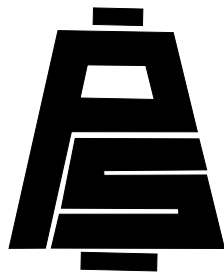


*32nd
Annual
Report
2011-2012*



PASUPATI SPINNING & WEAVING MILLS LIMITED

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PASUPATI SPINNING & WEAVING MILLS LIMITED

Head Office : 1501, Nirmal Tower, 26, Barakhamba Road,
New Delhi - 110 001.

Board of Directors

Shri Ramesh Kumar Jain	—	Chairman & Managing Director
Shri S. K. Chhajer	—	Whole-time Director
Shri Vidit Jain	—	Executive Director
Shri Praveen Paliwal	—	Director
Shri Ghanshyam Dass Gupta	—	Director
Shri Ashwani Kumar Rathore	—	Director

Company Secretary

Ms. Rekha Sharma

President (Finance)

Shri A. K. Monga

Auditors

M/s. B.K. Shroff & Co.,
3/7-B, Asaf Ali Road,
New Delhi-110002.

Bankers

Bank of Baroda
Canara Bank
ING Vysya Bank Ltd.
Punjab National Bank
State Bank of Patiala
State Bank of Travancore
The Nainital Bank Ltd.

Registered Office & Works

Village Kapriwas (Dharuhera),
Distt. Rewari,
Haryana.

Sewing Thread Unit :

Village Kheri (Kala-Amb),
Distt. Sirmour,
Himachal Pradesh.

Head Office

1501, Nirmal Tower,
26, Barakhamba Road,
New Delhi-110001.
E'mail : ho@pasupatitextiles.com

Registrar & Shares / Debentures

Transfer Agents

M/s. Skyline Financial Services Pvt. Ltd.
D - 153 A, 1st Floor, Okhla Industrial Area,
Phase - I, New Delhi - 110020
Phones : +91-11-30857575 (10 Lines)
Fax : +91-11-30857562
E'mail : admin@skylinerta.com

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NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of the Company will be held at the Registered Office and Works of the Company at Village Kapriwas (Dharuhera), Distt. Rewari, Haryana on Saturday the 29th September, 2012 at 10.00 A.M to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and Profit & Loss Statement for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Praveen Paliwal, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

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

“RESOLVED THAT Shri Ashwani Kumar Rathore who was appointed as an Additional Director by the Board under Section 260 of the Companies Act, 1956 and Article 117 of the Articles of Association of the Company and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing, under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act as amended and subject to the approval of Central Government, Institutions who have granted term loan(s) to the Company and such other approval if any, as may be required, the Company hereby accords its approval for the appointment of Shri Vidit Jain as Executive Director of the Company for a period of 5 (five) years with effect from 01.04.2010 to 31.03.2015 on the remuneration and terms and conditions as given below :

Remuneration

a) **Basic Salary** at the scale of : 40000-10000-90000

b) **Perquisites :**

i) Expenses pertaining to electricity and water charges of his residence will be borne / reimbursed by the Company.

ii) **Medical Expenses :**

All expenses on Medical including hospitalization, diagnostic checks, periodic health checks will be borne by the Company at actual.

iii) **Personal Accident Insurance :**

Reimbursement of personal accident insurance premium subject to a maximum of Rs. 15,000 per annum.

iv) **Conveyance facilities :**

Company's car and driver for official use.

v) **Communication facilities :**

Company shall provide telephone, telefax and other communication facilities at the Executive Director's residence. The mobile bills of the Executive Director will be borne by the Company.

vi) **Club Fees :**

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

vii) **Terminal Benefits :**

(a) Company's contribution to provident fund at the Rate of 12% of the basic salary.

(b) Gratuity as per the rules of the Company.

(c) Encashment of leave at the end of the tenure as per Company's rules.

RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profits in any financial year, the aforesaid remuneration payable to Shri Vidit Jain shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956".

BY ORDER OF THE BOARD
For **PASUPATI SPG & WVG MILLS LTD.,**

REKHA SHARMA
Company Secretary

REGISTERED OFFICE

Village Kapriwas (Dharuhera),

Distt. Rewari

Dated : 30th May, 2012

Notes :

1. Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself. A proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act 1956, in respect of special business as set out above is annexed hereto.
3. Members and Proxies are requested to produce the Attendance slip duly signed, at the entrance of the meeting venue.
4. Information relating to item No. 2 of Ordinary Business and Item Nos. 4 and 5 of Special Business as required under clause 49 of Listing Agreement with Stock Exchange is annexed hereto.
5. The Register of Members and Share transfer Books of the Company shall remain closed from 22.09.2012 to 29.09.2012 (Both days inclusive).



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6. Members who hold shares in de-materialised form are requested to bring their client ID and DP ID numbers for facilitating identification for attendance at the meeting.
 7. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m and 1.00 p.m
 8. The Ministry of Corporate Affairs (MCA) has vide its circular dated 29.04.2011 stated that service of notice / documents including Annual Report to the members can be made e-mail. To support this green initiative of MCA, members who have not yet registered their e-mail addresses are requested to do so :
 - (i) in respect of the electronic holdings through their concerned depository participants and
 - (ii) in respect of physical holdings to Skyline Financial Services Pvt. Ltd.
-

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 4 :

Shri Ashwani Kumar Rathore joined the Board of the Company on 25.02.2012 as an Additional Director and as per provisions of Section 260 of the Companies Act, 1956 and vide Article 117 of the Articles of Association of the Company, he will hold office as a director up to the date of this Annual General Meeting. Company has received notice as prescribed under Section 257 of the Companies Act, 1956 from a member alongwith the required deposit, signifying his intention to propose Shri Ashwani Kumar Rathore for appointment as a director liable to retire by rotation vide Article 115 of the Articles of Association of the Company. The Board of directors recommends the passing of the resolution.

None of the Directors, except Shri Ashwani Kumar Rathore, is in any way concerned or interested in the resolution.

Item No. 5 :

Shri Vidit Jain is looking after the overall operations of EOU as also the marketing operations of Sewing Thread Unit of the Company for the last 10 years. It is proposed to appoint him as Executive Director in the Company for a period of five years w.e.f. 01.04.2010 on the terms and conditions stated in the resolution.

None of the Directors except Shri Ramesh Kumar Jain and Shri Vidit Jain are deemed to be interested in the said Resolution.

The above Statement may be regarded as an abstract for the Term and Memorandum of interest under Section 302 of the Companies Act, 1956

ANNEXURE

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED :

Name of the Director / s	Shri Vidit Jain	Shri Praveen Paliwal	Shri Ashwani Kumar Rathore
Date of Birth	13.09.1979	02.07.1964	30.06.1978
Qualification	B.Sc. in Economics from University of Pennsylvania (USA)	Graduate	LL.B
Nature of Experience	Industrial and business experience of 10 years	Business experience of about 15 years	Professional experience of 10 years
Name of the Companies in which they hold Directorship	Pasupati Spinning & Weaving Mills Ltd. Pasupati Fincap Ltd. Shailja Investments Ltd. Sulabh Impex Ltd. Pasupati Olefin Ltd. India Spintex Ltd.	Pasupati Spinning & Weaving Mills Ltd.	Pasupati Spinning & Weaving Mills Ltd.
Name of the Committees of the Companies of which they hold Membership / Chairmanship	Pasupati Fincap Ltd. Audit Committee (Member) Share Transfer Committee (Member)	Pasupati Spinning & Weaving Mills Ltd. Audit Committee (Member) Remuneration Committee (Member)	Shyam Overseas Pvt. Ltd. URO Financial Information & Consultancy Pvt. Ltd. Harshit Creations Pvt. Ltd.



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Report together with the Audited Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

	For the Year 2011-12	For the Year 2010-11
	(Rs. in Lacs)	(Rs. In Lacs)
Sales and other Income	11431.47	11075.70
Profit before Interest and Depreciation	1272.98	1484.49
Financial Charges	840.28	870.23
Depreciation	311.99	306.67
Profit before Taxes	120.71	307.59
Payment/Provision for Taxation	0.10	—
Profit after taxation but before extra-ordinary items	120.61	307.59
Extra-ordinary Items	0.11	0.04
Net profit after extra ordinary items	120.72	307.63

OPERATIONS

During the year under review, the net profit of the company after depreciation and before tax has decreased to Rs. 120.71 Lacs as compared to profit of Rs. 307.59 Lacs of previous year as the margins were adversely affected due to rise in input costs (mainly Raw Materials). Company is trying to improve profitability by increasing sales of Sewing Thread (Finished Product) in local market. The Company is in the process for getting approval from various Overseas Vendors for using Pasupati Thread in their products.

RECENT DEVELOPMENTS

Capital Reduction by 60%

The Company was declared a sick company by the BIFR on 14.07.2005 and Bank of Baroda was appointed as the operating agency (OA) under Section 17 (3) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Hon'ble Bench of BIFR finally sanctioned Rehabilitation Scheme vide its order dated 17.02.2012. Pursuant to the terms of Rehabilitation Scheme as approved by the Hon'ble BIFR, the company reduced its share capital by 60% i.e. from Rs. 5,70,65,060/- (Rupees Five Crores Seventy Lacs Sixty Five Thousand and Sixty only) to Rs. 2,28,26,020/- (Rupees Two Crores Twenty Eight Lacs Twenty Six Thousand and Twenty only) and thereafter consolidated into 2372602 equity shares comprising of 2222602 fully paid up shares of Rs. 10/- each and 150,000 partly paid up shares of Rs. 10 each, by passing special resolution in its Extra Ordinary General Meeting duly held on 13.02.2012.

As on 31.03.2012, the total Paid up share capital of the Company stands as Rs. 2,37,26,020/- divided into 2372602 equity share of Rs. 10 each.

Full & Final Settlement of 14%, /15% Redeemable Partly Convertible Debentures and 19% Debentures

The Hon'ble BIFR has also directed that all the debenture-holders shall be paid 75% of outstanding amount in full and final settlement of all their claims and such amount shall be paid in 24 equal monthly installments with the complete waiver of entire simple interest, penal interest, compound interest, liquidated damages and any other charges of whatsoever nature and 25% of the outstanding principal amount. Accordingly, the company has already started paying the dues of all debenturholders as per the directions of BIFR.

DIVIDEND

In view of the requirement of fund for working capital of the company, the Board of Directors is not in a position to recommend any dividend for the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956 :

Your Directors hereby confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period.
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) the directors had prepared the annual accounts on a going concern basis.

COST AUDIT

The Central Govt. has approved the appointment of M/s Avtar Singh & Company as cost auditors for conducting Cost Audit for the Financial Year 2011-12.

The report of Cost Auditors in respect of audit of the cost records of the Company for the year ended 31st March 2012 will be submitted to the Central Government in due course.

AUDITORS

M/s. B.K. Shroff & Co., Chartered Accountants, auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. Based on the recommendation of the Audit Committee, the Board of Directors proposes to the reappointment of M/s. B.K. Shroff & Co., Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. B.K. Shroff & Co., Chartered Accountants, have expressed their willingness to act as Statutory Auditors of the Company, if reappointed, and have further confirmed that the said reappointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.



PARTICULARS OF EMPLOYEES

There is no employee in the Company whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial during the year under review.

STATEMENT PURSUANT TO LISTING AGREEMENT (S)

The Company's securities are listed at Mumbai Stock Exchange & Delhi Stock Exchange and the Company has paid Annual Listing Fee to Bombay Stock Exchange for the year under review & for the current year.

CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid clause 49, is attached to this report.

DIRECTORS

Shri Ashwani Kumar Rathore was co-opted as director on the Board of the company w.e.f. 25.02.2012 as an additional director.

Shri Praveen Paliwal is the director, who retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting.

AUDITORS' REMARKS

The Auditors' observations regarding Note Nos. 3, 4(v)(b), 4(v)(c), 4(vi)(g), 11, 30(b) and 32 have been suitably explained in accompanying Notes to the Notes to the Financial Statements. The same are however again explained hereunder:

Note 3	The explanation given is self explanatory, hence does not call for further comments.
Notes 4(v)(b) and (c)	SASF(IDBI) had assigned its outstanding debt in favour of J M Financial Asset Reconstruction Company Private Limited (JMFARC) on 19th March 2010. Subsequently, JMFARC agreed to restructure the said debt on certain terms and conditions, which have already been approved by BIFR in the sanctioned scheme. As per the scheme, Rs. 4 Crore will be converted into equity and balance of Rs. 6 Crore will be converted into Optionally Cumulative Convertible Debentures, which in turn will also be converted into equity. Hence, the company feels that provision of interest is not required to be made in accounts. Similarly, the proposed waiver of Rs. 6.45 Crore by JMFARC will be given effect in company's accounts only on full implementation of Rehabilitation Scheme sanctioned by BFIR.

-
- Note 4(vi)(g) As per the scheme sanctioned by BIFR, the dues of debenture holders are to be settled at 75% of the principal amount to be paid in 24 equal monthly instalments. In view of the scheme sanctioned by BIFR, no provision of interest liability has been made in accounts.
- Note 11 Although, the company has made representation to the competent authority for payment of compensation at market rate in respect of part of company's factory land acquired by Government of Haryana, the company feels that final decision in this regard may take a very long time and moreover there is uncertainty about the success of company's representation. Hence, it has been decided that its affect would be given in company's books as and when actual compensation is received from Government of Haryana.
- Note 30(b) The company has already applied to Central Government for necessary permission for payment of remuneration to Directors.
- Note 32 The company's Rehabilitation Scheme has been sanctioned by BIFR vide its order dated 17.02.2012. The company has already started implementing the said scheme and on full implementation of the said scheme, the company's net worth will become positive. Therefore, the company has rightly prepared its accounts on the assumption that the company is a going concern.

ADDITIONAL INFORMATION

Energy conservation measures, progress made in technology absorption and foreign exchange earning and outgo, as required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rule, 1988 is annexed and form part of this Report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their deep appreciation of the continued support and co-operation received from Banks, Central and State Governments, dealers, customers, vendors, members, executives, staff and workers of the company during the year under review.

For and on behalf of Board of Directors

Place : New Delhi
Dated : 30th May, 2012

Sd/-
RAMESH KUMAR JAIN
CHAIRMAN & MANAGING DIRECTOR



CONSERVATION OF ENERGY

a) Energy Conservation Measures Taken :

1. Replacement of ordinary motors by high power factor high efficiency motors.
2. Putting 36/38 mm dia-meter rings to get more productivity with same power consumption.
3. Maximum utilisation of natural light in place of tube-light.
4. Adjusted the angle of fan blades at optimum level to maintain the humidity at minimum power consumption.
5. Ring frame lift reduction to get more production with same power consumption (2 - 3%).
6. Adjusted the blades of S.A. & R.A. Fans at H. Plants to maintain humidity with minimum power consumption.
7. Some innovative modifications carried out in machine to reduce down the given load – such as simplex pneumatic suction motor stopped by introducing under clearer.
8. By changing the filter media of filtration plant the filtration efficiency improved and thus reduced the load, on suction fans and effected on energy saving.
9. Optimising the Humidification plants saturation efficiency the load on supply air fan and water pumps reduced.
10. By modifying the compressed air line consumption of compressed air reduced thus resulted in energy saving.
11. We have replaced old reciprocative compressor with new screw compressor having high efficiency & low consumption of power. There would be 10 - 15% power saving in compressor units.
12. We have obtained additional sanction of 1000 KVA load during peak hours from HPSEB resulting reduction in P.U. cost of power.
13. The new generation air-compressor is added to save the power consumption as well as maintenance cost.
14. Some modifications carried out in our Humidification Plant provided the stationary V Notch Type Filter in place of Rotary filter and save 3.2 KW/Hrs.
15. Optimize the power voltage and reduce the energy consumption.
16. Optimize the compressed air pressure by reducing from 9.5 Kgs to 8 Kgs and save the power.
17. Over-head cleaner travelling frequency reduced by 3 to 4 minutes in all Ring Frames and achieved the conservation in this area.
18. Plugged all air leakage, hence saving of air results power saving.
19. By installing power capacitors near to load.
20. By replacing conventional tube-lights with new energy saving (TS) Tube-lights.
21. By maintaining Power Factor 11 - 100%.
22. By providing transparent sheets at Godowns for maximum utilisation of natural day light.
23. By installing online energy Monitoring system in our power house, which helped us to make power saving (approx. 5 – 10%).

b) ADDITIONAL INVESTMENT PROPOSALS, IF ANY, BEING IMPLEMENTED FOR SAVING ENERGY :

To install spinmax system on Ring frames, enabling to increase productivity without increase in power consumption – up to 5%.

c) IMPACT OF THE MEASURES FOR REDUCTION OF ENERGY CONSUMPTION AND CONVERSANT IMPACT ON THE COST OF PRODUCTION OF GOODS :

The above measures have resulted in saving of energy and to that extent the cost had reduced.

Form A :

	Current Year	Previous Year
A) POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased units	21074068	24177730
Total amount paid (Rs)	100407493	104539062
Rate / Unit (Rs)	4.76	4.32
b) Own generated through Diesel generators (units)	181174	583957
Rate of diesel / HFO (Rs / Ltr)	36.76	40.51
Cost / Unit (Rs)	8.98	9.72
2. Coal used in boiler		
Quantity (MT)	2114.000	2194.030
Total Cost (Rs)	16967581	12868364
Average Cost per MT (Rs)	8027.48	5865.17
B) CONSUMPTION PER UNIT OF PRODUCTION :		
Production of Yarn (MT)	3705.676	4510.878
Electricity (KWH / Ton)	5735.86	5489.33
Coal (Kg / Ton)	570.39	486.39
Others (Diesel / HFO Ltr / Ton)	11.95	31.05

FORM B : TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

Specific areas in which R & D carried out by the Company :

- 1) Developed Cotton / Wool Yarn
- 2) Developed Bamboo Fibre Yarn
- 3) Developed Polyester / Wool Yarn
- 4) Well equipped quality control Lab with premier art, premier classic, evenness tester, cascade and TPI Tester. Latest addition is premier classic, which helps to optimise yarn forming processes and electronic clearers of winding.

BENEFITS ARRIVED AS A RESULT OF R&D

With developing different type of yarn, there is a value addition, hence increase in margins. With the addition of Premier art and classmate the quality of yarn is adjudged and control result increase in Export of yarn.

FUTURE PLAN OF ACTION

R&D is being carried out for developing new product range from cotton and polyester fibres such as compact yarn.

Further, R&D activities will continue and more efforts will be made towards new innovations and diversifications of the product range for optimisation of process for improving quality and productivity as well.

FOREIGN EXCHANGE EARNING AND OUTGO

Total Foreign Exchange earned (on FOB basis)	Rs. 356860178
Total Foreign Exchange used	Rs. 15735533



CORPORATE GOVERNANCE

INTRODUCTION

The Securities and Exchange Board of India has introduced a Code of Corporate Governance (Code) by way of amendment to the listing agreements with the Stock Exchanges. The Company has complied with the mandatory requirements of the Code.

1. Company's Philosophy on Corporate Governance :

Corporate Governance implies governance with highest standards of professionalism, integrity, accountability, fairness, transparency, social responsiveness and business ethics for efficient and ethical conduct of business. Your Company's endeavor has been to inculcate good corporate governance practices in its organizational and business systems and processes with a clear goal to not merely adhere to the letter of law to comply with the statutory obligations, but also to center around following the spirit underlying the same.

The Corporate governance practices followed by the Company include the corporate structure, its culture, policies and practices, personal belief, timely and accurate disclosure of information, commitment to enhancing the shareholder while protecting the interests of all the stakeholders.

Your Company is committed to and firmly believes in practicing good corporate governance practices as they are critical for meeting its obligations towards shareholders and stakeholders. The Company's governance framework is based on the following principles which adhere to sound corporate governance practices of transparency and accountability :

- Constitution of Board of Directors with an appropriate blend of Executive and Non Executive Directors committed to discharge their responsibilities and duties.
- Strict Compliance with all governance codes, Listing Agreements, other applicable laws and regulations.
- Timely and balanced disclosure of all material information relating to the Company to all stakeholders.
- Adoption of 'Code of Conduct' for Directors and Senior Management, and 'Code of Ethics' and 'Policy on Prohibition of Insider Trading' and effective implementation thereof.
- Regular update of Pasupati website : www.pasupatitextiles.com to keep stakeholders informed.

2. Board of Directors :

- a) Presently, the Board comprises of 6 Directors out of which 3 are executive directors and 3 are non-executive directors. There are three Independent Directors on the board . The Company is headed by CMD. During the year 01.04.2011 to 31.03.2012, there was change in the directorship as Shri G. D. Gupta was co-opted as Director w.e.f. 21.07.2011 and Shri Ashwani Kumar Rathore was co-opted as Director w.e.f. 25.02.2012.
- b) During the year ended 31.03.2012, 7 (Seven) Board Meetings were held with at least one meeting in every quarter on 29.04.2011, 19.07.2011, 30.07.2011, 02.09.2011, 14.11.2011, 13.01.2012, & 02.03.2012.

Statement of Attendance of each Director at the Board Meetings held during the Year and Last AGM and EGMs :

S. No.	Name of the Director	Executive / Independent / Non Executive / Nominee	No. of Meetings held	No. of Meetings Attended	Attendance at last AGM on 30.09.2011	Attendance at EGM on 30.04.2011	Attendance at EGM on 30.08.2011	Attendance at EGM on 13.02.2012
1.	Shri Ramesh Kumar Jain	Chairman & Managing Director	7	7	Yes	No	Yes	Yes
2.	Shri S. K. Chhajer	Whole Time Director	7	6	No	No	No	No
3.	Shri Vidit Jain	Executive Director	7	7	Yes	Yes	Yes	Yes
4.	Shri Praveen Paliwal	Independent Director	7	6	No	No	No	No
5.	Shri G. D. Gupta	Independent Director	5	4	Yes	No	Yes	Yes
6.	Shri A. K. Rathore	Independent Director	1	1	No	No	No	No

Details of Board Meetings held during the year :

S. No.	Date	Board Strength	No. of Directors Present
1	29.04.2011	4	4
2	19.07.2011	4	4
3	30.07.2011	5	3
4	02.09.2011	5	5
5	14.11.2011	5	5
6	13.01.2012	5	5
7	02.03.2012	6	5

Number of Directorship on other Boards & Membership / Chairmanship of Committees of other Boards :

S. No.	Name of Director	No. of Directorship in Other Boards	Membership of Committees of Other Boards	Chairmanship of Committees of Other Boards
1.	Shri Ramesh Kumar Jain	1	NIL	NIL
2.	Shri Vidit Jain	5	2	NIL
3.	Shri Praveen Paliwal	NIL	NIL	NIL
4.	Shri S. K. Chhajer	NIL	NIL	NIL
5.	Shri G . D. Gupta	NIL	NIL	NIL
6.	Shri Ashwani Kumar Rathore	3	NIL	NIL



3. Audit Committee :

a) Composition :

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and the provisions of Clause 49 of the listing Agreement, Audit Committee has been constituted by the Board of Directors. The strength of the Audit Committee as on 01.04.2011 was three members i.e. Shri Parveen Paliwal, Chairman, Shri Vidit Jain and Shri S. K. Chhajer as Members. Shri G. D. Gupta was co-opted in place of Shri Vidit Jain w.e.f. 21.07.2011 and was elected as Chairman of the Committee in place of Shri Praveen Paliwal. Shri Ashwani Kumar Rathore was co-opted as a member of the Committee in place of Shri S. K. Chhajer w.e.f. 25.02.2012. Presently all the members of the Committee including its Chairman are independent Directors.

The Company Secretary acts as the Secretary of the Audit Committee.

b) Terms of Reference

The broad terms of reference of Audit Committee are as follows :

- a. Oversight of the Company's financial reporting process and disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending to the Board, the appointment, re-appointment or removal of the statutory auditors and cost auditors and the fixation of their audit fees.
- c. Reviewing with management the periodical financial statements before submission to the Board for approval, with particular reference to (i) changes in accounting policies and practices, (ii) major accounting entries involving estimates based on exercise of judgment by management, (iii) qualifications in draft audit report (if any), (iv) significant adjustments made in financial statements arising out of the audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with listing and other legal requirements concerning financial statements, (viii) Disclosures of any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc that may have potential conflict with the interest of the company at large;
- d. Reviewing with the management performance of statutory and internal auditors, the adequacy of internal control systems and recommending improvements to the management;
- e. Reviewing the adequacy of internal audit functions;
- f. Discussion with internal auditors any significant findings and follow-up thereon;
- g. Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- h. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- i. Approval of appointment of CFO after assessing the qualifications, experience & background, etc. of the candidate.

The terms of reference stipulated by the Board to the Audit Committee are as per Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee had reviewed the Annual Financial Statements, before their submission to the Board, as prescribed in Section 292A of the Companies Act 1956. In the past, the meetings of the Audit Committee were attended by the Members of the Committee, Chief Financial Officer of the Company and the Auditors. The minutes of the Committee were placed before the Board of Directors for information.

c) **Number of Committee Meetings and Attendance :**

Date of the Meetings	Composition	Attendance (Yes / No)	Chairman
29.04.2011	1. Shri Praveen Paliwal, Chairman 2. Shri Vidit Jain, Member 3. Shri S. K. Chhajer, Member	Yes Yes Yes	Shri Praveen Paliwal
19.07.2011	1. Shri Praveen Paliwal, Chairman 2. Shri Vidit Jain, Member 3. Shri S. K. Chhajer, Member	Yes Yes Yes	Shri Praveen Paliwal
02.09.2011	1. Shri G. D. Gupta, Chairman 2. Shri Praveen Paliwal, Member 3. Shri S. K.Chhajer, Member	Yes Yes Yes	Shri G. D. Gupta
14.11.2011	1. Shri G. D. Gupta, Chairman 2. Shri Praveen Paliwal, Member 3. Shri S. K.Chhajer, Member	Yes Yes Yes	Shri G. D. Gupta
13.01.2012	1. Shri G. D. Gupta, Chairman 2. Shri Praveen Paliwal, Member 3. Shri S. K.Chhajer, Member	Yes Yes Yes	Shri G. D. Gupta

4. **Remuneration Committee :**

a) **Composition :**

The strength of the Remuneration Committee as on 01.04.2011 was three members i.e. Shri Praveen Paliwal as Chairman, Shri S. K. Chhajer & Shri Vidit Jain as Members. Shri G. D. Gupta was co-opted in place of Shri Vidit Jain w.e.f. 21.07.2011 and was elected as Chairman of the Committee in place of Shri Praveen Paliwal. Shri Ashwani Kumar Rathore was co-opted as a member of the Committee in place of Shri S. K. Chhajer w.e.f. 25.02.2012.

The Company Secretary is the Secretary of the Remuneration Committee.

b) **Terms of Reference :**

The role, terms of reference, authority and powers of the Remuneration Committee are in conformity with the listing agreement and as prescribed under the Companies Act, 1956. The remuneration committee of the Company reviews, approves and recommends to the Board the matters connected with fixation and periodic revision of remuneration of Chairman & Managing Director, whole time Directors and Executive Directors.



c) **Number of Committee Meetings and Attendance :**

Date of the Meetings	Composition	Attendance (Yes / No)	Chairman
30.07.2011	1. Shri G. D. Gupta, Chairman 2. Shri Praveen Paliwal, Member 3. Shri S.K.Chhajer, Member	Yes Yes Yes	Shri G. D. Gupta

d) **Details of remuneration / sitting fees paid to directors during the year 2011-12 :**

Amount (Rs.)

Sl. No.	Name of the Director	Description of Transaction	Basic	Perquisites	Sitting Fee	Total
1	Shri Ramesh Kumar Jain Chairman & Mg. Director	Remuneration & perquisites	NIL	105790	NIL	105790
2	Shri S. K. Chhajer Whole Time Director	Remuneration & perquisites	600000	65000	NIL	665000
3	Shri Vidit Jain Whole Time Director	Remuneration & perquisites	480000	127890	NIL	607890
4	Shri Praveen Paliwal Director	Remuneration & perquisites	NIL	NIL	21000	21000
5.	Shri G. D. Gupta Director	Remuneration & perquisites	NIL	NIL	20000	20000
6.	Shri Ashwani Kumar Rathore Director	Remuneration & perquisites	NIL	NIL	5000	5000

5. **Share / Debenture Transfer-cum-Shareholders' / Investors' Grievance Committee :**

The Committee is vested with the requisite power and authority to specifically look into the redressal of the shareholders' / Debentureholders / Investors' Grievance.

a) **Composition :**

Presently the Share / Debenture Transfer-cum-Shareholders' / Investors' Grievance Committee consisted of three members – Shri Ramesh Kumar Jain, Shri S. K. Chhajer and Shri Vidit Jain.

b) **Name & Designation of Compliance Officer :**

Ms. Rekha Sharma, Company Secretary of the Company acts as the Compliance Officer of the Company.

c) **Investors Complaints received and resolved during the year :**

No complaint was received during the year ended on 31.03.2012.

d) **Meetings :**

During the year ending 31.03.2012, 36 Meetings of Share/Debenture Transfer-cum Shareholders/Investors' Grievance Committee were held. The Details of attendance of Members are as under :

Name of Member	No. of Meetings Held	No of Meetings attended
1. Shri Ramesh Kumar Jain	36	36
2. Shri S.K. Chhajer	36	36
3. Shri Vidit Jain	36	36

6. **Annual General Meetings :**

Location and time for the last three AGM's are as follows :

Year	Date	Venue	Time
2009	29.09.2009	Village Kapriwas (Dharuhera) Distt. Rewari, Haryana	12.00 Noon
2010	30.09.2010	Village Kapriwas (Dharuhera) Distt. Rewari, Haryana	12.00 Noon
2011	30.09.2011	Village Kapriwas (Dharuhera) Distt. Rewari, Haryana	12.00 Noon

No postal ballots resolutions were passed.

7. **Disclosures :**a) **Related Party Transactions :**

There were no material significant transactions with related parties except those mentioned in the Annual Accounts for the F.Y 2011-12 conflicting with the Company's interest. There was also no instance of non-compliance on any matter related to the Capital Markets during the F.Y 2011-12.

b) **Compliance by the Company :**

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital market during the last three years.

8. **Code of conduct for Directors and Senior Management :**

The Company has framed a Code of Conduct for Directors and senior officers of the Company, which has been complied by the Board members and senior officers of the Company.

9. **Means of Communication & Website :****Half Yearly Report to each household of shareholders :**

The Company has not yet started sending the half-yearly reports to each household of Shareholders. But if any shareholder seeks any information, then the same is provided by the Company.



Quarterly Results :

The quarterly results are published in the newspaper i.e. Pioneer (English edition) and in the Hari Bhoomi (Hindi edition) and are also displayed on the website of the Company.

10. Shareholders information :

a) Annual General Meeting

Date & Time : 29.09.2012 at 10.00 A.M.

Venue : Registered Office of the Company at
Village Kapriwas (Dharuhera) Distt. Rewari, Haryana

b) **Book Closure** : 22nd September, 2012 to 29th September, 2012
(both days inclusive)

c) Financial Year

The financial year of the Company starts from 1st April of the calendar year and ends on 31st March of next calendar year.

d) Distribution of Shareholding as on 31.03.2012 :

	Shareholding	%age
A Promoters' holding including their relatives & Associate Companies	1026684	43.27
B. Non-Promoters Holding		
— Directors	360	0.02
— Institutional Investors Financial Institutions, Banks, Mutual Funds etc.	10282	0.43
— Private Corporate Bodies	630893	26.59
— Public	704383	29.69
	2372602	100.00

e) Registrar & Transfer Agents :

M/s. Skyline Financial Services Pvt. Ltd. D-153, 1st Floor, Okhla Industrial Area Phase-1, New Delhi 110020 are the Registrar and Transfer Agents of the Company for physical and demat segments.

f) Dematerialisation of shares and liquidity :

As on 31st March 2012, 72.37% of the Company's equity shares were held in dematerialized form and balance are held in physical form. Trading in Company's shares is permitted only in demat form w.e.f. 06.09.2000 as per notification issued by the Securities & Exchange Board of India.

g) Registered office and address for correspondence :

Registered Office :

Village Kapriwas (Dharuhera),
Distt. Rewari (Haryana)

Address for Correspondence :

Ms. Rekha Sharma
 Company Secretary & Compliance officer,
 Pasupati Spinning & Weaving Mills Limited
 1501, Nirmal Tower, 26, Barakhamba Road,
 New Delhi - 110001.

h) Share Transfer System :

All the share transfers are handled by company's Registrar and Share Transfer Agent.

i) Plant Location :

Polyester Viscose Yarn & Cotton Yarn Unit : Village Kapriwas (Dharuhera)
 Distt. Rewari, Haryana
 Sewing Thread Unit : Village Kheri (Kala-amb)
 Distt. Sirmour, H.P.

11. Listing at Stock Exchanges

The details regarding payment of listing fee to Stock Exchange are given below :

Sl. No.	Name of Stock Exchanges	Listing Fee Paid up to	Stock Code No.
1.	Delhi Stock Exchange Association Ltd	2004-05	A-2
2.	Bombay Stock Exchange Limited	2012-13	A-1

12. Market Price data : High / Low during the year

In view of the suspension of trading in the scrips by Bombay Stock Exchange and no trading in Delhi Stock Exchange, market data has not been provided.

However, requisite steps have been taken to get revoked the suspension of trading by Bombay Stock Exchange.

13. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT / OUTLOOK ON THREATS, RISKS AND CONCERNS :

After facing unprecedented slowdown due to world wide recession during the last two years, the textile industry was recovering and had started showing signs of growth. The domestic demand is picking up and exports have also started taking off. But, suddenly the Government of India had imposed some restrictions on export of cotton yarn & raw cotton, which made things extremely volatile for the textile industry. Although, these restrictions have now been lifted, its adverse affect is still being felt on Indian Textile Industry.

Even after these situations the working of our Sewing Thread unit during the year 2010 -11 has improved. The company is continuously trying to shift its production base to more value added items, which has started yielding favourable results. However from April, 2011 onward, there is severe pressure on realizations resulting low profitability. The capacity utilization continues to be adversely affected due to labour shortage. The company is trying its level best to overcome this problem by participating in job fairs and also by



recruiting apprentice / trainees. As already informed that company's sewing thread has been approved by various reputed international brands such as ADIDAS INDIA, BENETTON, DEBENHAMS (IMPULSE), ESPRIT (IMPULSE), GAP, GEORGE (WAL MART / IMPULSE), J. C. PENNEY, LI & FUNG (LR-1, LF-7) & other brands, LACOSTE, MEXX / LIZ CLAIBORNE (Li & Fung), MONDIAL (C&A), MOTHER CARE & NEXT (IMPULSE) NSL, NIKE. In order to produce more added value goods company has gone in vigorous drive of local marketing of our sewing thread, which has already started giving results and impact of which can be seen on the profitability of company in coming years.

The production activities at company's EOU unit at Dharuhera remained suspended during the year. However, knitting and garments unit at Dharuhera is working smoothly and improving every month. We are now supplying garments for various reputed brands like Big Bazaar, Pantaloon, Reliance Retail, Lee Coopers, Reebok and 'Wall mart' etc.

14. Segment-wise performance :

Company is only manufacturing textile and textile articles and therefore, segment reporting is not applicable to the Company.

15. Internal Control Systems and Adequacy :

In order to strengthen internal control systems, M/s. M.C. Jain & Co., Chartered Accountants was appointed as Internal Auditors of the Company for the year 2011-12.

16. Financial performance :

The financial performance of the company has been given separately in the Directors' Report.

17. Human Resources :

The key resource for your Company has been its people. Your Company has been able to create a favorable work environment that motivates performance, customer focus and innovation while adhering to the highest degree of integrity.

18. CEO / CFO Certificate

The requisite certificate has been obtained from the CEO / CFO of the Company.

For and on behalf of The Board of Directors

Place : New Delhi
Dated : 30th May, 2012

RAMESH KUMAR JAIN
CHAIRMAN & MANAGING DIRECTOR

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Code of Conduct

This is to confirm that the Company has adopted Pasupati Spinning & Weaving Mills Ltd Code of Conduct for its Senior Management and Board members and the same has been posted on the Company's website.

I confirm that the Company has in respect of the financial year ended 31st March, 2012, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Senior means personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management i.e. Executive Directors and all functional heads.

New Delhi
30th May, 2012

RAMESH KUMAR JAIN
CHAIRMAN & MANAGING DIRECTOR



CERTIFICATION BY CEO & CFO

In terms of Clause 49 of the Standard Listing Agreement, We, Ramesh Kumar Jain, Chairman & Managing Director and A. K. Monga, President (Finance) of the company, certify that :

- a. We have reviewed financial statements, cash flow statement and the directors' report for the year ended 31st March, 2012;
- b. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
- c. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
- d. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
- e. We accept the responsibility for establishing and maintaining internal controls for financial reporting evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and Audit Committee and take steps or purpose to take steps to rectify these deficiencies.
- f. We have indicated, wherever applicable, to the Auditors and the Audit Committee :
 - i. Significant changes in Internal Control over financial reporting during the period; and
 - ii. Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statement.

For **PASUPATI SPINNING & WEAVING MILLS LTD.,**

Place : New Delhi
Date : May 30, 2012

RAMESH KUMAR JAIN
Chairman & Managing Director

(A.K. MONGA)
President (Finance)

AUDITORS' CERTIFICATE

We have examined the compliance of conditions of corporate governance by PASUPATI SPINNING & WEAVING MILLS LIMITED for the year ended on 31st March, 2012, as stipulated in clause 49 of the listing agreement of the said company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, subject to the following :

- i) *Listing agreement requires that the board should comprise of not less than fifty percent non-executive directors. However, during the year number of non-executive directors on the board were less than fifty percent during the period 01.04.2011 to 24.02.2012.*
- ii) *Listing agreement requires that in case of an executive chairman, at least half of the board should comprise of independent directors. However, during the year the number of independent directors on the board were half only during the period from 01.04.2011 to 24.02.2012.*
- iii) *Listing agreement requires that two-thirds of the members of audit committee should be independent directors. However, during the year two- third of the members of audit committees were not independent directors for the period from 01.04.2011 to 21.07.2011.*
- iv) *Listing agreement requires that the quorum of the audit committee meeting shall be minimum of two independent directors. However, two independent directors were not present in meetings of audit committee held on 29.04.2011 and 19.07.2011.*
- v) *Listing agreement requires that a shareholders/investors grievance committee be formed under the chairmanship of a non-executive director. However the chairman of share /debenture transfer cum shareholders/investor's grievance committee of the company is not a non-executive director.*
- vi) *Annual listing fees payable to Delhi Stock Exchange Association Limited has not been paid for the financial year 2005-06 to 2011-12.*
- vii) *Quarterly results of the company have not been published in newspaper within 45 days of the end of the quarter.*

We certify that the company has complied with the conditions of corporate governance as stipulated in 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 the management has conducted the affairs of the company.

For **B.K. SHROFF & CO.**
Chartered Accountants
Firm Registration No.302166E

O P. Shroff
Partner

Membership No. : 6329

Place : New Delhi
Date : 30th May, 2012



AUDITORS' REPORT

To the Members,

1. We have audited the attached Balance Sheet of M/s. PASUPATI SPINNING & WEAVING MILLS LIMITED as at 31st March, 2012 and also the Profit and Loss Account and 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.
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 (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) order, 2004, 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.
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 purpose 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 the said 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.
 - iv. In our opinion the Balance Sheet, Profit & 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, *subject to our observations in paragraph (vi) below.*
 - v. As per information and explanations given to us, we report that as on 31.3.2012 none of the directors of the company are disqualified from being appointed as a director of the company under Section 274((1)(g) of the Companies Act, 1956. *As the company had not redeemed its debentures on due dates and as the default continued for more than a year, directors of the company were not qualified for being appointed as directors of any other public company in terms of provision of Section 274(1)(g) of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000. Board for Industrial and Financial Reconstruction has sanctioned rehabilitation scheme for the company vide its order dated 17.2.2012. The said scheme has approved payments of the settled amount to debenture holders in instalments. The payment as approved by BIFR is being made and there is no default in such payment. Besides, one of the directors has been appointed after the scheme has been sanctioned. He has certified that he is not disqualified from being appointed as a director in any other company.*

vi. Reference is drawn to :

- (a) Note No. 32 of accompanying notes to the financial statements relating to accounts of the company for the year-ended 31.03.2012 having been prepared on the basis that the company is a going concern.
- (b) Note No 4(v)(b) of accompanying notes to the financial statements relating to non-provision of interest amounting to Rs. 59109302 (including Rs. 26614936 for earlier years) on loan of Rs.10 Crores of JMFARC which is proposed to be converted into Equity / Optionally Cumulative Convertible Debentures as per the rehabilitation scheme sanctioned by BIFR resulting in the profit for the year to be higher and other current liabilities to be lower by the said amount.
- (c) Note No. 4(v)(c) of accompanying notes to the financial statements relating to waiver of loan of Rs. 6.45 Crores of JMFARC not being written back pending full implementation of rehabilitation scheme sanctioned by BIFR, resulting in the profit for the year to be lower and long term borrowings to be higher by the said amount.
- (d) Note No. 4(vii)(g) of accompanying notes to the financial statements relating to non-provision of interest on 14% and 15% redeemable partly convertible debentures amounting to Rs. 23939987(including Rs. 21944988 for earlier years) resulting in the profit for the year to be higher and other current liabilities to be lower by the said amount.
- (e) Note No. 3 of accompanying notes to the financial statements relating to non provision of Debenture Redemption Reserve amounting to Rs. 18761301 which has no effect on the profit for the year.
- (f) Note No. 30(b) of accompanying notes to financial statements relating to payment of remuneration of Rs.1187496(including Rs. 579606 for previous year) to a director for which approval of Central Government is to be obtained resulting in the profit for the year and cash & cash equivalents to be understated by the said amount.
- (g) Note No. 11 of the accompanying notes to the financial statements relating to non provision of additional compensation on acquisition of part of factory land amounting to Rs. 24276787, demanded by the company, resulting in the profit for the year and other current assets to be lower by the said amount.
- (h) We further report that had the observations made by us in paragraph vi(b), vi(c), vi(d), vi(f) and vi(g) above been considered, the profit for the year would have been Rs. 18987624 (as against the reported figure of Rs. 12072180), long term borrowings would have been Rs. 47910478 (as against the reported figure of Rs. 112410478), cash & cash equivalents would have been Rs.30687858 (as against the reported figure of Rs. 29499912), other current liabilities would have been Rs. 429178322 (against the reported figure of Rs. 346129033) and other current assets would have been Rs. 34731633 (against the reported figure of Rs. 10454846).



Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accompanying notes 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 :

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012 and
- ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
- iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

for B.K. SHROFF & CO.,
Chartered Accountants
Firm Registration No. 302166E

3/7-B, Asaf Ali Road,
New Delhi-110 002.
Dated : 30th May, 2012

O.P. SHORFF
Partner
Membership No. 06329

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) In our opinion and according to explanations given to us, fixed assets disposed off during the year were not substantial and as such the disposal has not affected the going concern concept of the company.
- (ii) (a) As explained to us, physical verification of inventory (except material in transit and lying with third parties) has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts.
- (iii) The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence paragraph (iii)(a) to (iii)(g) of the aforesaid order are not applicable to the company.
- (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 purchase of inventory and fixed assets and for the sale of goods and services. No major weakness in the internal control system was observed during the course of audit.
- (v) According to the information and explanations given to us, during the year there were no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs v (a) and (b) of the aforesaid order are not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public as per provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975. 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 account maintained by the company pursuant to the order 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. However, we have not made a detailed examination of such accounts and records.

(ix) (a) *According to the records of the company, the company is not regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to information and explanations given to us the undisputed amounts outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable are as under :*

Name of the Statute	Nature of dues	Amount Rs.	Period to which amount relates
Sales Tax Haryana	Demand	339148	2006-07
Central Excise Act	Excise Duty	27555087	April' 84 to Oct.' 93
Service Tax Act	Service Tax	380586	2009-10

(b) *According to the records of the company, dues in respect of Sales Tax/Income Tax/ Customs Duty/Wealth Tax/Service Tax/Excise Duty/Cess which have not been deposited on account of any dispute are as under :*

Name of the Statute	Nature of dues	Amount Rs.	Forum where pending
Haryana Value Added Tax Act	VAT	4407602	Joint Excise & Taxation Commissioner
Uttar Pradesh VAT Act, 2007	VAT	106000	Joint Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	16364611	Assessing Authority

(x) As at 31.03.2012 the accumulated losses of the company are more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.

- (xi) *The company has defaulted in payment of dues to financial institutions, banks and debenture holders. Details as per company's books of accounts are as under:*

The limits with banks were overdrawn for most of the year and were within limits for the remaining part of the year. The overdrawn limits as on 31.03.2012 are as under:

Nature of Limit	Name of the Bank	Limit (Rs. in Lacs)	Balance as per Banks (Rs. in Lacs)	Excess (Rs. in Lacs)	Remarks
Demand Loan	Nainital Bank Limited	27.40	27.75	0.35	Borrowings in excess of limit
	State Bank of Travancore	82.20	82.60	0.40	
	Canara Bank	98.00	99.40	1.40	
	Bank of Baroda	136.00	137.88	1.88	
Packing Credit	State Bank of Patiala	315.50	317.83	2.33	
	ING Vysya Bank Ltd.	114.50	115.61	1.11	
	Bank of Baroda	350.00	368.25	18.25	
Cash Credit	State Bank of Patiala	105.50	105.94	0.44	
	Canara Bank	225.00	230.05	5.05	
	State Bank of Travancore	375.80	378.28	2.48	

Nature of Limit	Name of the Bank	Amount Overdue (Rs.)	Due Date	Remarks
Bill Discounted/ Purchased	Bank of Baroda	290377 421413	11.03.2012 11.03.2012	Payment pending on due date

Does not include amount for which one time settlement (OTS) has been negotiated with the lenders and repayment of dues has been rescheduled or the dues have been settled/rescheduled by BIFR vide its order dated 17.02.2012 and payments are being made accordingly.

- (xii) Based on our examination of documents and records maintained by the company, we are of the opinion that since the company has not granted any loan and advance on the basis of security by way of pledge of shares, debenture and other securities, it is not required to maintain records in respect thereof.
- (xiii) In our opinion the company is neither a chit fund nor nidhi / mutual benefit fund / society and hence paragraph 4 (xiii) of the aforesaid order is not applicable.
- (xiv) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments and accordingly the provisions of paragraph 4 (xiv) of the aforesaid order is not applicable.
- (xv) Based on our examination of the records we are of the opinion that the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, term loans received during the year have been applied for the purpose for which they were obtained.
- (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 funds raised on short term basis have not



been used for long term investments.

- (xviii) During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of Companies Act, 1956.
- (xix) During the year the company had not issued any debentures. The company has created security or charge in respect of debentures issued in earlier years.
- (xx) During the year under review no money was raised by public issue.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with auditing standards generally accepted in India, we have not come across any instance of fraud by the company or on the company, noticed or reported during the year. We have also not been informed of any such case by the management.

for B.K. SHROFF & CO.,
Chartered Accountants
Firm Registration No. 302166E

3/7-B, Asaf Ali Road,
New Delhi-110 002.
Dated : 30th May, 2012

O.P. SHORFF
Partner
Membership No. 06329

BALANCE SHEET

As at 31st March, 2012

Particulars	Note No.	As at		As at
		31.03.2012		31.03.2011
		Rs.		Rs.
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	2	23,726,020	57,065,060	
Reserves & Surplus	3	<u>(38,729,295)</u>	<u>(85,040,515)</u>	(27,975,455)
NON-CURRENT LIABILITIES				
Long-Term Borrowings	4	112,410,478	159,528,212	
Other Long Term Liabilities	5	4,700	4,700	
Long Term Provisions	6	<u>7,827,599</u>	<u>8,069,798</u>	167,602,710
CURRENT LIABILITIES				
Short-Term Borrowings	7	359,751,328	398,736,900	
Trade Payables	8	135,016,909	167,162,088	
Other Current Liabilities	9	346,129,033	300,062,562	
Short Term Provisions	10	<u>946,299</u>	<u>868,860</u>	866,830,410
		<u>947,083,071</u>	<u>868,860</u>	<u>1,006,457,665</u>
ASSETS				
NON CURRENT ASSETS				
Fixed Assets				
Tangible Assets	11	443,003,973		473,427,650
Non-Current Investments	12	1,052,792	1,052,792	
Long-Term Loans & Advances	13	<u>10,239,563</u>	<u>10,059,312</u>	11,112,104
CURRENT ASSETS				
Current Investments	14	—	—	
Inventories	15	223,027,826	219,164,993	
Trade Receivables	16	205,012,890	222,399,087	
Cash & Cash Equivalents	17	29,499,912	27,552,189	
Short Term Loans & Advances	18	24,791,269	41,029,951	
Other Current Assets	19	<u>10,454,846</u>	<u>11,771,691</u>	521,917,911
		<u>947,083,071</u>	<u>11,771,691</u>	<u>1,006,457,665</u>

See accompanying notes to the financial statements

As per our report of even date annexed
For B.K. SHROFF & CO.,
Chartered Accountants

RAMESH KUMAR JAIN
Chairman & Managing Director
DIN No. 00575142

VIDIT JAIN
Executive Director
DIN No. 01347588

Place : New Delhi
Dated : 30th May, 2012

O.P. SHROFF
Partner

REKHA SHARMA
Company Secretary

S.K. CHHAJER
Whole-time Director
DIN No. 00575234

PROFIT AND LOSS STATEMENT
For the year ended 31st March, 2012



Particulars	Note No.	Year ended 31.03.2012 Rs.	Year ended 31.03.2011 Rs.
Revenue from Operations	22	1,122,994,247	1,089,453,619
Other Income	24	20,152,987	18,115,928
Total Revenue		<u>1,143,147,234</u>	<u>1,107,569,547</u>
Expenses			
Cost of Materials Consumed	40	535,598,348	510,785,463
Purchases of Stock in Trade	41	6,180	38,661
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade		(6,833,682)	(23,790,177)
Employee Benefits Expense	25	97,896,858	100,717,440
Finance Costs	23	84,028,087	87,023,353
Depreciation and Amortisation Expense	26	31,199,093	30,666,507
Other Expenses	27	389,180,951	371,369,209
Total Expenses		<u>1,131,075,835</u>	<u>1,076,810,456</u>
Profit before extraordinary items and tax		12,071,399	30,759,091
Extra ordinary Items		10,959	4,375
Profit before tax		12,082,358	30,763,466
Tax Expense			
Wealth Tax		4,000	4,500
Earlier Year's Tax		6,178	(4,193)
Profit for the year		<u>12,072,180</u>	<u>30,763,159</u>
Earnings per Equity Share	32		
Before extraordinary items			
Basic		5.08	5.39
Diluted		1.27	3.07
After extraordinary items			
Basic		5.09	5.39
Diluted		1.28	3.07

See accompanying notes to the financial statements

As per our report of even date annexed
For B.K. SHROFF & CO.,
Chartered Accountants

RAMESH KUMAR JAIN
Chairman & Managing Director
DIN No. 00575142

VIDIT JAIN
Executive Director
DIN No. 01347588

Place : New Delhi
Dated : 30th May, 2012

O.P. SHROFF
Partner

REKHA SHARMA
Company Secretary

S.K. CHHAJER
Whole-time Director
DIN No. 00575234

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	Year ended 31.03.2012 Rs.	Year ended 31.03.2011 Rs.
A. Cash Flow from Operating Activities			
Net Profit/(Loss) before Tax and extraordinary item		12,071,399	30,759,091
Adjustments for:			
Depreciation		31,199,093	30,666,507
Interest Income		(1,505,074)	(1,589,854)
Profit/(Loss) on Fixed Assets sold/discarded		(1,330,593)	101,051
Dividend Income		(600)	(400)
Interest Charged		73,904,581	77,563,065
Investments Written Off		—	—
Operating Profit before Working Capital Charges		114,338,806	137,499,460
Adjustments for:			
Trade & Other Receivables		34,751,866	(23,695,772)
Inventories		(3,862,833)	(35,983,606)
Trade Payables & Other Liabilities		(35,160,412)	15,918,632
Cash Generated from Operations		110,067,427	93,738,714
Interest Paid		(59,311,648)	(65,862,164)
Taxes Paid		102,011	(395,228)
Net Cash from Operating Activities		50,857,790	27,481,322
B. Cash Flow from Investing Activities			
Purchase of Fixed Assets		(793,036)	(22,811,711)
Sale of Fixed Assets		1,348,213	580,420
Interest Received		1,401,992	2,766,306
Purchase of Investment		—	—
Dividend Received		600	400
Net Cash used in Investing Activities		1,957,769	(19,464,585)
C. Cash Flow from Financing Activities			
Proceeds from Borrowings		(88,026,312)	(12,809,721)
Promoters' Contribution		36,258,476	3,255,145
Increase in Share Capital		900,000	—
Net Cash used in Financing Activities		(50,867,836)	(9,554,576)
Net (Decrease)/Increase in Cash & Cash equivalents		1,947,723	(1,537,839)
Cash & Cash equivalents at start of the year		27,552,189	29,090,028
Cash & Cash equivalents at close of the year		29,499,912	27,552,189

Note : Brackets represent cash outflows

See accompanying notes to the financial statements

As per our report of even date annexed
For B.K. SHROFF & CO.,
Chartered Accountants

RAMESH KUMAR JAIN
Chairman & Managing Director
DIN No. 00575142

VIDIT JAIN
Executive Director
DIN No. 01347588

Place : New Delhi
Dated : 30th May, 2012

O.P. SHROFF
Partner

REKHA SHARMA
Company Secretary

S.K. CHHAJER
Whole-time Director
DIN No. 00575234



ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

- a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, subject to what is stated herein below, as adopted consistently by the company.
- b) The company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

B. Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of inward freight, duties & taxes and incidental expenses relating to acquisition and are net of modvat credit. In respect of major projects, related pre-operational expenses form part of the value of assets capitalized.

C. Depreciation

Depreciation is calculated on fixed assets on 'Straight Line Method' in accordance with Schedule XIV of the Companies Act, 1956 as under :

- a) In respect of Plant & Machinery by applying the revised rates in force in terms of the notification dated 16.12.1993. Based upon legal opinion depreciation has been provided at the rate prescribed for continuous process plant.
- b) In respect of other assets at the rates in force prior to the above mentioned notification and at the revised rates on assets acquired thereafter.

D. Foreign Currency Transactions, Derivatives Instruments and hedge Accounting

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) Items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract.
- c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit or loss account.
- d) The company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Mark to market losses on such measurement are recognized in the profit & loss account.

E. Investments

- a) Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.
- b) Current investments are valued at cost or market value whichever is lower. The decline in the value of current investments is provided in the accounts each year.

F. Inventories

Inventories are valued at lower of cost or market price except for waste. Waste is valued at realizable value. The cost comprises of cost of purchase, cost of conversion and other cost including appropriate production overheads incurred in bringing such inventories to their present location. In case of raw materials and stores & spares the cost is determined using FIFO method.

G. Sales

Sales are inclusive of recovery of excise duty and packing charges and net of returns and sales tax.

H. Taxes, Duties etc.

Excise duty has been accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses. Provision is made for goods meant for sale in domestic tariff area only.

I. Employee Retirement Benefits

Company's contribution to state plans are charged to revenue every year. Liability to defined benefit plans is determined on the basis of an actuarial valuation at the end of the year. The actuarial valuation is recognized as an expenses. Actuarial gains and losses comprises experience adjustments and the effect of changes in actuarial assumptions and are recognized immediately in the profit and loss account as income or expense.

J. Borrowing Cost

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / consumption of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing cost are charged to profit & loss account.

K. Earning per Share

Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is calculated by dividing the net profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year (adjusted for the effects of dilutive options).

L. Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystallize in the foreseeable future.

Deferred tax benefits are recognized in the financial statements only to the extent of any deferred tax liability or when such benefits are reasonably expected to be realizable in the near future.

M. Impairment of Assets

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and



its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

N. Operating Lease

Operating lease receipts and payments are recognized as income or expenses in the profit and loss account on a straight line basis over the lease term.

O. Contingent Liabilities

Contingent liabilities not provided for in the accounts are separately shown in the Annual Statement of Accounts.

P. Events occurring after Balance Sheet date

Events occurring after the Balance Sheet date have been considered in the preparation of financial statements.

2. SHARE CAPITAL

a) Authorised

Particulars	No. of Shares		Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Equity Shares of Rs. 10 each				
At the beginning of the year	12,100,000	12,100,000	121,000,000	121,000,000
Add : Additions during the year	—	—	—	—
Less : Reduction during the year	—	—	—	—
At the end of the year	12,100,000	12,100,000	121,000,000	121,000,000
Total			121,000,000	121,000,000

b) Issued, Subscribed and Paid up

Particulars	No. of Shares		Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Equity Shares of Rs. 10 each fully paid up				
At the beginning of the year	5,556,506	5,556,506	55,565,060	55,565,060
Add : Additions during the year	150,000	—	1,500,000	—
Less : Reduction during the year	3,333,904	—	33,339,040	—
At the end of the year	2,372,602	5,556,506	23,726,020	55,565,060
Equity Shares of Rs. 10 each, Re.1 called and paid up				
At the beginning of the year	1,500,000	1,500,000	1,500,000	1,500,000
Add : Additions during the year	—	—	—	—
Less : Reduction during the year	1,500,000	—	1,500,000	—
At the end of the year	—	1,500,000	—	1,500,000
Total			23,726,020	57,065,060

During the year Board for Industrial and Financial Reconstruction (BIFR) has sanctioned a rehabilitation scheme for the company vide its order dated 17.2.2012. In the said scheme BIFR has approved derating and consolidation of equity shares of the company. Consequently 5556506 equity shares of Rs.10 each fully paid up has been derated by 60% into 5556506 equity shares of Rs.10 each, Rs. 4 paid up and then consolidated into 2222602 equity shares of Rs. 10 each fully paid up. Similarly, 1500000 equity shares of Rs.10 each (Re 1 called & paid up) has been derated by 60% into 1500000 equity shares of Rs. 10 each, Re. 0.40 paid up and then consolidated into 150000 equity shares of Rs.10 each, Rs. 4 paid up. The gain of Rs. 34239040 on such derating and consolidation has been included in Capital Reserve. The balance amount of Rs.6 due on 150000 equity shares has been called and paid.

Details of shares in the company held by each shareholder holding more than 5% of shares is as under :

Name of the Shareholder	No. of Shares	
	As at 31.03.2012	As at 31.03.2011
Equity Shares of Rs. 10 each fully paid up		
Mrs. Vrinda Jain	344,052	639,069
Mr. Vidit Jain	131,256	—
Mr. Tushar Jain	131,606	—
Shailja Investment Limited	168,454	1,546,135*
Shivani Textiles Limited	—	681,175
Sulabh Impex Limited	169,854	424,635
India Spintex Limited	311,670	—

* Includes 1500000 equity shares of Rs. 10 each, Re. 1 called and paid up



3. RESERVES & SURPLUS

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Capital Reserve		
At the beginning of the year	6,113,000	6,113,000
Add : Additions during the year*	34,239,040	—
Less : Reduction during the year	—	—
At the end of the year	40,352,040	6,113,000
Share Premium Account		
At the beginning of the year	56,610,090	56,610,090
Add : Additions during the year	—	—
Less : Reduction during the year	—	—
At the end of the year	56,610,090	56,610,090
Debenture Redemption Reserve**		
At the beginning of the year	75,089,247	75,089,247
Add : Additions during the year	—	—
Less : Reduction during the year	—	—
At the end of the year	75,089,247	75,089,247
Surplus		
At the beginning of the year	(222,852,852)	(253,616,011)
Add : Additions during the year	12,072,180	30,763,159
Less : Reduction during the year	—	—
At the end of the year	(210,780,672)	(222,852,852)
Total	(38,729,295)	(85,040,515)

* Represents gain on derating and consolidation of equity shares as explained in note no. 2 above.

** In view of losses, Debenture Redemption Reserve of Rs. 18761301 (previous year Rs. 6333740) has not been created.

4. LONG TERM BORROWINGS

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Secured		
Term Loan - From a Company	102,000,000	159,500,000
Vehicle Loans	—	28,212
Debentures		
500000 19% Redeemable Non-Convertible of Rs.100 each	2,968,750	—
234030 14% Redeemable Partly Convertible of Rs.125 each	2,564,032	—
2353856 15% Redeemable Partly Convertible of Rs.25 each	4,877,696	—
Total	112,410,478	159,528,212

Notes :-

- i) On 31.3.2011, debentures were due for payment and hence the amount outstanding for payment on that date has been grouped in other current liabilities-current maturity of long term debts. During the year BIFR vide its order dated 17.2.2012 has approved payment of 75% of principal amount due to the debentureholders in 24 equal monthly instalments. Accordingly, amount payable after 31.3.2013 has been included under long term borrowings.
- ii) Term loan and debentures are secured on pari-passu basis by way of joint equitable mortgage of immovable properties both present and future and hypothecation of all movables subject to prior charge in favour of the company's bankers for working capital requirements alongwith personal guarantee of the chairman & managing director (CMD).
14% and 15% Debentures are also secured by exclusive first charge on the properties at Gujarat.
- iii) Vehicle loans are secured against hypothecation of vehicle financed out of the loan amount.
- iv) The above loans are repayable as follows :

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Payable after 1 year	108,253,888	57,528,212
Payable after 2 years	4,156,590	102,000,000
Total	112,410,478	159,528,212

- v) IDBI had assigned / transferred to Stressed Assets Stabilisation Fund (SASF) the financial assistance granted by it to the company. Subsequently, SASF has assigned its outstanding dues of Rs. 3145 Lacs in favour of J.M. Financial Assets Reconstruction Company Pvt. Ltd. (JMFARC) on 19th March, 2010. On request of the company, JMFARC has agreed for restructuring of outstanding dues of Rs. 3145 lacs on certain proposed terms and conditions which has now been approved by BIFR vide its order dated 17.2.2012. As the company is still in the process of implementing the terms and conditions as finalised in the rehabilitation scheme sanctioned by BIFR, these accounts have been prepared as follows :-
 - a) Interest @ 23% p.a. payable monthly has been provided / paid on debt portion of Rs. 15 Crore of which Rs. 10 Crore has already been repaid. There is no default on the balance sheet date.



- b) Interest for the year amounting to Rs. 32494366 (previous year Rs. 25795758) has not been provided on an amount of Rs. 10 Crore which is proposed to be converted into Equity / Optionally Cumulative Convertible Debentures. Total unpaid/unprovided interest upto 31.03.2012 is Rs. 59109302 (previous year Rs. 26614936). Conversion as aforesaid is still pending.
- c) The balance amount of Rs. 6.45 Crore proposed to be waived off has not been written back as the terms and conditions finalised by BIFR has not been fully implemented.
- vi) There is no default in repayment of vehicle loans and interest thereon on balance sheet date.
- vii) (a) Part B of Rs. 125 each out of the 14% secured redeemable partly convertible debentures of Rs. 250 each were to be redeemed at par in three equal instalments on expiry of 7th, 8th and 9th year from the date of allotment of the debentures i.e. 21.12.1991.
- (b) Part B of Rs. 25 each out of the 15% secured redeemable partly convertible debentures of Rs. 50 each were to be redeemed at par in three instalments of Rs. 8, Rs. 8 and Rs. 9 on expiry of 7th, 8th and 9th year respectively from the date of allotment of the debentures i.e. 09.12.1993.
- (c) 19% secured redeemable non-convertible debentures of Rs. 100 each were to be redeemed at par in three equal instalments on expiry of 6th, 7th and 8th year from the date of allotment of debentures i.e. 03.01.1994.
- (d) Majority of the debenture holders holding debentures detailed in (a), (b) & (c) above and Life Insurance Corporation of India (LIC) in respect of its unsecured loan of Rs. 10000000 has agreed to one time settlement (OTS) proposal of the company to settle their dues and payment of the settled amount in monthly instalments subject to following main terms and conditions :-
- i) In the event of any delay in payment of OTS instalments on due dates, the company shall pay interest at the agreed rate for the period of delay.
- ii) If the company offers better proposal to any other creditor, the same shall be offered to these settlers also.
- (e) During the year individual public debenture holders holding 14% debenture of face value of Rs. 125 each aggregating to Rs.20000 (outstanding amount Rs. 15834) and 15% debentures of face value of Rs. 25 each aggregating to Rs. 28000 (outstanding amount Rs.28000) have consented to settlement on similar terms and conditions as detailed in (d) above. Consequently, principal and interest amounting to Rs. 10959 has been written back in these accounts as extraordinary items.
- f) The debenture holders which have not agreed to OTS as detailed in (d) above are :-
- i) New India Assurance Co. Ltd. holding 19% debentures of face value of Rs. 100 each aggregating to Rs. 5000000 (outstanding amount Rs. 5000000).
- ii) ICICI holding 14% debentures of face value of Rs. 125 each aggregating to Rs. 65000 (outstanding amount Rs. 20068) and 15% debentures of face value of Rs. 25 each aggregating to Rs. 70000 (outstanding amount Rs. 70000).
- iii) Individual public debenture holders holding 14% debentures of face value of Rs. 125 each aggregating to Rs. 5234250 (outstanding amount Rs. 4795509) and 15% debentures of face value of Rs. 25 each aggregating to Rs. 8831350 (outstanding amount 8735454).
- The rehabilitation scheme sanctioned by BIFR vide its order dated 17.2.2012 has approved settlement of the debentureholders which have not agreed to OTS on the terms and conditions similar to the OTS. The company is in the process of repaying the debentureholders as per the terms and conditions finalised by BIFR. Any gain will be adjusted in the accounts only after the debentureholders are fully paid as per order of BIFR. As the payments are now being made as directed by BIFR, there is no default on the balance sheet date.

- g) The company has not provided and paid interest amounting to Rs. 23939987 (Rs. 21944988 upto 31.3.2011) on 14% and 15% Redeemable partly convertible debentures as the same will not be payable after the scheme sanctioned by BIFR vide its order dated 17.2.2012 is fully implemented.

5. OTHER LONG TERM LIABILITIES

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Security Deposits	4,700	4,700
Total	4,700	4,700

6. LONG TERM PROVISIONS

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Provisions for employees benefits	7,827,599	8,069,798
Total	7,827,599	8,069,798

7. SHORT TERM BORROWINGS

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Secured Loans repayable on demand		
From Banks		
Working capital Loans *	300,379,448	339,412,300
Buyers' Credit	16,586,880	14,539,600
Sub Total	316,966,328	353,951,900
Unsecured Loans repayable on demand		
From Companies		
- Bearing interest	1,350,000	1,350,000
- Free of Interest	41,435,000	43,435,000
Sub Total	42,785,000	44,785,000
Total	359,751,328	398,736,900

Secured loans are secured against hypothecation of raw materials, finished goods, semi-finished goods, stores and spare parts, book debts, etc. together with second charge on all immovable / movable fixed assets of the company both present and future alongwith personal guarantee of CMD and two outsiders.

* Includes borrowing of Rs. 33.69 lacs (previous year Rs.17.92 lacs) in excess of the limits.



8. TRADE PAYABLES

The company is in the process of identifying suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, information thereto has not been provided.

9. OTHER CURRENT LIABILITIES

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Current maturity of long term debts	118,782,100	124,416,065
Promoters' Contribution *	59,648,621	19,690,145
Interest accrued on borrowings	77,811,870	63,218,937
Advance from customers	9,253,642	14,468,775
Other liabilities	80,632,800	78,268,640
Total	346,129,033	300,062,562

* Represents amount inducted by the promoters / associates as required in the rehabilitation scheme sanctioned by BIFR vide its order dated 17.2.2012.

Notes :

- No unclaimed amounts were outstanding to be credited to investor education & protection fund as on 31.03.2012.
- Current maturity of long term debts include amount overdue Nil (previous year Rs.19317813).
- Interest accrued on borrowings include amount overdue Rs. 77068239 (previous year Rs. 62270411).

10. SHORT TERM PROVISIONS

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Provision for Wealth Tax	4,000	4,500
Provision for employees Benefits	942,299	864,360
Total	946,299	868,860

11. TANGIBLE FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2011	Additions	Sales/ Adjust- ments	Total	Upto 31.3.2011	For the Year*	Adjust- ments	Total	As at 31.3.2012	As at 31.3.2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land - Freehold	4,835,213	—	17,620 **	4,817,593	—	—	—	—	4,817,593	4,835,213
Buildings	254,996,092	—	—	254,996,092	142,045,708	4,324,765	—	146,370,473	108,625,619	112,950,384
Plant & Machinery	1,697,482,887	229,066	—	1,697,711,953	1,347,126,956	25,929,584	—	1,373,056,540	324,655,413	350,355,931
Furniture & Fixtures	6,439,454	22,800	—	6,462,254	5,729,238	88,804	—	5,818,042	644,212	710,216
Factory & Office Equipments	14,772,041	541,170	—	15,313,211	12,786,151	308,597	—	13,094,748	2,218,463	1,985,890
Vehicles	9,432,259	—	—	9,432,259	6,842,243	547,343	—	7,389,586	2,042,673	2,590,016
Total	1,987,957,946	793,036	17,620	1,988,733,362	1,514,530,296	31,199,093	—	1,545,729,389	443,003,973	473,427,650
Previous Year	1,966,811,769	22,811,711	1,665,534	1,987,957,946	1,484,847,852	30,666,507	984,063	1,514,530,296	473,427,650	

* Net of excess depreciation written back Nil (previous year Rs. 99789)

** The company has received compensation of Rs. 1348213 on acquisition of part of its factory land at Dharuhera. Representation has been made before Sub Divisional Magistrate, Gurgaon cum competent authority (LA) of National Highway Authority of India for payment of compensation at a higher rate. Additional compensation of Rs. 24276787 demanded in the representation will be accounted for as and when received.

12. NON CURRENT INVESTMENTS (AT COST)

Particulars	No. of Shares		Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Equity Shares of Rs. 10 each				
Quoted - Trade				
Amit Spinning Industries Limited	100	100	2,329	2,329
Global Syntex (Bhilwara) Limited	9,900	9,900	108,900	108,900
G.T.N. Industries Limited	100	100	17,597	17,597
Malwa Cotton Spinning Mills Limited	50	50	16,325	16,325
Sanghi Polyesters Limited	200	200	7,141	7,141
Quoted - Non-Trade				
Pasupati Fincap Limited	70,000	70,000	700,000	700,000
Unquoted - Non-Trade				
India Comm Directories Limited	50	50	500	500
Shivalik Solid Waste Management Limited	20,000	20,000	200,000	200,000
Total			1,052,792	1,052,792
Aggregate value of quoted investments			852,292	852,292
Aggregate value of unquoted investments			200,500	200,500
Total			1,052,792	1,052,792
Market value of quoted investments			2,768,404	1,108,350

In the opinion of the management the diminution in the value of long term investments is temporary in nature and hence provision for the same is not required.



13. LONG TERM LOANS & ADVANCES

(Unsecured - considered good)

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Security Deposits	10,239,563	10,059,312
Total	10,239,563	10,059,312

14. CURRENT INVESTMENTS (At Cost)

Particulars	No. of Shares		Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Equity Shares of Rs. 10 each Quoted - Not-Trade Srishti Video Corp. Limited	240,000	240,000	2,008,050	2,008,050
Less : Provision for diminution in value of investments			2,008,050	2,008,050
Total			—	—
Market value of quoted investments			—	—

15. INVENTORIES

(As taken, valued and certified by the management)

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Stores & Spares	13,257,561	10,639,892
Raw Materials	12,779,200	18,367,718
Finished goods		
Own Manufactured *	144,797,301	148,261,042
Trading	793,985	1,053,660
Semi-finished goods	50,654,647	40,633,439
Waste	745,132	209,242
Total	223,027,826	219,164,993

* including in transit Rs.13454567(previous year Rs. 17969528)

16. TRADE RECEIVABLES

Unsecured

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Exceeding six months - considered good - considered doubtful	41,112,481 6,780,519	34,905,076 6,780,519
Less : Provision for doubtful debt	47,893,000 6,780,519	41,685,595 6,780,519
Other debts - considered good	41,112,481 163,900,409	34,905,076 187,494,011
Total	205,012,890	222,399,087

17. CASH & CASH EQUIVALENTS

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Cash in hand	4,947,237	3,590,779
Cheques / drafts in hand	922,573	650,839
Balances with Scheduled Banks Held as Margin / Security	20,192,812	19,153,841
Others	3,271,190	3,990,630
Balance in Post Office Savings Bank Account Held as Margin / Security	166,100	166,100
Total	29,499,912	27,552,189

Bank Deposits with more than 12 months maturity Rs. 1754430 (previous year Rs. 12136417)



18. SHORT TERM LOANS & ADVANCES

(Unsecured - Considered good unless stated otherwise)

Particulars	Amount (Rs.)			
	As at 31.03.2012		As at 31.03.2011	
Loans				
To a Company		—		11,838,507
To Staff		1,260,502		1,687,209
Advances (recoverable in cash or in kind or for value to be received)				
- considered good	18,113,600		22,458,876	
- considered doubtful	39,775,070		39,775,070	
	57,888,670		62,233,946	
Less : Provision for doubtful advances	39,775,070	18,113,600	39,775,070	22,458,876
Advance Payment of Taxes (including tax deducted at source)		1,659,882		1,772,571
Balance with Central Excise		3,757,285		3,272,788
Total		24,791,269		41,029,951

19. OTHER CURRENT ASSETS

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Interest receivable	952,467	849,385
Other receivables	9,502,379	10,922,306
Total	10,454,846	11,771,691

20. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

Particulars	Amount (Rs.)	
	As at 31.03.2012	As at 31.03.2011
Bank Guarantees	5,124,354	4,015,148
Claims not acknowledged as debts	16,114,198	16,114,198
Sales Tax demands disputed by the company	4,513,602	4,513,602
Income tax demands disputed by the company	16,364,611	2,493,450

21. In the opinion of the board the assets other than fixed assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

22. REVENUE FROM OPERATIONS

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
Gross Sales of Products *		
Sewing Thread	874,804,639	887,444,816
Polyester / Synthetic / Blended Yarn	4,901,207	5,303,290
Cotton Yarn	52,310,741	—
Fabrics	114,658,787	143,618,031
Garments	81,073,257	50,305,839
Others	3,826,726	3,256,300
	1,131,575,357	1,089,928,276
Less : Excise Duty	8,581,110	474,657
Net Sales of Products	1,122,994,247	1,089,453,619

* Sales include Export Incentives

23. FINANCE COSTS

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
Interest	73,904,581	77,563,065
Bank & Finance procurement expenses	10,123,506	9,460,288
Total	84,028,087	87,023,353

24. OTHER INCOME

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
Rent	1,062,097	838,521
Dividend on Trade Investments	600	400
Interest from Banks & Others	1,505,074	1,589,854
Job Work Income	—	336,258
Miscellaneous Receipts	2,663,336	1,739,021
Claims, Rebates & Discounts	1,728,219	595,528
Income from Hire Charges	3,450,000	9,200,000
Security Deposit / Advances forfeited	3,450,000	—
Liabilities no longer required written back	4,963,068	1,755,659
Bad Debts Recovered	—	25,000
Bad Debts / Advances earlier provided now recovered	—	1,854,325
Profit on Sale of Fixed Assets (Net)	1,330,593	—
Profit on Cancellation of Forward Contract	—	181,362
Total	20,152,987	18,115,928



25. EMPLOYEE BENEFITS EXPENSE

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
Salaries, Wages, Bonus & Other benefits	90,389,194	90,703,932
Gratuity	1,120,867	1,889,819
Contribution to Provident Fund, Employees' State Insurance etc.	5,273,755	6,012,810
Workmen & Staff Welfare expenses	1,078,906	1,795,227
Staff Recruitment & Training expenses	34,136	315,652
Total	97,896,858	100,717,440

EMPLOYEE POST RETIREMENT BENEFITS

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
a) State Plans Contribution made by the company to various state plans which have been recognized as an expense in the profit & loss account are		
Employer's contribution to Employees State Insurance Scheme	1,625,034	1,946,277
Employer's contribution to Employees Provident Fund	3,648,721	4,066,533
b) Defined Benefit Plan The present value of obligation on account of gratuity (unfunded) is determined based on actuarial valuation		
I. Assumptions		
Discount Rate	8.70%	8.10%
Rate of increase in Compensation	8.00%	8.00%
II. Table showing Changes in Present Value of Obligations during the period		
Present Value of Obligation as at the beginning of the period	8,934,158	7,964,477
Interest cost	723,667	629,194
Current Service Cost	1,406,307	1,527,777
Benefit paid	(1,285,127)	(920,138)
Actuarial (gain)/loss on obligations	(1,009,107)	(267,152)
Present Value of Obligation as at the end of the period	8,769,898	8,934,158
III. Table showing Fair Value of Plan Assets		
Funded Status	(8,769,898)	(8,934,158)
IV. Actuarial gain/loss recognized for the period		
Actuarial gain/(loss) for the period – Obligation	1,009,107	267,152
Total (gain)/loss for the period	(1,009,107)	(267,152)
Actuarial (gain)/loss recognized in the period	(1,009,107)	(267,152)
V. The amounts to be recognized in Balance Sheet and statements of profit and loss		
Present Value of Obligation as at the end of the period	8,769,898	8,934,158
Funded Status	(8,769,898)	(8,934,158)
Net Liability Recognized in Balance sheet	8,769,898	8,934,158
VI. Expense recognized in the statement of profit and loss for the period		
Current Service Cost	1,406,307	1,527,777
Interest cost	723,667	629,194
Net actuarial (gain)/loss recognized in the period	(1,009,107)	(267,152)
Expenses Recognized in the statement of Profit & Loss	1,120,867	1,889,819

Notes :-

i) The above information is certified by the actuary

ii) As per rules of the company leaves are not encashed

26. DEPRECIATION & AMORTISATION EXPENSE

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
Depreciation	31,199,093	30,666,507
Total	31,199,093	30,666,507

27. OTHER EXPENSES

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
Consumption of Stores, Spare, Dyes, Chemicals and Packing Materials	111,891,846	100,374,177
Job Work expenses	48,445,791	35,014,059
Power & Fuel	105,732,070	123,080,824
Rent	6,567,024	6,471,340
Repairs to Buildings	—	166,964
Repairs to Machinery	726,730	841,643
Insurance	1,262,645	1,168,199
Rates & Taxes	1,390,493	1,623,339
Travelling & Conveyance	13,255,906	16,390,918
Freight & Forwarding Charges	29,517,999	32,505,495
Packing Expenses	15,148,830	8,779,722
Claims, Rebate & Discount	11,355,489	2,621,259
Miscellaneous Expenses	42,389,612	41,308,297
Previous Year Expenses	677,758	124,473
Auditors' Remuneration		
As Audit Fees	400,000	400,000
As Quarterly Review Fees	300,000	300,000
As Tax Audit Fees	70,000	70,000
In Other Capacity	48,758	128,500
Total	389,180,951	371,369,209

28. Related Party Disclosure :

Names of related parties and description of relationship

i) Key Management Personnel and their relatives

Shri Ramesh Kumar Jain - CMD
Shri Vidit Jain - ED
Shri S.K.Chhajer, WTD
Smt. Vrinda Jain, Relative of Director
Smt. Sangeeta Chhajer, Relative of Director

ii) Associate

Shivani Textiles Limited
Pasupati Olefin Limited
Sulabh Impex Limited



Particulars	Amount (Rs.)		
	Key Management Personnel and Relatives	Associate	Total
Remuneration paid	1,450,680 (1,585,812)	— (—)	1,450,680 (1,585,812)
Sitting Fee paid	46,000 (3,500)	— (—)	46,000 (3,500)
Rent paid	226,200 (226,200)	— (—)	226,200 (226,200)
Sales	— (—)	113,418,275 (139,134,000)	113,418,275 (139,134,000)
Vehicle hire charges paid	— (—)	612,000 (51,000)	612,000 (51,000)
Promoters' contribution received	3,700,000 (—)	36,258,476 (3,255,145)	39,958,476 (3,255,145)
Balance outstanding at the end of year			
Amount Payable	103,782 (310,846)	— (—)	103,782 (310,846)
Promoters' Contribution	3,700,000 (—)	55,948,621 (19,690,145)	59,648,621 (19,690,145)
Amount Receivable	— (—)	20,209,487 (22,823,537)	20,209,487 (22,823,537)

Note :- Previous year figures have been given in brackets.

29. The company's business activity falls within a single primary reportable segment viz. Textiles and Textile Articles. Accordingly, pursuant to Accounting standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India segmental information is not required to be given

30. MANAGERIAL REMUNERATION

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
Salary	1,080,000	1,180,000
Contribution to Provident and Other Funds	72,000	84,000
Other Benefits	298,680	264,212

Note :

- a) Shri Ramesh Kumar Jain, Chairman & Managing Director has not been paid salary w.e.f. 1.4.2011. Other benefits are being paid.
- b) Remuneration of Rs. 1187496 (including Rs. 579606 for previous year) paid to Shri Vidit Jain, Executive Director for the period from 1.4.2010 to 31.3.2012 is subject to approval of the Central Government.

31. EARNING PER SHARE (EPS)

Particulars	Amount (Rs.)			
	Year ended 31.03.2012		Year ended 31.03.2011	
Basic				
Net Profit after tax but before extra ordinary Items (A)		12,061,221		30,758,784
Net Profit after tax and extra ordinary Items (B)		12,072,180		30,763,159
No. of fully paid Equity Shares	2,372,602		5,556,506	
Weighted average No. of partly paid Equity Shares	—		150,000	
Total No. of Equity Shares (C)		2,372,602		5,706,506
Earning per share before extra ordinary Items (A/C)		5.08		5.39
Earning per share after extra ordinary Items (B/C)		5.09		5.39
Diluted				
Net Profit after tax but before extra ordinary Items (A)		12,061,221		30,758,784
Net Profit after tax and extra ordinary Items (B)		12,072,180		30,763,159
No. of fully paid Equity Shares	2,372,602		5,556,506	
Weighted average No. of partly paid Equity Shares	—		150,000	
Weighted average No. of shares to be allotted on dilution	7,098,298		4,309,762	
Total No. of Equity Shares (C)		9,470,900		10,016,268
Earning per share before extra ordinary Items (A/C)		1.27		3.07
Earning per share after extra ordinary Items (B/C)		1.28		3.07

- 32.** In view of the accumulated losses incurred by the company exceeding its net worth, the company has made a reference under Section 15(1) of Sick Industrial Companies (Special provisions) Act, 1985 to the Board for Industrial and Financial Reconstruction (BIFR). The company was declared a sick Industrial company within the meaning of section 3(1)(o) of the said Act by BIFR on 14.7.2005 and Bank of Baroda was appointed as the operating agency (OA) to examine viability of the company and formulate rehabilitation scheme. The OA has filed a draft rehabilitation scheme with BIFR which has been approved by BIFR vide its order dated 17.2.2012. The company has started implementation of the scheme sanctioned by BIFR. Consequently, the accounts of the company for the year ended 31.03.2012 have been prepared on basis that the company is a going concern and credit for relief and concessions granted by BIFR will be taken when the said scheme will be fully implemented.

33. DEFERRED TAX LIABILITIES (NET)

As recommended under the Accounting Standard (AS)22, 'Accounting for Taxes On Income', issued by the Institute of Chartered Accountants of India the company has not provided deferred tax asset as on 31st March, 2012 in view of uncertainty of realization of the amount. The details of deferred tax assets / (liabilities) are as under :



Particulars	Amount (Rs.)		
	As at 31.03.2011	Tax effect for the year	As at 31.03.2012
<u>Deferred Tax (Liability)</u>			
Fixed Assets	(73,429,654)	(226,775)	(73,656,429)
<u>Deferred Tax Assets</u>			
Carry forward losses	79,111,266	(6,406,691)	72,704,575
Section 43 B items	24,016,777	3,869,728	27,886,505
Provision for Gratuity	2,898,688	(359,024)	2,539,664
Others	3,145,661	(945,722)	2,199,939
	109,172,392	(3,841,709)	105,330,683
Net deferred tax asset / (liability)	35,742,738	(4,068,484)	31,674,254

34. In pursuance of Accounting Standard on Impairment of Assets (AS28) issued by The Institute of Chartered Accountants of India the company had identified and impaired certain assets / cash generating units. There is no further impairment/reversal during the year.
35. The company has not made any provision for Income Tax for the year as there is no taxable income / book profit under the provisions of the Income Tax Act, 1961.
36. Balance of sundry creditors, sundry debtors, investments and loans and advances are subject to confirmation and reconciliation.
37. Previous year figures have been regrouped and/or re-arranged wherever considered necessary.
38. Paise have been rounded off to the nearest rupee.

39. OPERATING LEASE

A As Lessor

- a) The Company has entered into lease arrangements for renting specified machinery at Rs.1150000 per month for a period of 84 months w.e.f. 1.8.2010 and renewable at mutual consent after the end of the term. The lease has been terminated on 30.6.2011.
- b) Disclosure in respect of assets given on operating lease

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
Gross Carrying amount of assets	969,639,801	969,639,801
Accumulated Depreciation	905,486,556	899,971,021
Depreciation for the year	5,515,535	5,515,535

B As Lessee

The Company has taken generators on hire for which total rent of Rs. 2794800 (previous year Rs. 7126202) has been paid, which is being recognized as an expense in the statement of profit & loss account. The period of hire is not contracted and hence future lease payments are not determinable. The assets have not been subleased.

40. RAW MATERIALS CONSUMED

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
Polyester / Synthetic Fibre		
At the beginning of the year	10,982,566	3,282,571
Add : Purchases during the year	343,190,026	352,179,150
Less : Consumption during the year	349,505,815	344,479,155
At the end of the year	4,666,777	10,982,566
Cotton		
At the beginning of the year	—	—
Add : Purchases during the year	46,007,208	—
Less : Consumption during the year	42,586,513	—
At the end of the year	3,420,695	—
Yarn		
At the beginning of the year	7,385,152	3,347,468
Add : Purchases during the year	140,812,596	170,343,992
Less : Consumption during the year	143,506,020	166,306,308
At the end of the year	4,691,728	7,385,152
Total		
At the beginning of the year	18,367,718	6,630,039
Add : Purchases during the year	530,009,830	522,523,142
Less : Consumption during the year	535,598,348	510,785,463
At the end of the year	12,779,200	18,367,718

41. PURCHASES OF STOCK IN TRADE

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
Polyester Yarn	6,180	38,661

42. VALUE OF IMPORTED / INDIGENOUS RAW MATERIALS, STORES & SPARES CONSUMED

Class of Goods	Year ended 31.03.2012		Year ended 31.03.2011	
	%	Amount (Rs.)	%	Amount (Rs.)
Raw Materials				
Imported	2.92%	15,642,403	2.04%	10,427,060
Indigenous	97.08%	519,955,945	97.96%	500,358,403
Total	100.00%	535,598,348	100.00%	510,785,463
Stores, Dyes & Packing materials				
Imported	0.80%	894,715	2.07%	2,079,464
Indigenous	99.20%	110,997,131	97.93%	98,294,713
Total	100.00%	111,891,846	100.00%	100,374,177



43. OTHER INFORMATIONS

Particulars	Amount (Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
C.I.F. value of Imports		
Capital Goods	—	14,843,319
Raw Materials	10,828,571	16,321,006
Stores & Spares	894,715	2,079,464
Expenditure in foreign currency		
Travelling (does not include cost of air tickets)	124,610	264,745
Commission & Brokerage	2,236,240	3,983,656
Claims	1,651,397	961,218
Earnings in Foreign currency		
FOB Value of Exports (Does not include export through merchant exporters)	356,860,176	397,773,343

For B.K. SHROFF & CO.,
Chartered Accountants

RAMESH KUMAR JAIN
Chairman & Managing Director
DIN No. 00575142

VIDIT JAIN
Executive Director
DIN No. 01347588

Place : New Delhi
Dated : 30th May, 2012

O.P. SHROFF
Partner

REKHA SHARMA
Company Secretary

S.K. CHHAJER
Whole-time Director
DIN No. 00575234

PROXY
PASUPATI SPINNING & WEAVING MILLS LTD.

Regd. Office & Works : Village Kapriwas, (Dharuhera) Distt. Rewari, (Haryana).
Head Office : 1501, Nirmal Tower, 26, Barakhamba Road, New Delhi-110001

I / We _____
of _____
in the district of _____
being a member / members of the above - named Company, hereby appoint Mr. / Miss / Mrs. _____
_____ of _____
in the district of _____
or failing him / her Mr. / Miss / Mrs. _____
of _____ in the district of _____
as my / our proxy to vote for me / us on my / our behalf at the 32nd Annual General Meeting of the Company to be held on Saturday, the 29th September, 2012 at 10.00 A.M. and at any adjournment thereof.

Signed on this _____ day of _____ 2012

No. of Shares held _____ Ref.No. / L.F.No. / Client I D No. _____

D P I D No. : _____

Signature (s) _____

Address : _____

Affix Re. 1/- Revenue Stamp

Note : The proxy must be deposited at the Registered Office / Head Office of the Company not less than 48 hours before the time for holding the Meeting.

-----TEAR HERE-----

ATTENDANCE SLIP
PASUPATI SPINNING & WEAVING MILLS LTD.

Regd. Office & Works : Village Kapriwas, (Dharuhera) Distt. Rewari, (Haryana).
Head Office : 1501, Nirmal Tower, 26, Barakhamba Road, New Delhi-110001.

I hereby record my presence at the 32nd Annual General Meeting being held on Saturday, the 29th September, 2012 at 10.00 A.M. at Village Kapriwas (Dharuhera), Distt. Rewari, Haryana

Name of the Shareholder _____
(in block letters)

Folio No. / DPID No. and Client I D No. _____

No. of Shares held _____

(Signature of the Shareholder / Proxy)

- Note :
1. Please complete this attendance slip and hand it over at the entrance of the venue of the meeting.
 2. Please bring your copy of Balance Sheet at the time of Annual General Meeting.