	169.37
Provision for Taxation	0.00	0.02
Net Profit/(Loss) after Tax	42.03	169.35

During the year under consideration the income from operations of the company is Rs. 448.15 Lacs against Rs. 1284.12 lacs in the last Financial Year. Other Income of the company is Rs. 39.42 Lacs in comparison to Rs. 12.92 Lacs in previous year.

As reported earlier that the company has been declared as Sick by the BIFR. The management of the company has submitted its Detailed Rehabilitation Scheme (DRS) to the BIFR through the operating agency appointed by the BIFR and is hopeful to get the approval of revival scheme submitted.

### DIVIDEND

Due to accumulated losses of the previous years, Directors of your company are unable to recommend any dividend for the year under review.

### DIRECTORS

Sh. R.P.Gupta is retiring by rotation and is eligible for re-appointment as director of the company.

### DEPOSITS

During the year under review the company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

### AUDITORS

Auditors of the Company M/s Dass Khanna & Co., Chartered Accountants, Ludhiana retire at the ensuing Annual General Meeting of the company and are eligible for reappointment.

### COST AUDITORS

Mr. Vipin Maini, Cost Accountant, New Delhi, has been appointed as Cost Auditors for the year 2010-11. He will submit his report in due course.

### AUDITORS REPORT

The Auditors Report on accounts of the company for the year under review is self explanatory and requires no comments. As for their comments regarding realization of old outstanding, management has taken effective steps, including the filing of legal cases, and is hopeful to recover the old outstanding.

As regards the non compliance of section 383A of the Companies Act, 1956 management has taken due steps to appoint Company Secretary, but no suitable candidate was available for appointment.

### INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

#### (A) Subsection (1)(e)

(i) Conservation of Energy -All efforts are being made to conserve energy.

(ii) Technology Absorption-- Nil.

(iii) Foreign Exchange Earnings and Outgo--Nil

(iv) Activities and initiatives related to Export--Nil

#### B) Subsection 2A

The Company has no employee in the category specified under Section 217 (2A) of the Companies Act, 1956.

#### (C) Subsection 2AA

Your Directors state:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed by the Company along with proper explanation relating to material departures;
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. That the directors had prepared the annual accounts on a going concern basis.

#### ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation for the dedicated work and co-operation extended by all the employees.

Your Directors also wish to record their gratitude to the shareholders, and Customers for their valuable support.

**ON BEHALF OF THE BOARD  
for ADINATH TEXTILES LIMITED**

Sd/-

**RAJNEESHOSWAL  
(Chairman)**

Place : Ludhiana

Date : 11th, August, 2011

### REPORT ON CORPORATE GOVERNANCE

The Company is in compliance with requirements of the guidelines on corporate governance stipulated under clause 49 of the Listing Agreement. The status with regard to the various aspects of the corporate governance is given below.

The company has laid down a Code of Conduct for members of the Board and senior management personnel for avoidance of conflicts of interests. Company has received the necessary declaration affirming compliance with the code of conduct for the year 2010-11.

#### Board of Directors

##### (I) Composition :

The Board of Directors of the Company comprises of a One Executive Director, and three Independent and Non Executive Directors with professional expertise and experience in their respective field.

The Board of Directors met four times during the year 2010-11 on 15th May, 2010, 14th August, 2010, 15th November 2010 and 14th February, 2011. All information laid down in corporate governance code are being placed before the board in regular manner.

The name of Board members, their attendance at Board Meetings and the number of other Directorships and Board Committee memberships held by them as on March 31, 2011 are given in the following table:

Name of the Director	Board meetings attended during the year	Attendance at last AGM (28.09.10)	No. of other Directorship held	Membership of the Committees of other Companies
<b>EXECUTIVE DIRECTOR</b>				
Sh. Rajneesh Oswal	4	Present	5	2
<b>NON EXECUTIVE DIRECTORS</b>				
Sh. Raman Marwaha	4	Present	---	---
Sh. R. P. Gupta	4	Present	1	---
Sh. S. K. Sekhri	1	Not Present	1	---

#### Audit Committee

Company has constituted Audit Committee in compliance with the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The committee's terms and reference, authority and powers are in conformity with the requirements of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All financial statements are reviewed by the Audit Committee before submission to the Board.

There were four meetings of the committee during the year. The details of composition of committee and attendance at its meetings are given in the following table:

Name of Member	No. of Meetings Attended
Sh. Raman Marawaha	4
Sh. R. P. Gupta	4
Sh. S. K. Sekhri	1

### Share Transfer-cum-Investor Grievance Committee

The Board has formed an investors' Grievance Committee named as Share Transfer-cum-Investor Grievance Committee to specifically look into the redressal of investors' complaint like transfer of shares, non receipt of balance sheet or non receipt of credit of shares into the De mat account etc. The committee also approves issue of duplicate share certificate(s) and overseas and reviews all matters connected with the share transfer.

The Share Transfer cum Investor Grievance Committee is headed by a Non-Executive Director and met twelve times during the year 2010-11. The detail of members and their attendance are given in the table

Name of Member	Meetings Held	Meetings Attended
Sh. R.P.Gupta(Chairman)	12	12
Sh. Rajneesh Oswal	12	10
Sh. Raman Marawaha	12	12

The company has designated the e.mail id "[cs@shrevansgroup.com](mailto:cs@shrevansgroup.com)" for the purpose of registering complaints by investors electronically. This e.mail id is displayed on the company's website.

The details regarding the investor's complaints are as under

	No. of Complaints
Pending as on 01.04.2010	NIL
Received during the year	20
Resolved during the year	20
Pending as on 31.03.2011	NIL

### REMUNERATION PAID TO DIRECTORS

Company has not paid any remuneration to its Executive Director. Sitting fee was paid to the Non Executive Directors during the year under consideration as per detail given below.

Name	Category	Sitting Fees for Board Meetings
Sh. R.P.Gupta	Independent Director	3000/-
Sh. Rajneesh Oswal	Independent Director	3000/-
Sh. Raman Marawaha	Independent Director	750/-

### General Body Meetings

The last three Annual General Meetings were held as under :

Financial Year	Date of A.G.M	Time	Venue
2009 - 2010	September 28, 2010	11.30 AM.	Regd. Office of the Company at Vill. Bhojapur, P.O. Shabaha, Chandigarh Road Ludhiana- 141123
2008 - 2009	September 30, 2009	11.30 AM.	—Do—
2007 - 2008	September 27, 2008	3.00 PM.	—Do—

There was no occasion to pass Special Resolutions through postal ballot on any of the matters as required under the rules for passing of resolution through Postal Ballot.

Further no such proposal is proposed to be placed for the shareholders approval in the forthcoming Annual General Meeting.

**Disclosures**

- a) The related party transactions are placed before Audit Committee. For the year 2010-11, there were no transactions of material nature with related parties which are not in the normal course of business. The related party transactions are disclosed in the Notes on Account to the Balance Sheet.
- b) There are no pecuniary relationships or transactions of non executive directors vis-à-vis company that have a potential conflict with the interests of the company.
- c) The company has complied with requirements of the stock exchanges as well as the Regulations and Guidelines prescribed by the Securities & Exchange Board of India. There were no penalties or strictures imposed on the company by Stock exchanges or SEBI, any statutory authority on any matter related to capital markets during last three years. Listing fee has been paid to the Bombay Stock Exchange and Ludhiana Stock Exchange Association Ltd. up to the F.Y. 2010-11. BSE has suspended the trading in equity shares of the company and the company has taken desired steps for restoring the trading. The Company has also made application to the Ludhiana Stock Exchange Association Ltd. seeking restoration of trading under amnesty scheme and the approval of LSE is aviated. Company has also made applications for the voluntary delisting from the stock exchanges at Delhi, Chennai, Kolkata and Ahmdabad, which are pending for decision at end of respective stock Exchange. Company has not paid listing fee to these stock exchanges in view of poor financial position.
- d) The company has complied with all mandatory requirements of clause 49 of listing agreement on corporate governance.
- e) As on 31<sup>st</sup> March, 2011 none of the non executive directors, is holding any equity shares of the company.
- f) The company has a Whistle Blower Policy in place and it has not denied access to any personnel to approach the Management or the Audit Committee on any issue.
- g) No director of the company is having any relationship with each other.

**Means of Communication**

The Quarterly / Half-Yearly/ Annual Audited Results of the Company are sent to the Stock Exchanges after they were approved by the Board of Directors and communicated to the investors through publication in News Papers.

**General Share Holders Information**

- (i) **Annual General Meeting** Date & Time: Friday, the 30<sup>th</sup> day of September, 2011 at 11.00A.M.  
Place: Regd. office of the Company at Vill. Bholapur, P.O. Sahabana , Chandigarh Road, Ludhiana - 141 123.
- (ii) **Financial Year** The company's Financial Year starts from 1st April every year and conclude on 31st March, next year.
- (iii) **Book Closure**: From Saturday, the 24th day of September, 2011 to Friday, the 30th day of September, 2011 (both days inclusive)
- (iv) Company has not declared any dividend during the year 2010-11.
- (v) **Listing Details**: The Equity shares of the Company are listed on
- The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana - 141 001
  - The Delhi Stock Exchange Association Limited, DSE House, Asaf Ali Road, New Delhi - 110 002
  - The Stock Exchange, Mumbai, Pheroze Jeejeebhoy Towers, 25th floor, Dalal Street, Mumbai - 400 001
  - The Culcatta Stock Exchange Association Limited, 7, Lyons Range, Kolkata - 700 001
  - The Madras Stock Exchange Limited, Post Bag No. 183, 11 Second Line Beach, Chennai - 600 001
  - The Ahmdabad Stock Exchange
- Stock Code : BSE Code: 514113
- (vi) **Depositories for Equity Shares** : National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)  
ISIN No. for the Companies Equity Shares : INE207C01019
- (vii) **Registrar and Share Transfer Agent.**

The details of Registrar & Transfer Agents are as under

Name	: Skyline Financial Services (P) Ltd.
Address	: D-153/A 1 <sup>st</sup> Floor, Okhla Industrial Area, Phase -1 New Delhi-110020
Phone No.	: 011-30857575 (ten lines)
Fax No.	: 011-30857562
Contact Person	: Mr. Subhash Aggarwal, Director.

(viii) The distribution of Company's shareholding is as follows :

NO OF SHARES From To		PHYSICAL FORM			D-MAT FORM		
		NO. OF SHARE HOLDERS	NO. OF SHARES HELD	PERCENTAGE OF SHARE CAPITAL HELD \$	NO. OF SHARE HOLDERS	NO. OF SHARES HELD	PERCENTAGE OF SHARE CAPITAL HELD \$
1	500	19867	2440600	35.82	3016	461539	6.77
501	1000	318	246580	3.62	148	119055	1.75
1001	2000	90	126520	1.86	63	91121	1.34
2001	3000	18	43150	0.63	20	49113	0.72
3001	4000	6	20050	0.29	7	24800	0.36
4001	5000	2	9150	0.13	3	14550	0.21
5001	10000	4	22870	0.34	8	53145	0.78
10001	above 10001	14	2947220	43.25	5	144887	2.13
<b>TOTAL</b>		<b>20319</b>	<b>5856140</b>	<b>85.94</b>	<b>3270</b>	<b>958210</b>	<b>14.06</b>

\$ The above percentage is after excluding the shares forfeited but not re-allotted

(ix) Share Transfer System:

The Board has delegated the power of approving re-materilisation of shares, transfer and transmission cases, splitting-consolidation of share certificates and issue of duplicate share certificates etc. to the Share Transfer cum Investor Grievances Committee. A list of valid transfers prepared by Transfer Agent in respect of transfers received by them and objections, if any, are placed before the committee for approval/ confirmation.

The shares are accepted for registration of transfer at the Registered Office of the Company in addition to the office of Registrar & Transfer Agent, M/s Skyline Financial Services Private Ltd., New Delhi.

(x.) Market Price data: The monthly high and low stock quotations for the shares of the company at the Stock Exchange, Mumbai, during the last financial year are not available.

(xi.) The Company has not issued any GDR's / ADR's and there are no warrants or any convertible warrants.

(xii.) Location of Plant: Adinath Textiles Ltd., Vill. Bholapur, P.O. Shabana, Chandigarh Road, Ludhiana

(xiii.) Address for Correspondence :

Adinath Textiles Limited, Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana (India) - 141 123

Ph. (0161) 2685271, 2685272  
Email : [at@shreyansgroup.com](mailto:at@shreyansgroup.com)

Fax. 91-161-2685270  
Website : [www.shreyans-group.com](http://www.shreyans-group.com)



**MANAGEMENT DISCUSSIONS AND ANALYSIS****OVERVIEW OF INDUSTRY**

The overall performance of textile industry is badly affected due to lower realization both in export and domestic market. Disturbed power supply and skilled labor shortage in the region has worsened the position.

The company primarily operates in spinning of worsted and spun yarn. The company has manufacturing set up base in Ludhiana in the state of Punjab and Corporate Office is located in Ludhiana in Punjab. Presently the company has devoted major part of its production capacity to Job works. In addition company has taken up the trading activities to avail of the available opportunities

**OPPORTUNITY, RISK AND CONCERN**

The company is dependent upon the orders for the job work for its manufacturing facilities. Ludhiana being a hosiery cluster, company does not foresee any problem for its activities. Further management feels that the opportunity for the company lies in increasing the income in trading activities of textile goods. Your company is actively working for these opportunities.

**SEGMENTWISE PRODUCTWISE PERFORMANCE**

The company has only one segment i.e manufacturing and sale/ trading of Acrylic and worsted yarn.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has a proper and adequate internal control system to safeguard and protect against loss from unauthorized use or disposition and to ensure that all transactions are authorized, recorded correctly and adequately. Internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets.

The internal audit report, plans, significant audit findings and compliance with accounting standards is in turn reviewed by the Company's Audit Committee to ensure proper audit coverage and adequate consideration along with execution of the auditors' recommendations.

**FINANCIAL STATEMENT**

Financial statements of the company have been prepared in compliance with the requirements of the Companies Act, 1956 and generally accepted accounting principles in India. There are no material departures from the prescribed accounting standards in the adoption of accounting standards. The management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as various estimates and judgments used therein. However, any unforeseen and uncontrollable external

factors may alter these judgments.

**HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS**

The human resources development function of the Company is guided by a strong set of values and policies. Your company maintains a work environment that is free from any harassment.

**DECLARATION**

To  
The Members  
Adinath Textiles Limited

**DECLARATION BY THE EXECUTIVE DIRECTOR UNDER CLAUSE 49(1D) OF THE LISTING AGREEMENT**

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Directors and Senior Management Personnel as approved by the Board, for the Financial Year ended 31st March, 2011 in terms of clause 49 (1)(D)(ii) of the Listing Agreement entered with the Stock Exchanges.

For and on Behalf of the Board of Directors

Place : Ludhiana  
Date : 11th August 2011

(Rajneesh Oswal)  
Chairman & Executive Director

**Certificate on Compliance with the condition of Corporate Governance  
under clause 49 of the Listing Agreement**

To  
The Members  
Adinath Textiles Limited

We have examined the compliance of conditions of corporate governance by Adinath Textiles Limited ("the Company") for the year ended on 31<sup>st</sup> March, 2011 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and based on the presentation made by the Directors and Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

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

For P. S. Bathia & Associates.  
Company Secretaries

(P. S. Bathia)  
CP No. 2686

Place : Ludhiana  
Dated : 11th August, 2011

## AUDITORS REPORT

To,  
The Members  
ADINATH TEXTILES LIMITED

a) We have audited the attached balance sheet of ADINATH TEXTILES LIMITED, as at 31<sup>st</sup> March, 2011, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. 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.

b) We conducted our audit in accordance with the 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 disclosure 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.

c) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India 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.

d) 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 as far as appears from our examination of those books.

(iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account. Though the net worth of the company has become negative (also refer to Note no. 9 of Annexure-O), and the company have been declared as a Sick by BIFR and the draft rehabilitation package, as submitted through SBI (OA), is pending before the Hon'ble BIFR.

(iv) In our opinion, the balance sheet, profit and loss account 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 representation received from directors on 31 March, 2011 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31 March, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of Companies Act, 1956.

(vi) We report that:-

1. We are unable to express our opinion regarding realization of sundry debtors amounting Rs.15427256/-

(Previous year Rs.12102399/-) which are due for more than three years. However in the opinion of the management the said amounts is recoverable, hence no provision has been made against the same.

2. Company is not having any whole time Company Secretary.

We further report:

In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to above read together with notes on accounts as per Annexure 'N' there on 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 31<sup>st</sup> March, 2011.

b) In the case of the profit and loss account, of the profit for the year ended on that date; and

c) In case of the cash flow statement, of the cash flows for the year ended on that date.

FOR DASS KHANNA & CO.  
CHARTERED ACCOUNTANTS  
Reg. No. 000402M

PLACE : LUDHIANA  
DATED : 11-08-2011

(RAKESH SONI)  
PARTNER  
M.NO. 83142

(REFERRED TO IN PARAGRAPH (3) OF OUR REPORT EVEN DATE ON THE STATEMENT OF ACCOUNTS FOR ADINATH TEXTILES LIMITED AS AT AND FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011.)

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

(b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) During the year, the company has not disposed off a major part of the plant and machinery, which affected the going concern status of the company.

(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is maintaining proper records of inventory. No discrepancies noticed on verification between the physical stocks and the book records.

(iii) (a) The company has not taken loan from parties listed in the register maintained under section 301 of the

(b) The company has not granted loans secured or unsecured to the parties listed in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course, of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls

(v) According to the information and explanations give to us, we are of the opinion that there was no contract or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.

(vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposited from public during the year within the meaning of section 58A, 58AA or any other provisions of the Companies Act, 1956 and the rules framed there under.

(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 account relating to materials, labour and other items of cost 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 we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained

(a) The company is regular in depositing with appropriate authorities undisputed statutory dues. However company is irregular in depositing sales tax. The extent of arrear outstanding as at 31<sup>st</sup> March 2011 for a period of more than six month from the date they become payable are as under

Nature of Dues	Amount in (Rs.)
Sales Tax	2277956
Entry Tax	237798
Intt. on PF/ESI / Sale Tax	1342158

(b) According to the records of the company, the disputed statutory dues aggregating to Rs. 5,00,000/- that have not been deposited on account of matters pending before the appellate authorities in respect of custom duty and excise duty are as follow:

Forum where dispute is pending	Nature of Dues	Disputed Amount (Rs.)
Commissioner Central Excise & Customs, Chandigarh	Penalty	15,00,000 <sup>00</sup>

\*\* Note: However Rs. 500000/- has been deposited under protest.

(x) The accumulated losses of the company are more than of its net worth.

(xi) In our opinion and according to the information and explanations given to us, there is no default w.r.t to debenture holders.

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

(xiii) The company is not a chit fund or a Nidhi / Mutual benefit fund/ society.

(xiv) The company is not dealing in or trading in shares, securities, debentures and other investment.

(xv) According to the information and explanations given to us the company has not given any guarantees for loans taken by others from banks or financial institutions.

(xvi) During the year company has not raised any term loan.

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

(xviii) According to the information and explanations given to us, during the year company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xix) According to the information and explanations given to us, the company has not issued any debentures during the year under audit.

(xx) The company has not raised any money by way of public issue during the year.

(xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**FOR DASS KHANNA & CO.**  
**CHARTERED ACCOUNTANTS**  
 Reg. No. 000402M

**PLACE : LUDHIANA**  
**DATED : 11-08-2011**

**(RAKESH SONI)**  
**PARTNER**  
 M.NO. 83142

## BALANCE SHEET AS AT 31ST MARCH 2011

Particulars	Annexures	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS</b>			
(a) Capital	A	70,143,500	70,143,500
(b) Reserves & Surplus	B	69,519,250	69,519,250
		<u>139,662,750</u>	<u>139,662,750</u>
<b>LOAN FUNDS</b>			
(a) Unsecured Loans	C	19,655,621	73,05,621
		<u>19,655,621</u>	<u>73,05,621</u>
<b>TOTAL :-</b>		<u>159,318,371</u>	<u>146,968,371</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
(a) Gross Block	D	98,440,578	984,82,585
(b) Less : Depreciation		76,395,663	75,356,488
(c) Net Block		<u>22,044,915</u>	<u>23,126,097</u>
<b>INVESTMENT</b>			
	E	171250	0
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
(a) Inventories	F	2351551	2476966
(b) Sundry Debtors		34962888	50681163
(c) Cash and Bank Balances		3469113	525376
(d) Loans and Advances		3773639	3765827
		<u>44557191</u>	<u>57449332</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
(a) Liabilities	G	55936808	86292080
<b>NET CURRENT ASSETS</b>		<u>(11,379,617)</u>	<u>(28,842,748)</u>
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)			
<b>PROFIT &amp; LOSS ACCOUNT</b>		<u>148481823</u>	<u>152685021</u>
<b>Total :-</b>		<u>159318371</u>	<u>146968371</u>

### NOTES ON ACCOUNTS

This is the Balance Sheet referred to in our report of even date.

For Dass Khanna & Co.  
Chartered Accountants

**(RAKESH SONI)**  
Partner

**(RAJESH KUMAR)**  
Mgr. (A/c)

**(R.P. GUPTA)**  
Director

**(RAJNEESH OSWAL)**  
Executive Director

PLACE : LUDHIANA  
DATED : 11.08.2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

Particulars		As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
<b>INCOME</b>			
Sale		37748949	127120250
Other Income	H	11008275	4876439
	<b>TOTAL</b>	<b>48757223</b>	<b>131996689</b>
<b>EXPENDITURE</b>			
Material Consumed	I	31925025	104186341
Manufacturing Expenses	J	4859905	4136706
Personnel Expenses	K	4381403	3634283
Administration and other Expenses	L	2200999	1805806
Financial Expenses	M	1375	8868
Selling Expenses	N	146143	79116
Depreciation		1039175	1208087
	<b>TOTAL</b>	<b>44554024</b>	<b>115059207</b>
<b>PROFIT/(LOSS) AFTER DEPRECIATION</b>		<b>4203199</b>	<b>16937482</b>
Advance Tax		----	-8000
Excess Provision Written Back (FBT)		----	6006
Balance B/F from Previous Year		(152,685,021)	(169,620,510)
<b>Balance Carried to Balance Sheet</b>		<b>(148,481,823)</b>	<b>(152,685,021)</b>
Earning Per Share-basic		0.62	2.49

### NOTES ON ACCOUNTS

This is the Profit and Loss A/c referred to in our report of even date.

For Dass Khanna & Co.  
Chartered Accountants

(RAKESH SONI)  
Partner

(RAJESH KUMAR)  
Mgr. A/c

R.P. GUPTA)  
Director

(RAJNEESH OSWAL)  
Executive Director

PLACE : LUDHIANA  
DATED : 11.08.2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011

<b>A. CASH FLOW FROM OPERATIONS</b>	(Rs. In Thousand)	
	2010-2011	2009-2010
<b>NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>4,203.20</b>	<b>16,937.48</b>
<b>Adjustment for :</b>		
Depreciation	1,039.18	1,208.09
Interest Paid	----	2.10
Gain on Sale of Fixed Assets Sold	(123.03)	----
<b>Operating Profit Before Working Capital Changes</b>	<b>5,119.34</b>	<b>18,147.67</b>
<b>Adjustment for :</b>		
Trade & Other Receivables	15,710.46	(22,348.34)
Inventory	125.41	(658.28)
Trade Payables	(57,480.50)	12,388.81
Others	27,125.22	(4,268.11)
<b>Cash Generated from Operations</b>	<b>9400.05</b>	<b>3,261.75</b>
Interest Paid	----	(2.10)
Direct Taxes Paid	----	(1.99)
<b>Net Cash from Operating Activities</b>	<b>9400.05</b>	<b>3,257.66</b>
 <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(232.81)	----
Sale of Fixed Assets	103.57	237.20
Gain on Sale of Fixed Assets Sold	123.03	----
<b>Net Cash From Investing Activities</b>	<b>(6.21)</b>	<b>237.20</b>
 <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of Long Term Borrowings	----	----
Increase in Unsecured Loans	12,350.00	(3,550.00)
<b>Net Cash From Financing Activities</b>	<b>12,350.00</b>	<b>(3,550.00)</b>
<b>Net Increase in cash and cash Equivalents</b>	<b>2943.74</b>	<b>(55.14)</b>
<b>Opening Cash &amp; Equivalents</b>	<b>525.38</b>	<b>580.52</b>
<b>Closing &amp; Cash &amp; Cash Equivalents</b>	<b>3469.11</b>	<b>525.38</b>

This is the cash flow statement referred to in our report of even date.

**For Dass Khanna & Co.**  
Chartered Accountants

**(RAKESH SONI)**  
Partner

**(RAJESH KUMAR)**  
Mgr./c

**(R. P. Gupta)**  
(Director)

**(RAJNEESH OSWAL)**  
Executive Director

PLACE : LUDHIANA  
DATED : 11.08.2011

## SHARE CAPITAL

## ANNEXURE 'A'

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
<b>AUTHORISED</b>		
99,00,000 Equity Shares of Rs. 10/- each	99,000,000	99,000,000
10,000 11% Redeemable Non-Cumulative Preference Shares of Rs. 100/- each	1,000,000	1,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
<b>ISSUED AND SUBSCRIBED</b>		
86,16,800 Equity Shares of Rs. 10/- each	86,168,000	86,168,000
2,000 11% Redeemable Non-Cumulative Preference Shares of Rs. 100/- each	200,000	200,000
	<u>86,368,000</u>	<u>86,368,000</u>
<b>PAID UP CAPITAL</b>		
6814350 Equity Shares of Rs. 10/- each	68,143,500	68,143,500
2,000 11% Redeemable Non-Cumulative Preference Shares of Rs. 100/- each	200,000	200,000
	<u>68,343,500</u>	<u>68,343,500</u>
<b>ADD FORFEITED SHARES (Amount Originally Paid up)</b>	<b>1,800,000</b>	<b>1,800,000</b>
<b>TOTAL</b>	<b><u>70,143,500</u></b>	<b><u>70,143,500</u></b>

## RESERVES AND SURPLUS

## ANNEXURE 'B'

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
<b>CAPITAL RESERVE</b>	<b>12,000</b>	<b>12,000</b>
<b>SECURITIES PREMIUM ACCOUNT</b>	<b>69,428,050</b>	<b>69,428,050</b>
<b>PREMIUM ON SHARES ALREADY FORFEITED</b>	<b>79,200</b>	<b>79,200</b>
<b>TOTAL</b>	<b><u>69,519,250</u></b>	<b><u>69,519,250</u></b>



## UNSECURED LOANS

## ANNEXURE 'C'

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
Other Loans	19,655,621	73,05,621
<b>TOTAL :-</b>	<b>19,655,621</b>	<b>73,05,621</b>

## FIXED ASSETS

## ANNEXURE 'D'

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01/04/2010 Rs.	Addition during the year Rs.	Sale/ Adjustment during the year Rs.	As at 31/03/2011 Rs.	As at 01/04/2010 Rs.	Adjustment during the year Rs.	Provided for the year Rs.	As at 31/03/2011 Rs.	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
Land	868,977	—	—	868,977	—	—	—	—	868,977	868,977
Building	33,478,206	—	—	33,478,206	14,858,310	—	840,029	16,698,339	17,778,886	18,619,895
Plant & Machinery	59,705,008	—	98,084	69,606,924	56,700,916	—	89,402	66,790,318	2,816,606	3,004,093
Furniture, Fixture & Other Equipment	4,004,090	61,562	5,485	4,060,167	3,638,816	—	69,245	3,708,061	362,106	365,274
Vehicles	426,304	—	—	426,304	158,445	—	40,499	198,944	227,360	267,859
<b>Total</b>	<b>98,482,585</b>	<b>61,562</b>	<b>103,569</b>	<b>98,440,678</b>	<b>75,356,488</b>	<b>—</b>	<b>1,039,175</b>	<b>76,395,663</b>	<b>22,044,916</b>	<b>23,126,097</b>
Previous Year	98,719,786	—	237,201	98,482,686	74,148,401	—	1,208,087	76,356,488	23,128,097	

## INVESTMENTS

## ANNEXURE 'E'

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
<b>A. Long Term Investment (At Cost)</b>		
Other than Trade		
<b>UNQUOTED</b>		
21500 Equity Shares of Rs. 10 each of Fountain Tie Up Pvt. Ltd. Fully paid	171,260	—
<b>Agregate value of unquoted investments TOTAL :-</b>	<b>171,260</b>	<b>—</b>

## CURRENT ASSETS, LOANS AND ADVANCES

## ANNEXURE 'F'

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
<b>A) CURRENT ASSETS</b>		
1) Inventories (Valued at lower of cost or market price as certified by the management)		
Stores & Spares	1497212	1000901
Machinery Scraps	148499	187400
Raw Material	705840	600605
2) SUNDRY DEBTORS		
a) Debts outstanding for a period exceeding 6 months		
i) Considered Good	8612437	11551215
ii) Considered Doubtful	7093342	5289509
b) Other debts	19257110	33840438
3) CASH AND BANK BALANCES		
Cash in hand including imprest	2234137	389576
Balances with Scheduled Banks in Current Accounts	1234976	135800
<b>B) LOANS AND ADVANCES (Unsecured, Considered Good)</b>		
Securities	486084	486084
Advances and other recoverable in cash or in kind or for value to be received	3287555	3279743
<b>TOTAL :-</b>	<b>44557191</b>	<b>57449332</b>

## CURRENT LIABILITIES AND PROVISIONS

## ANNEXURE 'G'

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
<b>A) CURRENT LIABILITIES</b>		
Sundry Creditors		
- O/S Due to Micro Enterprises and small Enterprenu	---	---
- Other	2012395	77196224
Trade Deposits and Advances	244804	651470
Other Liabilities	35569609	8444386
<b>TOTAL :-</b>	<b>55936808</b>	<b>86292080</b>

## OTHER INCOME

## ANNEXURE 'H'

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
Job Charges Received (TDS 43427/- Prev. Year 11489/-)	7065703	3584410
Interest Received	14104	15297
Miscellaneous Income	332620	301303
Insurance Claim Received	0	4855
Sundry Balance Written Back	286773	787273
Sale of Machinery scrap	123030	183301
Rent Received (TDS 77330/- Prev. Year Rs. Nil)	3186045	0
<b>TOTAL :-</b>	<b>11008275</b>	<b>4876439</b>

**METERIAL CONSUMED**

**ANNEXURE 'I'**

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
<b>(A) RAW MATERIAL CONSUMED</b>		
Opening Stock	600605.00	---
Add : Purchases	2030150.00	4734226
Less : Closing Stock	<u>705840.00</u>	<u>600805</u>
	1924915	4133621
<b>(B) PURCHASES OF TRADED GOODS</b>		
Opning Stock	---	---
Add : Purchases	30000110.00	100052720
Less : Closing Stock	<u>---</u>	<u>---</u>
	30000110	100052720
	<u>31925025</u>	<u>104186341</u>

**MANUFACTURING EXPENSES**

**ANNEXURE 'J'**

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
Stores & Spares Consumed	716381	403811
Machinery Repair	174810	192667
Power & Fuel	3851532	3430794
Electric Repair & Maintenance	107882	29502
Generator Repair	9300	0
Commission Spng. Charges Paid	0	79932
<b>TOTAL :-</b>	<u>4859905</u>	<u>4136706</u>

**PERSONNEL EXPENSES**

**ANNEXURE 'K'**

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
Wages, Salaries and Other allowance	3741767	3212618
Contribution to Provident Fund and Other Fund	367103	286637
Workmen & Staff Welfare	28005	51671
Gratuity	244528	83357
<b>TOTAL :-</b>	<u>4381403</u>	<u>3634283</u>

## ADMINISTRATIVE AND OTHER EXPENSES

## ANNEXURE 'L'

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
Rates & Taxes	254996	259364
Travelling & Conveyance	140070	149967
Director Sitting Fees	6750	9000
Statutory Auditors' Remuneration		
-----Audit Fee	20000	15000
----- Service Tax	2060	1545
Legal and Professional Expenses	522186	513150
Insurance	61955	60683
General Repair	53775	3538
Printing & Stationery	36160	29666
Postage, Telegram and Telephones	110903	113013
Canteen Expenses	102826	52661
Office Expenses	10650	15134
Building Repair	579342	12837
Rent	12000	10000
Vehicle Expenses	70738	73301
General Expenses	0	155
Listing Fee	80142	78791
Demat Charges	94842	95151
Charity & Donation	5511	5010
Sundry Balance W/off	4473	307861
Diwali Expenses	31620	0
<b>TOTAL :-</b>	<b>2200999</b>	<b>1805806</b>

## FINANCIAL EXPENSES

## ANNEXURE 'M'

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
Interest Others	0	2100
Bank Charges & Commission	1375	6768
<b>TOTAL :-</b>	<b>1,375</b>	<b>8,868</b>

## SELLING EXPENSES

## ANNEXURE 'N'

Particulars	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
Advertisement	17042	39271
Selling Agents Commission	126331	39320
Carriage & Cartage	2770	525
<b>TOTAL :-</b>	<b>14,6143</b>	<b>79,116</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1) **SIGNIFICANT ACCOUNTING POLICIES**

ANNEXURE 'O'

a) **Basis of preparation of accounts**

i) These accounts are prepared under the historical cost convention in accordance with generally accepted accounting principles and provisions of the Companies Act 1956 as applied consistently by the Company.

ii) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

b) **Revenue Recognition**

Sale revenue is recognised on dispatch of goods, net of trade discount & sale tax.

c) **Inventories**

Inventories are valued at lower of cost or net realisable value except waste produced which is valued at realisable value. Cost of store and spares is calculated at weighted average of cost plus direct expenses.

d) **Depreciation**

Depreciation has been provided on Straight Line basis in term of Schedule XIV to the Companies Act 1956. Assets costing Rs. 5000/- or less acquired during the year are depreciated at 100%.

e) **Fixed Assets**

Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties, taxes and incidental expenses related to acquisition.

f) **Accounting for Taxes on income**

Deferred Tax is recognized subject to the consideration of Prudence on timing differences, being the difference between Taxable Income and Accounting Income that originate in one period and are capable of reversal on one or more subsequent periods. Deferred Tax Assets are not recognised on unabsorbed depreciation and carry forwards of Losses unless there is virtual certainty that sufficient future Taxable income will be available against which such deferred Tax Assets can be realised.

g) **Employee Benefits :**

i) **Gratuity :** The liability for gratuity is provided on the basis of actuarial valuation as at the close of year.

ii) **Provident Fund :** Contribution to The provident fund is provided in accordance with the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and recognized as expense in the Profit & Loss A/c. **Leave Encashment:** Provision for leave encashment is made on the basis of actuarial valuation as at close of the year.

2) The Company is a single segment company engaged in manufacturing of blended acrylic yarn. Accordingly the disclosure requirement as prescribed in the Accounting Standard (AS) -17 on Segment Reporting issued by the institution of Chartered Accountants of India is not applicable.

3) 11% Non-cumulative Preference Shares will be redeemed with in the period specified under section 80 of the Company Act, 1956 as amended from the date of allotment i.e. 29.11.1998 or earlier at the discretion of Board of Directors.

4) As the allotment money on 480 Fully convertible Debentures, out of 3,80,880 Fully convertible Debentures issued during 1989-91 has not been received as on 31.3.2011, the same have not been converted into equity shares.

5) Sundry Debtors exceeding six month includes Rs.15426957/- which are outstanding for more than three years, however the company has filed suits against some of the debtors whose outstanding amount as on 31.03.2011 is Rs.5076837/-.

6) **CONTINGENT LIABILITIES NOT PROVIDED FOR:**

Outstanding Excise Duty (Penalty) of Rs. 1500000/-\*\*

\*\* Note: The amount includes Rs.500000/- has been deposited under protest.

7) In the opinion of the directors and best of their information and belief, all the current assets and loan advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

8) In other liability, cheques issued but not presented include cheques amounting to Rs.2 Lac issued for redemption of preference shares.

9) Since the Company has become sick and has been registered with the Board for Industrial and Financial Reconstruction

10) As per Accounting Standard (AS)-28 on "Impairment of Assets", the company has assessed on the balance sheet date whether there are any indication with regards to the impairment of any of the assets. Based on such assessment, it has been ascertained that no potential loss is present and therefore formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

11) The position of Deferred Tax & Deferred Tax liability as at 31<sup>st</sup> March 2011 is as under:

Deferred Tax assets arising on a account of :	Current Year	Previous Year
On account of unabsorbed depreciation and b/f losses	124.51	142.09
Less DTL : On account of Timing Diff. of depreciation	34.31	36.18
<b>Deferred Tax assets (Net)</b>	<b>90.20</b>	<b>105.91</b>

The deferred tax asset has not been recognized in the books of accounts in view of there being no virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12) Earning Per Share (EPS) -

	Year Ended 31.03.2011	Year Ended 31.03.2010
-Profit/(Loss) attributable to Equity Shareholder (A)	<b>4203199</b>	16937482
-Basic/ Weighted average no. of Equity Share outstanding during the year (B)	<b>6814350</b>	6814350
-Nominal value of Equity Share	<b>Rs.10/-</b>	Rs.10/-
-Basic/ Diluted EPS (A/B)	<b>Rs.0.62</b>	Rs.2.49

13) Employee Benefits (AS 15).

The summarized position of employee benefits recognized in the Profit and loss Account and the amount recognized in the balance sheet for the gratuity and Leave Encashment plan are as under:

### 1. CHANGES IN THE PRESENT VALUE OF OBLIGATION

	As on 31.03.2011		As on 31.03.2010	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present value of obligation at the beginning of the period	331245	244105	247888	214426
Interest cost	27721	20187	21070	17649
Current service cost	117110	140921	77812	92575
Benefits paid	(10240)	(13226)	—	(13574)
Actuarial (Gain)/Loss on obligation	99697	65122	15525	(66971)
<b>Present Value of obligation at the end of period.</b>	<b>565533</b>	<b>447109</b>	<b>331245</b>	<b>244105</b>

**2. CHANGES IN THE PRESENT VALUE OF PLAN ASSETS**

	As on 31.03.2011		As on 31.03.2010	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Fair value of plan assets at the beginning of the period	---	---	---	---
Actual return on plan assets	---	---	---	---
Contribution	---	---	---	---
Withdrawals/ Benefits Paid	---	(13326)	---	(13574)
Fair value of plan assets at the end of the period	---	---	---	---
Present value of obligation at the end of the period	565533	447109	331245	244105
Funded status	(565533)	(447109)	(331245)	(244105)

**3. ACTUARIAL GAIN/ (LOSS) RECOGNIZED**

	As on 31.03.2011		As on 31.03.2010	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Actuarial gain/(loss) on obligation	(99697)	(65122)	15525	66971
Actuarial gain/(loss) on plan assets	---	---	---	---
Total (gain)/loss	99697	65122	(15525)	(66971)
Actuarial (gain)/loss recognized in the period	99697	65122	(15525)	(66971)
Unrecognized actuarial (gain)/loss at the end of the period	---	---	---	---

**4. AMOUNT TO BE RECOGNIZED IN THE BALANCE SHEET**

	As on 31.03.2011		As on 31.03.2010	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present value obligation at the end of the period	565533	447109	331245	244105
Fair value of plan assets at the end of the period	---	---	---	---
Funded status	(565533)	(447109)	(331245)	(244105)
Unrecognized actuarial (gain)/loss at the end of the period	---	---	---	---
Net assets/(liability) recognized in the balance sheet	565533	447109	331245	244105

**5. EXPENSES RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS**

	As on 31.03.2011		As on 31.03.2010	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Current service cost	117110	140921	77812	92575
Interest cost	27721	20187	21070	17649
Expected return on plan assets	---	---	---	---
Actuarial (gain)/loss recognized on the period	99697	55122	(15525)	(66971)
Expenses recognized in the statement of profit and loss	244528	216230	83357	43253

## 6. Principal Actuarial Assumptions at the Balance Sheet date

	As on 31.03.2011		As on 31.03.2010	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Imputed rate of interest	8.50%	8.50%	8.50%	8.50%
Future salary rise	9.00%	9.00%	6.00%	6.00%
Remaining working life	17.63 Years	17.63 Years	19.12 Years	19.12 Years
Method of Valuation	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

- 14) Related Party Disclosure as per Accounting Standard-18 prescribed by the Companies Accounting Standards Rules 2006, are given below:

### A. KEY MANAGEMENT PERSONNEL

1. Sh.Rajneesh Oswal (Executive Director)

### B. RELATIVES OF KEY MANAGEMENT PERSONNEL

1. Mr. Vishal Oswal (Brother)
2. Mr.Kunal Oswal (Brother)
3. Mrs.Priti Oswal (Wife)
4. Mrs.Nirmal Oswal (Mother)

### C. ENTITIES OVER WHICH KEY MANAGEMENT PERSONNEL AND RELATIVES OF SUCH PERSONELS ARE ABLE TO EXERCISE SIGNIFICANT INFLUENCE:-

1. Punctual Dealers Pvt. Ltd.

### B. ASSOCIATES

1. Shreyans Industries Ltd.

### C. THE FOLLOWING TRANSACTIONS WERE CARRIED OUT WITH THE RELATED PARTIES IN THE ORDINARY COURSE OF BUSSINESS.

PARTICULARS	KEY MANAGEMENT PERSONNELS	(Rs. IN LACS)		
		RELATIVE OF KEY MANAGEMENT PERSONNELS	OTHER RELATED PARTIES	ASSOCIATES
Loans Received	1.50	---	---	---
Loans Repaid	21.5	---	.....	---
Amount Payable as on 31.03.2011	13.06	---	---	3.72

- 15) Under Micro, Small and Medium Enterprises Development Act 2006, which come into force in October 2006, certain disclosures are required to be made related to micro, small and medium enterprises. The Company is in the process of compiling the relevant information from its suppliers about their coverage under the Act. Since the relevant information is not readily available in books, no disclosure has been made in Accounts.



**16) ADDITIONAL INFORMATION AS PER PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956  
Components & Spare Parts.**

A. CAPACITY	LICENSED CAPACITY		INSTALLED CAPACITY	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
WORSTED SPINDLES	11440	11440	3600	4800
WOOL TOPS	772600	772600	Nil	Nil

Installed capacity is certified by the management and being a technical matter not verified by the Auditors.

B. Actual Production	CURRENT YEAR	PREVIOUS YEAR
*Acrylic/Blended Yarn	-----	-----

  

C. Gross Income Derived From Services Rendered	CURRENT YEAR VALUE (Rs.)	PREVIOUS YEAR VALUE (Rs.)
Job Work Charges	7065703	3584410

**D. VALUE OF RAW MATERIAL, STORES AND SPARES CONSUMED**

	INDIGENOUS		PERCENTAGE	
	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)	CURRENT YEAR % AGE	PREVIOUS YEAR % AGE
Raw Materials	-----	-----	----	-----
Store, Spares & Components	145272	829567	----	-----

	IMPORTED		PERCENTAGE	
	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)	CURRENT YEAR % AGE	PREVIOUS YEAR % AGE
Raw Materials	-----	-----	----	-----
Store, Spares & Components	46476	859394	----	-----

## 17) BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE AS REQUIRED IN PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

		(Rs. In Thousand)	
<b>I. Registration Details</b>			
Registration No.	3910	state code	16
Balance Sheet Date	31st. March, 2011		
<b>II. Capital Raised during the year</b> (Amount in Rs. Thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus	Nil	Pvt. Placement	Nil
<b>III. Position of Mobilization and Deployment of funds</b> (Amount in Rs. Thousands)			
Total Liabilities	159318	Total Assets	159318
Sources of Funds ;			
Paid Up capital	70143	Reserve & Surplus	69519
Secured Loans	Nil	Unsecured Loans	19655
Application of funds;			
Net Fixed Assets	22044	Investments	171
Net Current Assets	(11379)	Misc. Expenditure	Nil
Accumulated Losses	152685		
<b>IV. Performance of Company</b>			
Turnover and Other Income	48757	Total Expenditure	44544
Profit/ (Loss) before Tax	4203	Profit/(Loss) After Tax	4203
Earning per Share in Rs.	0.62	Dividend Rate (%)	Nil
<b>V. Generic Names of Three Principal Products/Services of Company</b> (As per monetary terms)			
Code No.	550999		
(ITC CODE)			
Product Discription	Acrylic/Blended Yarns		
20) Corresponding figures of the previous year have been regrouped/rearranged wherever necessary, to make these comparable with current year.			
21) Annexure A to N form an integral part of the Balance sheet and have been duly authenticated This is the schedule referred to in our report of even date.			
For Dass Khanna & Co. Chartered Accountants			
<b>(RAKESH SONI)</b> Partner	<b>(RAJESH KUMAR)</b> Mgr. (A/c)	<b>(R. P. Gupta)</b> Director	<b>(RAJNEESH OSWAL)</b> Executive Director

PLACE : LUDHIANA  
DATED : 11-08-2011