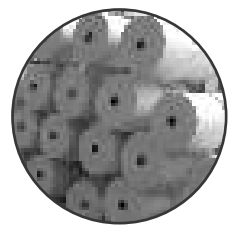




shree Rajasthan Syntex Limited



ANNUAL REPORT

2011-12

BOARD OF DIRECTORS

Shri V.K. Ladia, Chairman & Managing Director
Shri Vikas Ladia, Joint Managing Director
Shri Anubhav Ladia, Executive Director
Shri Raj Singh Nirwan
Shri Sunil Goyal
Shri Jitender Balakrishnan
Shri N.N. Agrawala
Shri R.L. Kunawat
Shri R.K. Pandey
Shri Susheel Jain
Shri Ravinder Narain

SPECIAL EXECUTIVE

Smt. Monika Ladia

COMPANY SECRETARY

Ms. Bhanupriya Mehta

AUDITORS

M/s. M.C. Bhandari & Co., Jaipur

TAX CONSULTANT

M/s. Kunawat & Associates, Udaipur

COST AUDITORS

M/s. K.G. Goyal & Co., Jaipur

BANKERS

State Bank of India
Bank of Baroda
State Bank of Bikaner & Jaipur
IDBI Bank Ltd.

REGISTERED AND HEAD OFFICE

SRSL House, Pulla-Bhuwana Road
National Highway No. 8
Udaipur

REGISTRAR & TRANSFER AGENTS

Mas Services Ltd.
T-34, 2nd Floor, Okhla Industrial Area
Phase - 2
New Delhi - 110 020

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NOTICE

Notice is hereby given that the 32nd Annual General Meeting of Shree Rajasthan Syntex Limited will be held at the Registered Office of the Company at 'SRSL House', Pulla-Bhuwana Road, National Highway No.8, Udaipur – 313 004 on Saturday, the 22nd day of September, 2012 at 2.30 P.M. to transact the following business:

A. ORDINARY BUSINESS

01. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and Profit & Loss Account for the year ended on that date of the Company together with the reports of the Auditors and Board of Directors thereon.
02. To appoint a Director in place of Mr. N.N. Agrawala, who retires by rotation and, being eligible offers himself for re-appointment.
03. To appoint a Director in place of Mr. Anubhav Ladia, who retires by rotation and, being eligible offers himself for re-appointment.
04. To appoint a Director in place of Mr. Sunil Goyal, who retires by rotation and, being eligible offers himself for re-appointment.
05. To appoint M/s. M.C. Bhandari & Co., Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.

To consider and if thought fit, to pass, with or without modifications, the following resolutions as an Ordinary Resolutions:

“RESOLVED THAT pursuant to Sections 224, 224A and other applicable provisions if any, the Companies Act 1956, the retiring auditors M/s. M.C. Bhandari & Co., Chartered Accountants, Jaipur from whom certificate pursuant to Section 224(1B) of the Companies Act, 1956 has been received be and are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors.”

B. SPECIAL BUSINESS

06. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies

Act, 1956 for mortgaging and / or charging by first/ second charge by Board of Directors of the Company of all movable and immovable properties of the Company, wheresoever situate, present and future and the whole of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events to or in favour of the lenders viz. IDBI Bank Ltd, State Bank of India and Bank of Baroda to secure –

- a) Rupee Term Loan of ₹ 10 crores from IDBI Bank Ltd
- b) Rupee Term Loan of ₹ 5 crores from State Bank of India
- c) Rupee Term Loan of ₹ 5 crores from Bank of Baroda
- d) The interest at the agreed rates, compound/additional interest, commitment charges, premium on repayment or on redemption costs, charges, expenses and all other monies payable by the Company to the lenders viz. IDBI Bank Ltd, State Bank of India and Bank of Baroda in terms of their Loan Agreement / Letter of Sanction / Memorandum of terms and conditions, entered into/to be entered into by the Company in respect of the said loans.
- e) Such other loans / credit transactions to be entered into by the Board on behalf of the Company with any one or more of the following organizations:-
 - i) IDBI Bank Ltd.
 - ii) State Bank of India
 - iii) Bank of Baroda
 - iv) State Bank of Bikaner & Jaipur
 - v) Any other Financial Institution(s), Bank(s), or other lender.

As may be necessary in the interest of the Company from time to time within the overall limits of ₹ 500.00 crores (Rupees Five Hundred Crores Only) for which the Board of Directors already stand authorized to borrow.

By order of the Board of Directors
For M/s. Shree Rajasthan Syntex Ltd

S/d
V.K. Ladia
Chairman &
Managing Director

Place: Udaipur
Date : 07th August, 2012

NOTES:

01. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies to be valid shall be lodged duly stamped and completed with the Company not less than 48 hrs. Before commencement of the meeting.**
02. In terms of Article 102 of the Article of Association of the company, Mr. N.N.Agrawala, Mr. Sunil Goyal & Mr.Anubhav Ladia will retire by Rotation at the ensuing Annual General Meeting & being eligible offer themselves for reappointment.
03. Annual Report and AGM Notice is available at the website of the Company at www.srsl.in in the Investor Relation section.
04. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 17th September 2012 to Saturday, the 22nd September, 2012 (both days inclusive).
05. Pursuant to the provisions of Section 205A of the Companies Act, 1956, Company has transferred unclaimed dividend for the financial year 2003-04 to the Investor Education and Protection Fund (IEPF) after the expiry of seven years from the date it became due for payment. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
06. Upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies Act (Amendment) 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education & Protection Fund (IEPF). The Company will be transferring the unclaimed dividends during the financial year ended 31st March, 2012 is as given below :
07. Members are requested to notify immediately change, if any, in their registered address to the Registrar & Transfer Agents.
08. Members attending the Annual General Meeting are requested to bring their copies of Annual Report at the meeting.
09. Members can avail of the nomination facility by filing form 2-B, as prescribed under the Companies (Central Government's) General Rules & Forms, 1956 with the Company.
10. Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification and attendance at the meeting.
11. **Pursuant to SEBI and Stock Exchanges requirements, the Company has appointed M/s. Mas Services Ltd, T-34, 2nd Floor, Okhla Industrial Area, Phase II, New Delhi - 110024 as Registrar and Transfer Agents. Shareholders are requested to direct all correspondence to the Registrar and Transfer Agents only.**
12. The Company's shares are listed at the following Stock Exchange:-
Bombay Stock Exchange Ltd,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.

The listing fees of the Exchange have been paid in time.

Details of Directors seeking retiring by rotation & seeking re-appointment (In pursuance of Clause 49 of the Listing Agreement).

Name of Director	Mr. N.N. Agrawala	Mr. Anubhav Ladia	Mr. Sunil Goyal
Date of Birth	10.04.1940	11.01.1977	23.09.1957
Date of appointment	24.10.1998	1.09.2005	19.12.2006
Qualification	B.Sc. Tex, MBA	B.Com (H), ACA	FCA, FCS, AICWA
Expertise in specific Functional area	Management	Finance	Finance & Accounts
Chairman/Director of other Companies		i) V.K. Texchem Pvt. Ltd. ii) Divine Fibres Pvt. Ltd	i) Ganesh Consultant P. Ltd. ii) United Bank of India.
Chairman/Member of Committee of the Boards of which he is a Director	i) Member of Audit Committee. ii) Member of Sub Committee.	i) Member of Sub Committee.	i) Member of Audit Committee.
Number of Equity Shares held in Shree Rajasthan Syntex Ltd.	3384	211332	i) Member of Audit Committee.

Financial Year ended	Date of declaration of dividend	Rate of dividend	Due date for transfer of IEP Fund.
2004 - 05	29th Sept. 2005	@ 7.5%	4th Dec. 2012

It may also be noted that once the unclaimed dividend is transferred to the Investor Education & Protection Fund as above, no claim can be made by the respective shareholders for the same.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to section 173(2) of the companies Act 1956.

Item No. 06.

The Company has applied for Rupee Term Loan to IDBI Bank Ltd, State Bank of India and Bank of Baroda.

The proposed loan need to be secured by equitable mortgage / charge (first/second as the case may be) on all the movable and immovable properties of the Company, present and future, except specific items of the machinery and movable and immovable properties charged in favour of lenders from time to time.

The shareholder's approval under section 293(1)(a) of the Companies Act, 1956 is hereby sought for this purpose. The

Directors recommend the resolution at item No. 06 for the approval of the shareholders.

None of the Directors is interested in the resolution.

For and on Behalf of the Board

Place: Udaipur
Date : 07.08.2012

S/d
V.K. LADIA
CHAIRMAN & MANAGING DIRECTOR

Go Green Initiative

Dear Shareholders,

Sub: Green Initiative

We value your relationship with Shree Rajasthan Syntex Ltd. And thank you for all your support.

Ministry of Corporate Affairs (MCA) has issued a Circular No. 17/2011 dated 21.04.2011 propagating "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail.) as an enlightened corporate citizen, we propose to send all future Shareholders' communication like Notices, Company's Annual Report through electronic mode. This will ensure prompt receipt of communication and avoid in postal transit.

We request you to inform you to please either

- i) Inform your e-mail address to your Depository Participant*
- ii) Inform your e-mail address to us at cs@srsi.in*

You are not required to re-register unless there is change in your e-mail address.

The email addresses indicated in your respective DP accounts which will be periodically downloaded from depositories viz. NSDL/CDSL will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956 (the Act) read with Section 53 of the Act.

Please note that arrangements have also been made to display the documents electronically sent to you on our website www.srsi.in as well for your ready reference.

You are also requested to intimate to the Depository Participants (DP), changes, if any, in your registered addresses, e-mail ID and/or changes in your bank account details.

We look forward to your valuable support in this 'Go Green Initiative'.

Thanking You,

For Shree Rajasthan Syntex Ltd.

*Sd/-
(Bhanupriya Mehta)
Asth. Company Secretary*

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting their 32nd Annual Report along with the audited statements of Accounts for the year ended 31st March, 2012 and Auditors Report thereon.

FINANCIAL RESULTS

₹ in lacs

Particulars	2011-12	2010-11
Turnover :		
Export	1892.75	3830.87
Domestic	26650.85	27176.27
Total	28543.60	31007.14
Profit Before Interest & Depreciation	397.07	3666.47
Less: Finance Cost	1787.05	1285.86
Profit Before Depreciation	(1389.98)	2380.61
Less Depreciation	1058.53	1069.62
Profit / (Loss) Before Exceptional Item	(2448.51)	1310.99
Less Exceptional / Extraordinary Item	74.68	346.42
Profit Before Tax	(2523.19)	964.57
Less : Current Tax	-	-
Deffered Tax Liability	(843.06)	305.16
Profit / (Loss) After Tax	(1680.13)	659.41

OPERATIONS

The operations during the year have been affected due to market condition during year. The Company produced 16535 MT of yarn valuing ₹ 27219.41 lacs during the period under review as against 19816 MT of yarn valuing ₹ 31879.19 lacs produced during the last year. The performance of the Company is analysed in detail in the Management Discussions and Analysis annexed to this report.

EXPORTS

During the year the Company had export of ₹ 1892.75 lacs against export of ₹ 3830.87 lacs during the previous year.

The Company has exported its spun yarn mainly in the established markets in Algeria, Indonesia, Germany, Egypt, South Africa, Bangladesh, Italy, Belgium and Spain.

The Company plans to increase its exports to the existing markets and also tap potential export markets for which emphasis is being made on new and better quality products.

CAPITAL PROJECTS

01. Modernisation and expansion of Polycot Division.

The Company has decided to increase number of

spindles in Polycot division (approx. 3000 spindles) by installing longer ring frames and removing the smaller ones. The Company has planned to invest in new machines like autoconer etc.

In the above planning an investment of approx. ₹ 900 lacs shall be made in the financial year 2012-13.

The Company had submitted the project report and has received the sanction from Bank of Baroda for the term loan for the above investment.

02. Normal Capital Expenditure.

In all the divisions of the Company, provisions has been made for capital expenditure of ₹ 10 lacs each unit. These are regular capital expenditure which shall be funded from internal accruals of the Company.

PUBLIC DEPOSITS

At the end of the year 31st March, 2012, the amount of Fixed deposits from public and shareholders amounted to ₹ 87.52 lacs. Deposit amounting to ₹ 31000/- has remained unclaimed as on 31.03.2012.

DIRECTORS

Mr. N.N. Agrawala, Mr. Anubhav Ladia and Mr. Sunil Goyal will retire by rotation in ensuing Annual General Meeting of the Company and are eligible for re-appointment.

PERSONNEL

During the year under Report the relations between the Management and Staff/Workers have generally remained harmonious. There was an illegal strike by the workers of Shree Shyam Filaments, since last two years which has been resolved by a triparty agreement.

AUDITORS

M/s. M.C. Bhandari & Co., Chartered Accountants, Jaipur, Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The observations made by the Auditors are self-explanatory and have been dealt with in Schedule No. 14 (notes on accounts) forming part of the accounts and hence do not require any further clarification.

SOCIAL OBLIGATIONS

The Company continued its efforts for the betterment and upliftment of the living standards of Scheduled Castes and Scheduled Tribes dwelling in the adjoining areas of Dungarpur by providing them training and employment. The Company through its Charitable Trust and Educational

Society is providing education to the Children of people of Dungarpur at Dungarpur Public School. About 1000 Children are given good quality of education in English medium through trained teachers. During the year Company has undertaken various social work for the benefit of local population of Dungarpur.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988, relevant details are annexed in Form A & B (Annexure – I) which forms part of this report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT.

The operations of the company is reviewed in detail in the Management Discussions and Analysis Report (Annexure-II) and form a part of the Report.

CORPORATE GOVERNANCE

A detailed compliance report on Corporate Governance along with certificate from the Statutory Auditors is given in the Annexure- III which forms a part of this report.

DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA)

Your Directors confirm that:

- i) in the preparation of the annual accounts applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- ii) appropriate accounting policies have been selected and applied consistently and the judgements and estimates made 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 under review and of the profit of the Company for the year;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors are happy to place on record their sincere appreciation of the dedicated services rendered by officers, staff and workers. Your Directors would also like to express their sincere thanks to the Company's Bankers, Financial Institutions, Shareholders and Fixed Deposit Holders for the continued cooperation and support and confidence reposed by them in the Company.

For and on Behalf of the Board

S/d

V.K. LADIA

CHAIRMAN & MANAGING DIRECTOR

Place: Udaipur

Date : 07.08.2012

ANNEXURE – I TO THE DIRECTORS' REPORT
FORM - A
1. CONSERVATION OF ENERGY.

In order to save cost of energy, the Company has taken various steps to reduce consumption of energy like use of synthetic tapes, lightweight bobbins, soft starters, energy efficient motors, energy saving spindles etc.

Figures given hereunder are self explanatory that steps taken by the Company to conserve energy are giving positive response :

A Power & Fuel Consumption

	Current Year	Previous Year
1 Electricity		
(a) Units Purchased	62962405	52148895
Total Amount (₹in Lacs)	3080	2385
Rate per Unit	4.89	4.57
(b) Own Generation		
(I) Through Furnance Oil Generator		
Units	180980	451767
F.O.Consumed (in kgs.)	47457	111367
Units per Kg. Of F.O.	3.81	4.06
Cost of F.O. (₹ in Lacs)	17	30
Cost per Unit (₹)	9.45	6.71
(II) Through Thermal Power Plant 8 MW		
Units	3209800	24307400
Coal Consumed (in MT.)	3997	26787
Units per Kg. Of Coal	0.80	0.91
Cost of Coal (₹ in Lacs)	158	988
Cost per Unit (₹)	4.92	4.07
(For Cogeneration of Steam & Power)		
2 Steam Generation		
(I) Through Furnance Oil Boiler		
FO (in Kgs.)	2598	47551
Total Cost (₹ in Lacs)	0.81	12.64
Average Rate	31.18	26.58
(II) Through Coal		
Coal (in MT.)	2365	1506
Total Cost (₹ in Lacs)	143	80
Average Rate (Per MT)	6054	5335
B Consumption per Unit of Production		
Electricity per Kg. of Yarn (Units)	3.95	3.70
Coal per Kg. of Yarn (Kg.)	4.92	4.06

FORM - B
II TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B of the Annexure to the Rules.

1. Research & Development (R & D)

- The Company developed yarns which gave new look in the fabric and reduced the cost as well. Other regular R&D activities for improvement in quality of existing products and productions process for better productivity are also being carried out.
- Market of newly developed qualities is better and the Company is receiving continuously repeat orders.
- Development of new qualities is being continued. New process parameters to reduce cost of production are being developed.
- Expenditure on R & D : (₹ in lacs)
 - Capital -
 - Recurring 28.02
 - Total 28.02
- Total R & D Expenditure as a % of total turnover : 0.1%

2. Technology Absorption, Adaptation and Innovation:

- Efforts, in brief, made towards technology absorption, adaptation and innovation:-
Company has successfully absorbed the technique of cleaning the yarn electronically and that of Splicing instead of knotting in finishing department. It has adopted sturdy drafting in speed frame and also replaced open type Flyers with closed type for achievement of higher speed in existing speed frames.

The Company has installed latest autoconers and compressors this years.

- Benefit derived as result of the above:-
Company could achieve higher productivity and improved yarn quality.
- In case of imported technology (imported during last 5 years reckoned from the beginning of the financial Years) - N/A

II. FOREIGN EXCHANGE EARNINGS & OUTGO.

The Company has exported its spun yarn mainly in the established markets in Algeria, Indonesia, Germany, Egypt, South Africa, Bangladesh, Italy, Belgium and Spain.

		2011-2012 (Rs. in lacs)	2010-2011 (Rs. in lacs)
i)	Total Foreign Exchange Used	38.70	81.82
ii)	Total Foreign Exchange Earned	1791.92	2943.84

For and on behalf of the Board

sd/-

Place : Udaipur

V.K. LADIA

Date : 28.05.2012

CHAIRMAN & MANAGING DIRECTOR.

ANNEXURE - II TO THE DIRECTOR'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Shree Rajasthan Syntex Ltd is pleased to present the Management Discussions and Analysis Report covering the operations and financial performance of the Company for the year 2011-12. The core business of the Company is manufacturing and marketing of synthetic blended yarn, cotton yarn and polypropylene multifilament yarn.

BUSINESS OVERVIEW

The Company is one of the important players in man made fibre spinning with following capacity.

Units	Location	Products	Capacity (Spindle)
Syntex - Division	Simalwara Road Dungarpur	Synthetic Yarn	35,904
Texchem - Division	Simalwara Road Dungarpur	Synthetic Yarn	31,680
Polycot - Division	Simalwara Road Dungarpur	Cotton yarn	14,520
Shree Shyam Filaments - Division	Village – Bagru Ravan, Jaipur	Polypropylene Multi Filament yarn	3,600 TPA

The Company's sales network comprises branches, depot as well as sales offices in different locations.

INDUSTRY OVERVIEW:

Indian textile industry contributes about 11% of the total industrial production of India and over 14% to the manufacturing sector. It provides direct employment to over 35 million people which is the second largest provider of employment. Man made fibre industry constitutes almost 2/3rd of the domestic textile market.

The Indian textile industry generates 17% of the country's earnings and contributes to 4% of GDP making it the largest industrial sector of the country. The textile industry can be segmented into Natural fibers and Man-Made Fibers (MMFs) based on the use of basic raw material, cotton or crude derivate, respectively. Among the various MMF products in the synthetic and cellulosic segments, polyester and viscose forms about 80% of the total

domestic consumption. Globally man-made fiber is the most dominantly consumed textile fiber.

The fundamental strength of this industry flows from its strong production base of wide range of fibres/yarns from natural fibres like cotton, jute, silk and wool to synthetic/man-made fibres like polyester, viscose, nylon and acrylic. We can track the strong multi-fibre base by highlighting the following important feature of this industry across the globe:

1. **Cotton** – Second largest cotton and cellulosic fibre producing country in the world.
2. **Silk** - India is the second largest producer of silk and contributes about 18% to the total world raw silk production.
3. **Wool** - India has 3rd largest sheep population in the world; having 6.15 crores sheep, producing 45 million kg. of raw wool, and accounting for 3.1% of total world wool production. India ranks 6th amongst clean wool producer countries and 9th amongst greasy wool producers.
4. **Man-Made Fibres** – the fifth largest in synthetic fibres/yarns.
5. **Jute** - India is the largest producer and second largest exporter of the jute goods

The Indian textiles and clothing industry has been facing an unprecedented crisis due to the high volatility in raw material prices prevailed during the year 2011-12 and the global recession. The all round growth and development of all segments of the industry is very vital as it has a direct bearing on the overall growth and development of the economy.

INDUSTRY OPPORTUNITIES :

1. The Indian textile industry is amongst the very few in the world that is truly vertically integrated from raw material to finished products and the industry has leveraged its manufacturing position to improve its exports. India is one of the largest exports of readymade garments and made-ups to the world and is considered as second most preferred destination for major retailers to procure, as the industry is vertically and horizontally integrated. Most of the leading global apparel brands have given repeat orders and have increased their outsourcing quantities.
2. The Government of India has restarted the Technology Up-gradation Fund Scheme (TUFS) which is the flagship scheme of Ministry of Textiles. TUFS has been re-introduced with a view to facilitate the modernization and up-gradation of the textile industry by providing long term credit at concessional rate of interest under the scheme. The new scheme

emphasizes greatly on the value addition in textile products.

3. The Foreign Trade Policy 2009-2014 includes various incentive schemes for the textile industry. The policy under 'Focus Market Scheme' has added many new international markets for providing incentive for export to these countries. The DEPB scheme has been continued giving support to the exporters in the international markets.
4. India has all the required raw materials for both cotton and man made fibre industry. Thus, there is good availability of raw materials and no dependability on import is required.

INDUSTRIAL CHALLENGES:

1. Lack of global competitiveness

Even though the Indian cotton apparel export to the world have grown consistently, the man made fibre industry has not been able to create a mark in the global textile markets. Considering the textile quotas have been dismantled for the last 5 years, the industry needs to be more globally competitive.

2. GST issues for textile industry:

Major tax reforms are initiated in the form of Goods and Service tax (GST) which is going to be introduced next year. Considering the Indian textile industry is pre-dominantly in the decentralized sector, the Govt of India shall be required to address the specific issues of the industry.

3. High debt servicing cost :

The industry requires to give high debt servicing cost and with the lending rates in India in the range of 12 to 14%, they are significantly higher in comparison to the competing countries like China. The complete textile chain is not covered in the TUF Scheme and thus large capital investments needs to be made at a very high rate of interest.

4. High transaction cost:

The Indian industries including textile industry are faced with huge transaction cost burden in comparison with exporters in competing countries. The un-neutralized taxes such as CST, VAT, Octroi etc contribute to higher transaction cost. A long term solution is required with respect to strengthening of physical infrastructure and introduction of tax reforms.

RISK AND CONCERNS

1. **Rising imports :** FTA's, especially with Asian countries (BIMSTEC, Indo - ASEAN, SAFTA, Singapore and Thailand) should have adequate safeguards in terms of stringent adherence to Rules of Origin (to prevent countries outside the FTA from diverting trade

through partner countries) and suspension of concessionary tariffs in event of damage to local industry. Without adequate safeguards in terms of rules of origin would make the domestic industry to suffer in competition.

2. **Raw material availability :** Though India is having sufficient availability of raw materials, namely, cotton, man made fibres and silk but factors such as low rain fall in the cotton growing areas, increase in crude oil prices in the international markets for basic raw materials of man made fibres and increase in logistic cost may effect the availability of raw material and competitiveness of the industry.
3. **Power availability :** Most of the textile mills in India, particularly in north and western parts are dependent on power supply by self generation using furnace oil/coal as fuel. Because of increase in cost of furnace oil/coal the cost of generation of power is increasing which may effect the competitiveness of the industry.
4. **Lower contribution of Textile Industry :** Textile Industry's contribution to national GDP came down to 4.6% during the financial year 2011-12 (and estimated to be at the same level in 2011-12) from the level of 5.1% registered in the year 2009-10.
5. **Currency risk :** Since the textile industry has a major portion of its revenue from exports, Indian rupee relationship with foreign currencies such as US Dollar is important. The industry hedges currency risks by forward currency cover against sale contracts. Hence movement is foreign currency vis-a-vis rupee has direct impact on exports realization and import cost.

PRODUCT WISE PERFORMANCE OF THE COMPANY :

Chart given below gives the breakup of sales between the domestic and export markets for the last 5 years :

(₹ in lacs)

Sales	2009-10	2010-11	2011-12
Export	6579.57	3830.87	1892.75
Domestic	22141.95	27176.27	26650.85

The current yarn portfolio of SRS� can be classified into 3 main categories - Grey yarn, Dyed yarn and PPMF yarn.

Grey Yarn : Grey yarn is produced using blends of different synthetic fibre such as polyester/viscose, 100% viscose yarn, 100% polyester fibre yarn and pure cotton. These qualities are produced in Shree Rajasthan Texchem division and Shree Rajasthan Polycot division of the Company.

The Company has niche markets for 100% viscose fibre yarn. Specialty fibre yarns were developed for industrial and home textile applications.

Dyed yarns : Dyed yarn is produced at Syntex division of the Company. These yarns are relatively higher value added products and made according to customers specifications of blend, counts and shades. The Company has specialty in producing home textile dyed yarns for end use such as carpets, tapestry and upholstery. Further efforts are being made to develop mélangé yarn for weaving and knitting applications.

PPMF Yarn : Polypropylene multifilament yarn is produced at Shree Shyam Filament division of the company at Bagru, Jaipur, POY and texturised yarn is produced for knitting, socks and furnishing applications. BCF yarn is produced for carpet applications.

OPERATIONS

During the year under review the Company's operations suffered due to huge fluctuations in the prices of raw material and yarn as well as volatile market conditions prevailing in the global arena which affected the quantum of exports as well as realization. The sales turnover of the company was ₹ 28543.60 lacs as compared to ₹ 31007.14 lacs of previous year. The Profit (before interest and depreciation) amounted to ₹ 397.07 lacs and the Profit/(Loss) after tax (PAT) decreased to (₹ 1680.13 lacs) as compared to ₹ 659.41 lacs from previous year due to huge fluctuations in the market conditions.

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31.03.2012

₹ in lacs

Particulars	2011-12	2010-11
Turnover :		
Export	1892.75	3830.87
Domestic	26650.85	27176.27
Total	28543.60	31007.14
Profit Before Interest & Depreciation	397.07	3666.47
Less: Finance Cost	1787.05	1285.86
Profit Before Depreciation	(1389.98)	2380.61
Less Depreciation	1058.53	1069.62
Profit / (Loss) Before Exceptional Item	(2448.51)	1310.99
Less Exceptional / Extraordinary Item	74.68	346.42
Profit Before Tax	(2523.19)	964.57
Less : Current Tax	-	-
Deffered Tax Liability	(843.06)	305.16
Profit / (Loss) After Tax	(1680.13)	659.41

DIVERSIFICATION AND MODERNISATION

The Company lays emphasis on modernizing its plant & machinery on continuous basis to ensure that it produces the best quality yarn to face the competition in the international market. The Company has made substantial efforts towards modernising its engineering equipments and power generation.

The Company has also incurred regular capital expenditure for maintenance of its plant & machinery which has led to saving in both labour and power costs besides further improvement in the quality of yarn.

OUTLOOK

Out look for the textile industry is positive and the Directors of the Company are hopeful that with the dismantling of quotas, penetration in the new global scenario, change in product mix, cost effectiveness and development of new qualities, it would be possible to meet the challenges being faced by the Indian Textile Industry. It is also customers, the Company would be able to increase its price in the export market to offset the change in foreign currency rates. It is also expected that Ministry of Commerce, Government of India would give additional export incentives to the industry to offset the change in foreign currency rates.

There is a significant scope for converting the raw cotton in to yarn, both for overseas and domestic markets. The investments in the downstream segments of weaving and processing will ensure that the maximum quantity of yarn produced in the country are converted into the finished products domestically in order to meet the increasing requirements of the garment industry. The sufficient supply of yarn and fabrics internally would reduce the dependence of garment industry on imported yarn and fabrics and promote significant value addition.

DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

HRD activities are taken in the Company involving positive approach to develop employees to take care of productivity, quality and customer needs. The Company has to make constant efforts to manage labour shortages. To develop skilled labour, training facilities are provided to the employees in house or by deputing them to the machinery suppliers and to training institutes for specific training. The Company employed 2717 persons as on 31.03.2012.

Company's Division Shri Shayam Filament, Bagru, Jaipur has under going illegal stike by the labour which has been settled during the year.

The Company has well developed management information system giving daily, monthly and periodical information to the different levels of management. Such reports are being analyzed and effective steps are taken to control the efficiency, utilization, productivity and quality in the Company.

INTERNAL CONTROL SYSTEMS

The Company has adequate internal control system commensurate with its size and nature of business. Sound financial and commercial practices continued to be an integral part of the Company. The Company has appointed

internal auditors for all the 4 units. The internal control ensured that all assets were safeguarded and protected against loss through unauthorised use or disposition and transactions were authorized, recorded noticed and reported correctly. While operating managers ensured compliance with their areas, internal auditors carried out audit test on randomly selected samples and reported on non-compliance or weakness if any through internal audit reports of the respective unit/areas. These reports were reviewed by the management and then by Audit Committee of the Board for follow up action.

CAUTIONARY STATEMENT

Statements in the Management Discussions and Analysis report describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable security laws and regulation. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand and supply and price conditions in domestic and overseas market in which the company operates. Changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

ANNEXURE III TO DIRECTORS REPORT

Report on Corporate Governance

The Company pursuant to Clause 49 of the Listing Agreement with the Stock Exchange is pleased to be furnished its report on Corporate Governance.

1. Company's Philosophy on Corporate Governance

The Company has sought to consistently focus on good corporate governance by increasing transparency and accountability to its shareholders and other stakeholders.

The Company's complete internal control structure seeks to integrate management control over Company operations ensuring compliance with legal requirements and ensuring reliability of financial reporting. It makes the management responsible for implementing and maintaining effective business controls, including internal financial controls whose effectiveness is monitored by self-assessment and by audits performed by independent internal and statutory auditors. The Company wishes to be a responsible partner in society, acting with integrity towards its shareholders, customers, employees and the Government.

2. Board of Directors

I. Composition & Category.

The present strength of the Board is eleven Directors comprising of three Executive Directors including the Chairman & Managing Director and remaining eight independent Non- Executive Directors. Mr. V.K. Ladia, Mr. Vikas Ladia and Mr. Anubhav Ladia are related to each other. Mr. V.K. Ladia being father of Mr. Vikas Ladia and Mr. Anubhav Ladia.

II. Board Meetings attendance.

The Board met four times on 30th May 2011, 10th August 2011, 14th November 2011 and 7th February 2012. Notices of the meetings with agenda along with necessary details were sent to the Directors on time.

Attendance of each Director at the Board Meetings and the Annual General Meeting

Director	No. of Board Meetings attended	Attendance in the AGM	No. of outside Directorship of other Companies	No. of outside Board-level Committees where chairperson or members.	
				Member	Chair-person
Sh. V.K.Ladia	4	Yes	4	-	-
Sh. Ravinder Narain		No	3	-	-
Sh. Susheel Jain	-	No	3	4	-
Sh. N.N. Agrawala	3	Yes	-	-	-
Sh. Raj Singh Nirwan	4	No	-	-	-
Sh. Vikas Ladia	4	No	1	-	-
Sh. R.L. Kunawat	3	Yes	-	-	-
Sh. Anubhav Ladia	3	No	2	-	-
Sh. R.K. Pandey	1	No	16	4	4
Sh. Sunil Goyal	4	No	2	-	-
Sh. Jitender Balakrishnan	2	No	15	9	3

3. Audit Committee

The Audit Committee of the Board of Directors comprised of five Directors and has been constituted in line with Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956. The broad terms of reference of the Audit Committee are wide enough to cover the role specified to it under the listing agreements of Stock Exchanges.

The Audit Committee met on 30th May 2011, 10th August 2011, 14th November 2011 and 7th February 2012 for perusal of financial position and unaudited quarterly results. The accounts and financial positions were perused by the Audit Committee and thereafter placed before the Board for their consideration.

The Composition and attendance record of the members of the Audit Committee meetings are as follows :

Sl.No.	Name of the Directors	No. of meetings held	No. of meetings attended
01	Mr. R.S. Nirwan	4	4
02	Mr. V.K. Ladia	4	4
03	Mr. Sunil Goyal	4	4
04	Mr. N.N. Agrawala	4	3
05	Mr. R.L. Kunawat	4	3

4. Remuneration of Directors

Details of remuneration / sitting fees to Directors for the year ended 31st March, 2012

Name of Director	Period of Service Contract	₹ in amount					Total (₹)
		Salary (₹)	Commission (₹)	Perquisites (₹)	Sitting Fees (₹)		
Sh.V.K.Ladia (Chairman & Managing Director)	3	16,00,000	-	6,91,650	-	22,91,650	
Sh.N.N.Agrawala (Director)	-	-	-	-	30,000	30,000	
Sh.Raj Singh Nirwan (Director)	-	-	-	-	40,000	40,000	
Sh.Ravinder Narain (Director)	-	-	-	-	-	-	
Sh.Susheel Jain (Director)	-	-	-	-	-	-	
Sh.Vikas Ladia (Jt. Mg.Director)	5	12,56,000	-	5,13,493	-	17,69,493	
Sh.R.L.Kunawat (Director)	-	-	-	-	30,000	30,000	
Sh.Anubhav Ladia (Executive Director)	5	9,45,500	-	2,19,262	-	11,64,762	
Sh. R.K. Pandey (Director)	-	-	-	-	5,000	5,000	
Sh. Sunil Goyal (Director)	-	-	-	-	30,000	30,000	
Sh. Jitender Balakrishnan (Director)	-	-	-	-	10,000	10,000	

5. Remuneration Committee.

In terms of the provisions of Schedule XIII of the Companies Act, 1956, the Remuneration Committee consists of following members:

- i) Mr. R.L. Kunawat, Member (Independent Director)
- ii) Mr. R.S. Nirwan, Member (Independent Director)
- iii) (In place of Mr. SC Kuchhal, one director shall be added)

The non executive directors are paid sitting fee for attending the Board Meeting as well as Audit Committee Meeting. The remuneration of the

Chairman & Managing Director, Joint Managing Director and Executive Director is approved by the shareholders and is within the ceiling laid down under Schedule XIII of the Companies, Act 1956.

6. Committee

- a) Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee has been constituted by the Board of Directors vide their meeting dated 16.01.2002 consisting of Mr. V.K.Ladia, Mr. Vikas Ladia, Mr. N.N. Agrawala Mr. Sunil Goyal & Mr. R.L. Kunawat as members. Mr. R.S. Nirwan, acts as Chairman of the Committee being non-Executive Director. The Committee looks into redressal of shareholder and investor complaints etc, if any.

- b) Sub Committee of the Board

The Sub-Committee of the Board consisting of Mr. V.K. Ladia as Chairman and Mr. Vikas Ladia, Mr. Anubhav Ladia Mr. N.N. Agrawala & Mr. R.L. Kunawat as members deals with various matters including transmission of shares, issue of duplicate share certificates, approving the split, consolidation requests, demat requests and other matters relating to transfer, registration of shares etc. This committee has been authorised to take on record unaudited financial results and review report of the auditor as per clause 49 of the Listing Agreements.

- c) Compliance Officer.

Mr. Anubhav Ladia, Executive Director has been designated by the Board as the Compliance Officer as per listing agreement.

7. General Body Meetings

- a) Location and time for last three Annual General Meeting .

Year	AGM/EGM	Location	Date	Time
2009	AGM	Registered Office: 'SRSL House', Pulla, Bhuwana Road, N.H. No.8, Udaipur - 313 004	29.09.2009	2.30 P.M.
2010	AGM	Registered Office: 'SRSL House', Pulla, Bhuwana Road, N.H. No.8, Udaipur - 313 004	18.09.2010	2.30 P.M.
2011	AGM	Registered Office: 'SRSL House', Pulla, Bhuwana Road, N.H. No.8, Udaipur - 313 004	19.09.2011	2.30 PM

- (b) In addition to Annual General Meeting, the Company held Extra Ordinary General Meeting of the Shareholders on Thursday, the 15th March, 2012 at 3.00 P.M for the approval of issue of 6,50,000 convertible share warrants on preferential basis to the promoters and its associates.

Resolutions are generally passed on show of hands. No resolution was passed by postal ballot during the last year. Following special resolutions were passed during the last 3 AGM.

2008 - 2009

Reappointment of Mr. N.N. Agrawala as Executive Director

2009 – 2010

Reappointment of Directors & fixation of remuneration as per Schedule XIII & other applicable provisions of the Companies Act, 1956.

- I Reappointment of Shri V.K. Ladia as Chairman & Managing Director.
- I Reappointment of Shri Vikas Ladia as Joint Managing Director.
- I Reappointment of Shri Anubhav Ladia as Executive Director
- I Variation of remuneration of Mrs. Monika Ladia, Special Executive

2010-2011

- I Allotment of 6,50,000 convertible share warrants to the promoters and its associates on preferential basis.
- I Appointment of Mr. Jitender Balakrishnan under Section 257(1) of the Companies Act, 1956 for the office of Director.

8. Disclosure

Disclosure on materially significant related party transactions i.e. transactions of the Company of a material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interests of the Company. As required by the Accounting Standards AS18, the details of related party transactions are given in Note 43 to the annual accounts. There was

no pecuniary relationship or transactions with the non executive directors, apart from the payment of sitting fees to the Directors.

There have been no instances of non Compliance by the Company, penalties / strictures proposed on the Company by Stock Exchange or SEBI or any statutory authority or any matters related to Capital Market during the last 3 years.

9. Disclosure as per Schedule XIII of the Companies Act, 1956.

All elements of remuneration package such as salary, benefits] bonuses, stock options, pension, etc. of all the directors; other than non Executive Directors.

a) Mr. V.K. Ladia

Sl. No	Particulars	Amount (₹)
1	Salary	16,00,000
2	Ex Gratia	1,22,618
3	HRA	1,80,000
4	Benefit	3,89,032
5	Total	22,91,650

b) Mr. Vikas Ladia

Sl. No	Particulars	Amount (₹)
1	Salary	12,56,000
2	Ex Gratia	97,045
3	Benefit	4,16,448
	Total	17,69,493

c) Mr. Anubhav Ladia

Sl. No	Particulars	Amount (₹)
1	Salary	9,45,500
2	Ex Gratia	73,721
3	Benefit	1,45,541
	Total	11,64,762

- ii) Details of fixed components and performance linked incentive along with the performance criteria; Salary has fixed component only and no performance linked incentive.

- iii) Service contracts, notice period, severance fees -

- a) Mr. V.K. Ladia - 3 years with 6 months notice period

- b) Mr. Vikas Ladia - 5 years with 6 months notice period
- c) Mr. Anubhav Ladia - 5 years with 6 months notice period.
- iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable - No stock option issued.

10. Code of Conduct and ethics.

The Company has laid down a Code of Conduct for all the members of the Board of Directors and Senior Management Personnel for avoidance of conflict of interest. The Directors and Senior Management Personnel have confirmed of compliance with code of conduct for the year 2011-12. A declaration to this effect is attached to this report.

There were no material, financial and commercial transactions in which the Senior Management Personnel, had personal interest which could lead to potential conflict of interest with the Company during the year.

11. Insider Trading

The Company has adopted code of internal procedures and conduct framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992 inter alia to prevent insider trading in the shares of the Company.

12. Risk Management

The Company has a well defined risk management framework in place. Under this framework, the management identifies and monitor business risks on continuous basis and initiated appropriate risk mitigation steps as and when deemed necessary. The Company has established procedures to periodically place before the Board, risk assessment and minimisation procedures being followed by the Company and the steps taken to mitigate those risks through this framework.

13. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification.

As per requirement of Clause 49 of the Listing Agreement, a certificate duly signed by CEO and CFO of the Company is being placed at the Board meeting of the Company held on 28th May, 2012.

14. Means of Communication

The quarterly results published in the proforma prescribed by the Stock Exchange, Mumbai are approved and taken on record by the Board of Directors of the Company within 45 days of the close of the relevant quarter. The approved results are forthwith sent to all the Stock Exchanges with whom the Company has listing arrangements. Further, the results in the prescribed proforma are published in newspapers within 48 hours. As the Company publishes the audited annual results within the stipulated period of two months from the close of the financial year as required by the listing agreement with the Stock Exchanges, the unaudited results for the last quarter of the financial year are not published.

The annual audited accounts of the Company are subsequently sent to the Stock Exchange, Shareholders, Bankers, Financial Institutions as required.

15. Shareholder Information

- a) **Annual General Meeting** : 29th September, 2012 at 2.30 P.M. at the Registered Office of the Company at 'SRSL House', Pulla -Bhuwana Road, N.H.No.8, Udaipur-313 004
- b) **Financial Calendar Particulars** : April 01, 2011 to March 31, 2012
For the financial year 2012-13, the Financial Results will be announced in
Second week of August, 2012. : Quarter ended June 30,
First week of November, 2012. Half Year ended September 30,
First week of February, 2013 Third Quarter ended December 31, Financial Results for the year ending March 31st 2013.
May, 2013.
AGM for the year ended : Last week of September 2013.
31.03.2013
- c) **Date of Book Closure** : 15 Sept. 2012 to 29th Sept. 2012
- d) **Dividend payment date** : Within 30 days from the date of AGM
- e) **Registered Office** : 'SRSL House', Pulla - Bhuwana Road, N.H 8, Udaipur - 313 004.
- f) **Stock Code** : 503837 with Bombay Stock Exchange Ltd.
- g) **Listing on Stock Exchanges** : Bombay Stock Exchange Ltd,
- h) **Stock Price Data** : Bombay Stock Exchange Ltd, Mumbai

Month	Highest(Rs.)	Lowest(Rs.)
April 2011	24.00	16.75
May 2011	22.75	16.15
June 2011	19.60	15.75
July 2011	17.95	16.05
August 2011	17.35	12.30
September 2011	16.77	12.10
October 2011	18.15	13.25
November 2011	15.95	12.00
December 2011	14.95	10.55
January, 2012	15.30	9.14
February 2012	14.36	10.49
March 2012.	13.00	9.70

- i) Stock performance : As mentioned above
- j) Registrar and Transfer Agents : M/s. Mas Services Ltd
T-34, 2nd Floor,
Okhla Industrial Area,
Phase-II,
NEW DELHI - 110 024.
Phone : 011 26387281-83
Fax 011 26387384

k) Share Transfer System

Share transfer is normally effected within a maximum period of 30 days from the date of receipt, if all required documentation is submitted. All share transfers are approved by the Sub Committee of the Board of Directors. The Committee met 26 times during the financial year 2011-2012 for consideration of share transfer and similar matters.

l) Distribution of Shareholding as on 31st March, 2012.

Shareholding of Nominal value (₹)	No. of Share Holders	Total No. of Shares	% of share holding
1 - 5000	11265	1530117	13.02
5001 - 10000	614	483847	4.12
10001 - 20000	287	433715	3.69
20001 - 30000	100	250098	2.13
30001 - 40000	78	275525	2.34
40001 - 50000	45	211033	1.80
50001 - 100000	86	602306	5.12
100001 & above	97	7965660	67.78
Total	12572	11752301	100.00

m) Categories of shareholding as on 31st March, 2012

Shareholders	No. of Shares held	% of total shares held
Promoters	4679467	39.817
Foreign Institutional Investors	150	0.001
Mutual Funds/UTI	4485	0.038
Banks	330794	2.815
Corporate Bodies	1174134	9.991
Non-Resident Indian / OCB's	121383	1.033
Public	441888	46.305
Total	1752301	100.00

n) Dematerialisation of Shares and Liquidity

As on 31st March 2012, 84.92% of the Company's equity shares have been dematerialised. The Company has entered into an agreement with both National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) whereby shareholders have the option to dematerialise their shares with the Depositories. International Securities Identification Number (ISIN) of the Company is INE796C01011.

o) Plant Locations

i) Shree Rajasthan Syntex

Village-Udaipura, Simalwara Road,
Dungarpur - 314 001(Rajasthan)
Tel: 02964 - 302400
Fax: 02964 - 302500

ii) Shree Shyam Filaments

(A Div. of Shree Rajasthan Syntex Ltd)
Bagru Ravan, Jaipur.
Tel : 0141 2864224 -25
Fax : 0141 2864226.

iii) Shree Rajasthan Polycot

(A Div. of Shree Rajasthan Syntex Ltd)
Simalwara Road Dungarpur - 314 001 (Raj.)
Tel : 02964 - 302400
Fax: 02964 - 302503

iv) Shree Rajasthan Texchem

(A Div. of Shree Rajasthan Syntex Ltd)
Village - Patapura, Simalwara Road
Dungarpur - 314 001 (Raj.)
Tel : 02964 - 302400, Fax: 02964 - 302502

p) Investor Correspondence Address:

M/s. Mas Services Ltd.
T-34, 2nd Floor, Okhla Industrial Area,
Phase-II, NEW DELHI - 110 024.

q) Non Mandatory Requirements -

The Company has not adopted any non mandatory requirements

AUDITORS' CERTIFICATE

To:
The Board of Directors
Shree Rajasthan Syntex Ltd
'SRSL House',
Pulla-Bhuwana Road
National Highway No. 8
UDAIPUR - 313 004 (Raj.)

We have examined the compliance of conditions of Corporate Governance by Shree Rajasthan Syntex Ltd, for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investors' grievances are pending for a period of one month, against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

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

For and on behalf of
M/s. M.C. Bhandari & Co.
Chartered Accountants,
Firm Reg. No. 303002E

Place : Udaipur
Date : 28.05.2012

Sd/-
CA V. CHATURVEDI
PARTNER
M. No.13296

Confirmation of compliance of Code of Conduct

I declare that all Board members and Senior Management Personnel have individually affirmed compliance with the Code of Conduct adopted by the Company for the financial year ended 31st March, 2012.

Sd/-
(V.K. Ladia)
Chairman & Managing Director (CEO)

AUDITOR'S REPORT TO THE MEMBERS OF SHREE RAJASTHAN SYNTEX LIMITED

1. We have audited the attached Balance Sheet of M/s. Shree Rajasthan Syntex Limited as at 31st March 2012 and also the Statement of Profit and Loss and 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 amount 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 presentations. We believe that our audit provides a reasonable basis for our opinion.
3. As required by The Companies (Auditor's Report) Order 2003 (as amended) issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act 1956, we enclose in the Annexure, a Statements 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 books;
 - iii) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the Books of account.
 - iv) In our opinion the Balance Sheet the Statement of Profit and Loss and the Cash flow statement dealt with by this report comply with the accounting standards referred to in the sub section (3C) of the Section 211 of the Companies Act 1956 to the extent applicable.
 - v) On the basis of written representation received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March 2012 from being appointed as director in terms of the clause (g) of sub section (1) of section 274 of the Companies Act 1956.
 - vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of Balance Sheet, of the State of Affairs of the Company as at 31.03.2012;
 - b) in the case of Statement of Profit and Loss, of the loss of the Company for the year ended on that date, and

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

For and on behalf of
M/s M.C. BHANDARI & CO.
 Chartered Accountants
 Firm Reg. No. 303002E

sd/-

CA V. CHATURVEDI

Membership. No. 13296

Partner

Date : 28.05.2012

Place : Udaipur

**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) The fixed assets have been physically verified by the management during the year. There is regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) The company has not sold substantial part of plant and machinery , during the year , which effect the going concern status of the company.
- (ii) a) As explained to us, the inventory had been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the inventory records, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records are not material and have been properly dealt with in the books of account.
- (iii) a) The Company has granted loans to a Trust in earlier year covered in the register maintained under section 301 of the Companies Act, 1956 Maximum amount of loan during the year was ₹ 112.66 Lacs and the year-end balance of loans granted to such party was ₹ 106.70 Lacs.
- b) In our opinion, the rate of interest and other term and conditions of above loan granted by the Company are not prima facie, prejudicial to the interest of the company
- c) According to the information and explanations given to us, the parties to whom loan and advance in the nature of loan have been given are repaying the principal amount as stipulated and are also regular in payment of interest.
- d) The company has taken loans from Directors and other parties covered in the register maintained under section 301 of the Companies Act, 1956 aggregating to ₹ 45.15 lacs during the year and total outstanding was ₹ 48.47 Lacs at the close of the year .

- | | |
|---|--|
| <p>e) In our opinion, the rate of interest and other terms and conditions of above loans taken by the company are not prima facie prejudicial to the interest of the company.</p> <p>f) The company is regular in payment of Principal amount and interest as per stipulations.</p> <p>(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 nature of its business with regard to the purchase of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.</p> <p>(v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.</p> <p>a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us we are of the opinion that the contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under section 301, and ;</p> <p>b) According to information and explanations given to us each of such transactions made in pursuance of such contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.</p> <p>(vi) According to the information and explanations given to us the Company has complied with the Directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Act or any other relevant provisions of the Act and the rules framed there under wherever applicable.</p> <p>(vii) In our opinion the Company has an internal audit system commensurate with the size and the nature of its business.</p> <p>(viii) We have broadly reviewed the books of account maintained by the Company relating to the manufacture of the spun yarn pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however made a detailed examination of the records with a view to determining whether they are accurate or complete.</p> <p>(ix) a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.</p> <p>b) According to the records of the Company and information and explanations given to us following disputed demands have not been deposited since –</p> <p>I Excise duty demands amounting to ₹ 651.96 lacs pending with High Court (₹ 41.88 Lacs), CSTAT (₹ 352.72 Lacs), Commissioner (Appeals) (₹ 31.68 Lacs), Asstt. Commissioner (₹ 169.10 Lacs) and Joint secretary (₹ 56.58 Lacs). Against these demands, Company has deposited ₹ 73.68 Lacs under protest</p> <p>(ii) Sales tax demands amounting to ₹ 233.16 Lacs pending with Rajasthan Tax Board, Ajmer Against these demands</p> | <p>company has deposited under Protest ₹ 32.71 Lacs.</p> <p>(iii) ESI Demand amounting to ₹ 24.44 lacs pending with appellate authorities against these demands company has deposited ₹ 0.93 lacs under protest.</p> <p>(iv) T.C. Cess amounting to ₹ 10.14 Lacs not deposited as same is disputed and pending with Textile Committee Cess Tribunal, Mumbai.</p> <p>(x) The Company does not have accumulated losses as at the end of the year, Company has incurred cash losses in the current year. There were no cash losses in immediately preceding financial year.</p> <p>(xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debentures holders</p> <p>(xii) According to the information and explanations given to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.</p> <p>(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.</p> <p>(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by other from banks and financial institutions.</p> <p>(xvi) To the best of our knowledge and belief and according to the information and explanations given to us term loans availed by the Company were prima facie, applied by the Company during the year for the purposes for which the loans were obtained.</p> <p>(xvii) According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis have prima facie, not been used during the year for long term investment and vice versa.</p> <p>(xviii) The company has made preferential allotment of warrants to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. The issue price is not prejudicial to the interest of the Company.</p> <p>(xviii) According to the information and explanations given to us and the records examined by us no debentures have been issued hence creation of security does not arise.</p> <p>(xix) The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.</p> <p>(xx) To the best of our knowledge and belief and according to the information and explanations given to us no fraud on or by the Company was noticed or reported during the year,</p> |
|---|--|

For and on behalf of
M/s M.C. BHANDARI & CO.
Chartered Accountants
Firm Reg. No. 303002E
sd/-
CA V. CHATURVEDI
Membership. No. 13296
Partner

Date : 28.05.2012
Place : Udaipur

BALANCE SHEET AS AT 31st MARCH,2012

Particulars	Note No.	As at		As at	
		₹ (in lacs)	₹ (in lacs)	₹ (in lacs)	₹ (in lacs)
I. EQUITY AND LIABILITIES					
(1) Shareholder's funds					
(a) Share Capital	1	1175.23		1175.23	
(b) Reserves & Surplus	2	2387.45		4055.66	
(c) Money received against share warrants	3	22.75	3585.43	-	5230.89
(2) Non- current liabilities					
(a) Long-term borrowings	4	8040.16		9362.80	
(b) Deferred tax liabilities (Net)	5	500.48		1343.53	
(c) Other Long term liabilities	6	152.05		147.12	
(d) Long term provisions	7	352.36	9045.05	315.93	11169.38
(3) Current liabilities					
(a) Short-term borrowings	8	4362.25		4900.75	
(b) Trade payables	9	3450.93		2117.38	
(c) Other current liabilities	10	1774.68		1316.26	
(d) Short term provisions	11	194.97	9782.83	303.61	8638.00
Total			22413.31		25038.27
II. ASSETS					
(1) Non- current assets					
(a) Fixed assets					
(i) Tangible assets	12	12398.53		13438.25	
(ii) Capital work-in-progress	12	118.23		10.07	
(b) Non-current investments	13	40.15		40.15	
(c) Long-term loans and advances	14	317.94		282.03	
(d) Other non-current assets	15	2.51	12877.36	4.29	13774.79
(2) Current assets					
(a) Inventories	16	4364.09		5506.52	
(b) Trade receivables	17	1942.59		2153.94	
(c) Cash and cash equivalents	18	229.40		288.45	
(d) Short-term loans and advances	19	199.29		273.83	
(e) Other current assets	20	2800.58	9535.95	3040.74	11263.48
Total			22413.31		25038.27
Significant Accounting Policies					
Note on Financial Statements	1 to 48				

Signed in terms of our report
of even date annexed hereto.

For and on behalf of
M/s M.C. BHANDARI & CO.
Chartered Accountants
Firm Reg. No. 303002E

sd/-
V.K. LADIA
Chairman &
Managing Director

sd/-
R.L. KUNAWAT
Director

sd/-
CA V. CHATURVEDI
Membership. No. 13296
Partner

Date : 28.05.2012
Place : Udaipur

sd/-
S.L. KABRA
Chief Financial Officer

sd/-
BHANUPRIYA MEHTA
Asstt.company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	2011-2012		2010-2011	
		₹ (in lacs)	₹ (in lacs)	₹ (in lacs)	₹ (in lacs)
Revenue from operations	21		28287.00		30755.26
Other Income	22		256.60		251.88
Total Revenue			28543.60		31007.14
Expenses :					
Cost of materials consumed	23		19982.41		20,865.86
Purchases of Stock -in-Trade			74.11		153.89
Changes in inventories of finished goods- work-in-progress and stock-in-trade	24		882.00		(1,319.66)
Employee benefits expenses	25		2321.30		2506.59
Finance costs	26		1787.05		1285.86
Depreciation and amortisation Expenses			1058.53		1069.62
Other Expenses	27		4886.70		5133.99
Total expenses			30992.10		29696.15
Profit before exceptional and extraordinary items and tax			(2,448.51)		1310.99
Exceptional items					
Claims Not Recovered Written off / Settled			-		346.42
Profit before extraordinary items and tax			(2,448.51)		964.57
Extraordinary items					
Workers settlement Expenses	28		74.68		-
Profit before tax			(2,523.19)		964.57
Tax Expenses:					
(1) Current tax			-		-
(2) Deferred Tax		(843.06)	(843.06)	305.16	305.16
Profit/(Loss) for the period			(1,680.13)		659.41
Earning per equity share :					
Basic & Diluted	29		(14.30)		5.61
Significant Accounting Policies					
Note on Financial Statements	1 to 48				

Signed in terms of our report
of even date annexed hereto.

For and on behalf of
M/s M.C. BHANDARI & CO.
Chartered Accountants
Firm Reg. No. 303002E

sd/-
V.K. LADIA
Chairman &
Managing Director

sd/-
R.L. KUNAWAT
Director

sd/-
CA V. CHATURVEDI
Membership. No. 13296
Partner

Date : 28.05.2012
Place : Udaipur

sd/-
S.L. KABRA
Chief Financial Officer

sd/-
BHANUPRIYA MEHTA
Asstt. company Secretary

Cash Flow Statement for the year ended 31st March 2012 Pursuant to clause 32 of the Listing Agreement

₹ (in lacs)

	2011-12	2010-11
A Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	(2,523.19)	964.57
Adjustments for		
Depreciation	1,056.61	1,062.68
Amortisation of Expenses	1.78	6.94
Provision for Leave Encashment/Gratuity	64.44	99.65
Loss on Sale of Assets/Investments (Net)	7.02	4.10
Interest Income	(195.08)	(220.44)
Interest Expenses	1,710.24	1,291.11
Exchange Fluctuation	76.81	(5.25)
Operating Profit before Working Capital Changes	198.63	3,203.36
Adjustments for		
Trade and other Receivables	538.06	227.36
Inventories	1,142.43	(1,257.51)
Trade and other payable	1,538.39	(673.76)
Cash Generation from Operations	3,417.51	1,499.45
Less: Taxes paid (Net of Refunds)	42.00	142.14
Net Cash from Operating Activities	3,375.51	1,357.31
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets/Capital Expenditure	(136.48)	(215.43)
Sale of Fixed Assets	4.40	18.75
Cash used in Investing Activities	(132.08)	(196.68)
C Cash flow from Financing Activities		
Proceeds from issuance of Share warrants	22.75	-
Capital Subsidy	11.92	-
Proceeds from Term Borrowings	50.00	185.00
Repayment of Loans	(1,142.05)	(515.49)
Proceeds of Fixed Deposits/ICD	27.92	4.78
Intercompany and Other Loans	(5.96)	4.54
Change in Short Term Borrowings	(538.50)	302.53
Interest Expenses	(1,710.24)	(1,085.13)
Interest Income	195.08	14.45
Foreign Exchange Fluctuation	(76.81)	5.25
Dividends (including corporate dividend tax)	(136.59)	-
Net Cash Realised from Financing Activities	(3,302.48)	(1,084.07)
Add: Cash and Cash Equivalent as at 31.03.2011	288.45	211.89
Cash and Cash Equivalent as at 31.03.2012	229.40	288.45

Auditor's Certificate

We have verified the above cash flow statement of M/s Shree Rajasthan Syntex Limited with reference to the audited Annual Accounts for the year ended March 31, 2012 and we found the same to be in agreement therewith.

Signed in terms of our report of even date annexed hereto.

For and on behalf of
M/s M.C. BHANDARI & CO.
 Chartered Accountants
 Firm Reg. No. 303002E

sd/-
V.K. LADIA
 Chairman &
 Managing Director

sd/-
R.L. KUNAWAT
 Director

sd/-
CA V. CHATURVEDI
 Membership. No. 13296
Partner

sd/-
S.L. KABRA
 Chief Financial Officer

sd/-
BHANUPRIYA MEHTA
 Asstt. company Secretary

Date : 28.05.2012
 Place : Udaipur

SIGNIFICANT ACCOUNTING POLICIES

i) FIXED ASSETS AND DEPRECIATION:

- a) Fixed Assets are stated at cost, net of Cenvat. All costs including financing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalised. Stores and spares received along with the Plant & Machinery are being capitalised with related machine.
 - b) Cotton Yarn unit and Wartsila Power Plant are stated at cost without availing CENVAT, and thermal power plant is stated without availing service cenvat. All costs including financing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalised
 - c) Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 as amended except depreciation on incremental cost, arising on account of conversion difference of foreign currency liabilities for acquisition of fixed assets and stand by equipments , which are amortised over the residual life of the respective assets.
 - d) Assets costing ₹5000/- or less acquired on or after 1.7.1993 are fully depreciated.
 - e) The company provides for depreciation on following plant & machinery considering the same as continuous process plant.
 - (i) Filament Yarn Division , Spun Yarn Division and Cotton Yarn Division
 - (ii) Power Generation Equipments
 - f) Free hold lands and leasehold lands are not depreciated.
 - g) Impairment of Assets – If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the highest of the net selling price and the value in use determined by the present value of estimated future cash flows.
- ii) INVENTORIES:** Inventories are valued at cost or net realisable value which ever is lower. Historical cost has been determined as under :-

A	Raw Materials	At Batch cost.
B	Stores, Spares	At moving weighted average cost.
C	Fuel	Monthly weighted average
D	Work-in-progress	(i) Preparatory Stage – at cost (ii) Yarn Stage-at cost
E	Finished goods	at cost [Cost formula used in clause (D) & (E): – Conversion cost and other cost in bringing the inventories to their present location and condition.]
F	Waste and Scrap	at net realisable value.
G	Trading stocks	at cost of purchase

- iii) **INVESTMENTS:** Long term investments are carried at cost including related expenses. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline cost.
- iv) Raw Material consumption is net of Export benefits.
- v) **RESEARCH AND DEVELOPMENT:** Research and development costs (other than costs of fixed assets acquired) are charged as an expense in the year in which they are incurred.
- vi) **EMPLOYEE BENEFITS:** Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost. Long –term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuations.

Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and are recognized as an expense when employees have rendered service entitling them to the contributions.

The costs of providing leave encashment and gratuity, defined benefit plans, are determined using the Projected Unit Credit Method , on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The leave encashment and gratuity benefit obligation recognized in the Balance Sheet represents the present value of the obligations as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the discounted value of any

economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

vii) PRELIMINARY, CAPITAL ISSUES AND DEFERRED REVENUE EXPENSES:

Preliminary, Capital issue expenses are amortised in a period of ten years. Upfront payment made for reduction in rate of interest and for fresh Term Loans and amalgamation expenses (Debited to Deferred Revenue Expenses) are amortised in a period of five years.

viii) REVENUE RECOGNITION:

- (a) The accounts of the company are prepared under the historical cost convention and in accordance with the applicable accounting standards.
- (b) Income is accounted for on accrual basis in accordance with Accounting Standard (AS) 9-“Revenue Recognition” which provides that where there is no reasonable certainty, the recognition of income be postponed.
- (c) Excise Duty is recognized on dispatches to parties except consignment agents.
- (d) Claims lodged with insurance companies and others are recognised in accounts on lodgment to the extent they are measurable with reasonable certainty of acceptance. Excess/Shortfall is adjusted in the year of receipt.

ix) CENVAT

- a. CENVAT claimed on capital goods (Plant and Machinery), except for Plant and Machinery of Cotton Yarn Division and Service tax cenvat on plant & machinery of Wartsila Power Division, is credited to Plant and Machinery cost. Depreciation is not charged on the CENVAT claimed on capital goods in the books of account as well as under the Income Tax Act.
- b. CENVAT on purchases of such inputs are deducted from the cost, wherever the excise duty has been paid on finished goods manufactured out of these inputs.

x) FOREIGN CURRENCY TRANSACTION –

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange difference arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset is added to or deducted from the cost of

asset and depreciated over the balance life of the asset, and in other cases it is accumulated in a “Foreign currency Monetary item translation Difference account” and amortized over the balance period of such long term asset/liability up to 31st March 2011, by recognition as income or expenses in each of such periods. Current assets (other than inventories) and current liabilities (other than those relating to fixed assets) are restated at the rates prevailing at the year end or at the forward rates where forward cover has been taken and the difference between the year end rate/forward rate and the exchange rate at the date of the transactions is recognised as income or expenses in the profit and loss account, and over the life of the contract in the case of the forward cover.

- ix) **EXPORT BENEFITS** – Export benefits including estimated duty differentials accruing on account of entitlement for duty free raw materials against indigenous/duty paid raw material consumed for exports during the year are estimated and ascertained for at the year end.

xii) PROVISIONS AND CONTINGENT LIABILITIES –

- a. Provisions are made when the present obligation of a past event gives rise to probable outflow, embodying economic benefit on settlement and the amount of obligation can be reliably estimated.
- b. Contingent Liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved
- c. Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

xiii) TAXATION :

Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961. Deferred tax on account of timing difference between taxable and accounting income is provided considering the tax rates and tax laws enacted or substantially enacted by the Balance Sheet date in accordance with Accounting Standard 22 as notified by the regulatory authorities.

xiv) EXCISE DUTY :

Excise duty on manufactured goods wherever applicable is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date.

Notes on Financial Statements for the Year ended 31st March, 2012

1 SHARE CAPITAL

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
AUTHORISED :		
(i) 2,60,00,000 (Previous year 2,60,00,000) Equity Shares of ₹10/- each	2600.00	2600.00
(ii) 6,00,000 (Previous year 6,00,000) Cumulative Redeemable Preference Shares of ₹100/- each	600.00	600.00
	3200.00	3200.00
ISSUED, SUBSCRIBED AND FULLY PAID UP:		
1,17,52,301 (Previous year 1,17,52,301) Equity Shares of ₹10/-each	1175.23	1175.23
	1175.23	1175.23

1.1 Out of above equity shares, 37,59,899 equity shares of ₹10/- each fully paid have been allotted to erstwhile share holders of the amalgamating Company M/s Shree Rajasthan Texchem Ltd., pursuant to the scheme of amalgamation as approved by the Hon'ble High Court of Rajasthan, Jodhpur without payment being received in cash.

1.2 Details of shareholder holding more than 5% shares :-

Name of the Share holders	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	% held	No. of Shares	% held
SRSL Securities Ltd.	1957455	16.66	1957455	16.66
Shree Shyam Distributors & Maktg. (P) Ltd.	653754	5.56	653754	5.56

1.3 The reconciliation of number of shares outstanding is set out below :

	As at 31.03.2012 No. of Shares	As at 31.03.2011 No. of Shares
Equity share at the beginning of the year	11752301	11752301
Equity share at the closing of the year	11752301	11752301

2 RESERVES & SURPLUS

	As at 31.03.2011 ₹ (in lacs)	Addition/ Transfer ₹ (in lacs)	Deduction/ Transfer ₹ (in lacs)	As at 31.03.2012 ₹ (in lacs)
Reserves				
Capital Reserves	75.00	-	-	75.00
Share Premium	1972.42	-	-	1972.42
Securities Premium	718.82	-	-	718.82
Capital Redemption Reserve	500.00	-	-	500.00
Capital Subsidy	5.36	11.92	-	17.28
General Reserve	177.12	-	-	177.12
Total	3448.72	11.92	-	3460.64
Profit & Loss Account				
As per Last Balance Sheet	100.62			606.94
Add : Profit / (Loss) for the year	659.41			(1,680.13)
	760.03			(1,073.19)
Less : Appropriations				
Proposed Equity Dividend	117.52			-
Corporate Dividend Tax	19.07			-
General Reserve	16.50			-
Total	606.94			(1,073.19)
Grand Total	4055.66			2387.45

3 MONEY RECEIVED AGAINST SHARE WARRANTS

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
Money Received against Warrants	22.75	-

3.1 The company has issued and allotted 6,50,000 warrants of ₹14/- each on 21st March, 2012 convertible into one equity share of ₹10/- each at the option of the holder at any time on or before 20th September 2013 on payment of balance of ₹10.50 per warrant. Failure to exercise the conversion right shall entitle the company to forfeit the amount of ₹3.50 per warrant received on allotment.

4 LONG TERM BORROWINGS

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
(i) Term Loans from Banks (Secured)		
IDBI	3645.17	4288.17
BOB	1977.50	2254.16
SBI	2387.72	2681.10
ICICI (eBOR)	-	100.00
	8010.39	9323.43
(ii) Deposits (Unsecured)		
- From Directors	-	0.77
- From Related Parties	0.33	4.59
- From Public & Others	29.44	34.01
	29.77	39.37
Total	8040.16	9362.80

4.1 Term Loans from IDBI Bank Ltd. (IDBI), State Bank of India (SBI), Bank of Baroda (BOB) and ICICI Bank Ltd. (eBOR) are secured by a joint equitable mortgage, by deposit of title deeds, over the company's immovable assets and a charge by way of hypothecation of all movable assets (except Plant & Machinery exclusively charged in favour of SBI for Loan of ₹ 492.20 Lacs, Previous year 573.79 Lacs) present and future subject to prior charges on specified movables created in favour of company's Bankers and personal guarantee of two directors. The mortgage and charges created shall rank pari-passu inter-se amongst the financial Institution and Banks.

4.2 Maturity Profile of Secured Term Loans from Banks are as set out below :

Repayment Due in Financial Years	IDBI	BOB	SBI	₹ (in lacs) Total
2013-2014	740.88	345.79	347.20	1433.87
2014-2015	628.26	419.17	427.00	1474.43
2015-2016	455.26	378.67	220.00	1053.93
2016-2017	555.00	301.17	460.00	1316.17
2017-2018	566.00	243.17	460.00	1269.17
2018-2019	699.77	257.76	473.52	1431.05
2019-2020	-	9.53	-	9.53
2020-2021	-	10.33	-	10.33
2021-2022	-	11.91	-	11.91
Total	3645.17	1977.50	2387.72	8010.39

4.3 Interest Rates are lending Bank's Base Rates + 3 to 3.65%.

4.4 Maturity Profile of Unsecured Deposits are as set out below :

Repayment Due in Financial Years	Amount ₹ In lacs
2013-2014	26.37
2014-2015	3.40
Total	29.77

5 DEFERRED TAX LIABILITIES (NET)

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
Deferred tax liabilities (Net)	500.48	1343.53
	500.48	1343.53

5.1 The Company has estimated the deferred tax charge using the applicable rate of taxation based on the impact of timing difference between financial Statements and estimated taxable income for the current year. The component of the deferred tax balance as on 31.03.2012 and 31.03.2011 are as follows :

	31.03.2012	₹ In Lacs 31.03.2011
Deferred Tax Assets		
Brought Forward Losses	1860.61	1174.15
Gratuity / Leave encashment	143.08	152.72
Total Assets	2003.69	1326.87
Deferred Tax Liability		
Depreciation	2503.55	2669.12
Deffered revenue exp.	0.62	1.28
	2504.17	2670.40
Net Deferred Tax (Assets) / Liability	500.48	1343.53

6 OTHER LONG TERM LIABILITIES

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
Deposit & Advances	111.65	106.72
Trade Payables	40.40	40.40
	152.05	147.12

7 LONG TERM PROVISIONS

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
Provision for Employees benefits	352.36	315.93
Others	-	-
	352.36	315.93

8 SHORT TERM BORROWINGS

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
Working Capital Loans (Banks)		
Foreign Currency Loan	694.21	380.99
Rupee Loan	3668.04	4519.76
	4362.25	4900.75

8.1 Borrowings for Working Capital from State Bank of India, Bank of Baroda , State Bank of Bikaner & Jaipur and IDBI Bank Ltd. are secured by hypothecation of raw materials, stock-in-process, stock-in-transit, finished goods, consumable stores and spares and book debts and are further secured by way of second charge on immovable assets of the Company ranking pari-passu inter-se amongst the Bankers and personal guarantee of two directors.

9 TRADE PAYABLES

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
Acceptances	1166.67	231.50
Trade Payables		
a) Micro Small and Medium Enterprises	10.35	6.58
b) Others	<u>2273.91</u>	<u>1879.30</u>
	<u>3450.93</u>	<u>2117.38</u>

9.1 The details of amount outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under :

Particulars	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
1. Principal amount due outstanding	10.35	6.58
2. Interest due on (1) above and unpaid	-	-
3. Interest paid to the suppliers during the year	-	-
4. Payments made to the supplier beyond the appointed day during the year	-	-
5. Interest due and payable for the period of delay	-	-
6. Interest accrued and remaining unpaid	-	-
7. Amount of further interest remaining due and payable in succeeding year	-	-

10 OTHER CURRENT LIABILITIES

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
Unclaimed dividend (*)	17.10	14.01
Unclaimed Public Fixed Deposit (*)	0.31	0.27
Interest accrued and due on unclaimed deposits (*)	0.11	0.10
Other Liabilities (*)	193.00	138.40
Deposit & Advances	70.87	40.56
Deposits due within one year from Public & others	9.61	20.23
Deposits due within one year from Related parties	13.87	-
Creditors for Capital Expenditures	8.33	0.04
Deposits due within one year from Directors	34.27	-
Interest accrued but not due on borrowing	122.22	18.65
Interest accrued and due on borrowing	-	-
Term Loan Instalment due within one year	<u>1304.99</u>	<u>1084.00</u>
	<u>1774.68</u>	<u>1316.26</u>

(*) These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund as there is no due & outstanding.

11 SHORT TERM PROVISIONS

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
Provision for Employees benefits	194.91	166.90
Others :-		
Provision for Taxation	0.06	0.12
Proposed Equity Dividend	-	117.52
Corporate Dividend Tax	-	19.07
	<u>194.97</u>	<u>303.61</u>

12 FIXED ASSETS

Tangible Assets	GROSS BLOCK AT COST				DEPRECIATION			NET BLOCK	
	As at 01.04.2011 ₹ in Lacs	Additions/ Adjustments ₹ in Lacs	Deductions/ Transfers ₹ in Lacs	As at 31.03.2012 ₹ in Lacs	As at 01.04.2011 ₹ in Lacs	Additions/ Adjustments ₹ in Lacs	Deductions/ Transfers ₹ in Lacs	As at 31.03.2012 ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
Land (Leasehold and freehold) & site Development	38.52	-	-	38.52	-	-	-	38.52	38.52
Buildings *	2723.13	8.83	-	2731.96	836.08	76.78	-	1819.10	1887.05
Tube Well	6.02	-	-	6.02	1.35	0.10	-	4.57	4.67
Plant & Machinery	23355.45	4.14	101.06	23258.53	12675.76	907.13	90.61	9766.25	10679.69
Electrical Installations	986.26	7.90	-	994.16	383.50	44.63	-	566.03	602.76
Water Supply Installations	90.93	0.50	-	91.43	18.10	3.99	-	69.34	72.83
Material Handling Equipment	33.21	-	-	33.21	13.22	1.75	-	18.24	19.99
Air Conditioner	19.99	-	0.30	19.69	12.74	0.87	0.27	6.35	7.25
Furniture & Fixture	140.22	2.21	0.25	142.18	115.25	9.07	0.24	18.10	24.97
Office Equipments	110.34	4.74	1.92	113.16	62.12	4.69	1.17	47.52	48.22
Vehicles	100.39	-	4.94	95.45	48.09	7.59	4.74	44.51	52.30
Total This Year	27604.46	28.32	108.47	27524.31	14166.21	1056.60	93.03	12398.53	13438.25
Previous Year	27540.81	221.44	157.79	27604.46				14.44	-
Add: Capital Work-in-Progress								103.79	10.07
- Pre-operative Exp.								12516.76	13448.32
-Others									

Note : (*)

1) Includes cost of land of corporate office, being composite cost of land and building, value of land could not be ascertained separately.

There is no addition on account of any Business combination during the year.

13 NON-CURRENT INVESTMENTS

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
Other Investments (Unquoted)		
In Associate Companies		
300000 Equity Share of SRSL Securities Ltd. of ₹ 10/-each	30.00	30.00
10,000 Equity shares of Shyam Texchem (P) Ltd. of ₹ 100/- each.	10.00	10.00
Others		
National Saving Certificates (Pledged with Sales Tax Authorities)	0.15	0.15
	<u>40.15</u>	<u>40.15</u>

14 LONG-TERM LOANS AND ADVANCES

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
(i) Capital Advances	69.41	28.71
(ii) Security Deposits		
To Director	8.97	8.97
To Others	<u>138.86</u>	<u>137.80</u>
(iii) Loan & Advances to related parties (SRSL Employees Welfare Trust)	100.70	106.55
	<u>317.94</u>	<u>282.03</u>

15 OTHER NON-CURRENT ASSETS

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
(i) Long term Trade Receivable	-	-
(ii) Others		
-Miscellaneous Expenditures	2.51	2.37
-Unamortised expenses	-	1.92
	<u>2.51</u>	<u>4.29</u>

16 INVENTORIES

	As at 31.03.2012 ₹ (in lacs)	As at 31.03.2011 ₹ (in lacs)
Raw Materials		
- Man made fibre	539.92	1116.04
- Cotton	398.70	199.83
- Fibre Stock in Deptt.	85.05	124.71
- Stock in transit	<u>25.44</u>	<u>27.62</u>
Work-in-Process	661.39	1468.20
Finished Goods	2187.24	691.27
- Stock in transit	<u>24.69</u>	<u>59.28</u>
Stock-in- trade	0.04	-
Stores & Spares	428.07	311.14
- Stock in transit	2.07	-
Others		
Waste & Scrape	11.48	6.47
	<u>4364.09</u>	<u>5506.52</u>

17 TRADE RECEIVABLES

	As at 31.03.2012		As at 31.03.2011	
	₹ (in lacs)	₹ (in lacs)	₹ (in lacs)	₹ (in lacs)
Trade receivables				
(Unsecured & Considered Good)				
Over six months	42.13		43.44	
Others	<u>1900.46</u>	<u>1942.59</u>	<u>2110.50</u>	<u>2153.94</u>

18 CASH AND CASH EQUIVALENTS

	As at 31.03.2012		As at 31.03.2011	
	₹ (in lacs)	₹ (in lacs)	₹ (in lacs)	₹ (in lacs)
Cash and Bank Balances				
Cheques, Drafts on hand	45.29		109.75	
Cash -on- Hand	6.77		2.66	
Balance in Current account with Banks	100.40		114.05	
Bank Deposit (Maturity within 3 months)	<u>3.53</u>	<u>155.99</u>	<u>4.08</u>	<u>230.54</u>
Balances with Banks				
(i) Dividend Accounts	17.10		14.01	
(ii) Bank Deposit (Maturity above 3 to12 months)	8.13		-	
(iii) Bank deposit (Maturity after 12 months)	<u>48.18</u>	<u>73.41</u>	<u>43.90</u>	<u>57.91</u>
		<u>229.40</u>		<u>288.45</u>

19 SHORT-TERM LOANS AND ADVANCES

	As at 31.03.2012		As at 31.03.2011	
	₹ (in lacs)	₹ (in lacs)	₹ (in lacs)	₹ (in lacs)
Loans & Advances to related to parties (SRSI Employees Welfare Trust)		6.00		6.11
Others				
Advance recoverable in cash or kind		<u>193.29</u>		<u>267.72</u>
		<u>199.29</u>		<u>273.83</u>

20 OTHER CURRENT ASSETS

	As at 31.03.2012		As at 31.03.2011	
	₹ (in lacs)	₹ (in lacs)	₹ (in lacs)	₹ (in lacs)
Claims and Export Incentives Recoverable		973.65		984.75
Interest accrued on trade receivables		12.30		31.92
Interest Subsidy Recoverable (TUFS)		178.11		342.61
Advance Income Tax		347.91		305.97
Balance with Excise Deptt.		1229.00		1342.83
Unamortised expenses (amortise in next 12 months)		1.92		1.92
Others		<u>57.69</u>		<u>30.74</u>
		<u>2800.58</u>		<u>3040.74</u>

21 REVENUE FROM OPERATIONS

	₹ (in lacs)	This Year ₹ (in lacs)	₹ (in lacs)	Previous Year ₹ (in lacs)
a). Sale of Products				
- Domestic	26399.90		26940.65	
- Export	1892.75		3830.87	
	<u>28292.65</u>		<u>30771.52</u>	
Less :- Sales Return of Previous year	15.18	28277.47	-	30771.52
b) Other Operating Revenues				
-Miscellaneous Income	1.43		7.03	
- Income From Job Work	1.29		2.00	
- Insurance Charges Recovered on despatches	92.13		96.14	
- Insurance Claims of damaged goods	5.81		12.87	
- Depot Charges on sales	84.93	185.59	77.69	195.73
		<u>28463.06</u>		<u>30967.25</u>
c) Less : Excise Duty		176.06		211.99
		<u>28287.00</u>		<u>30755.26</u>

22 OTHER INCOME

	₹ (in lacs)	This Year ₹ (in lacs)	₹ (in lacs)	Previous Year ₹ (in lacs)
a) Interest Income				
Interest Recovered from customers	175.68		205.99	
Interest received on Bank FDR's,loans & others	19.40	195.08	14.45	220.44
b) Other Non-Operating Income				
Miscellaneous Income	30.84		9.28	
Rent / Lease rent Received	5.05		3.44	
Profit on disposal of Fixed Assets	0.98		3.77	
Income Related to Previous year	0.25		1.40	
Insurance claim received	6.86		0.47	
Sundry balances / Liabilities written Back	17.54	61.52	13.08	31.44
		<u>256.60</u>		<u>251.88</u>

23 COST OF MATERIAL CONSUMED

	₹ (in lacs)	This Year ₹ (in lacs)	₹ (in lacs)	Previous Year ₹ (in lacs)
Fibre Consumption		19444.87		20277.57
Dyes & Chemical Consumption		250.42		274.05
Packing Material Consumption		268.08		305.54
Others		19.04		8.70
		<u>19982.41</u>		<u>20865.86</u>

	This Year ₹ (in lacs)	Previous Year ₹ (in lacs)
23.1 Value of Raw material Consumed		
- Imported	-	-
- Indigenous	19982.42	20865.87
Total	19982.42	20865.87

	This Year ₹ (in lacs)	Previous Year ₹ (in lacs)
23.2 Particulars of Material Consumed		
Cellulosic and non Cellulosic	19077.37	19265.62
Cotton	465.31	1197.60
Others	439.73	402.64
Total	<u>19982.41</u>	<u>20865.86</u>

24 INCREASE/ DCREASE IN STOCKS

	This Year ₹ (in lacs)	Previous Year ₹ (in lacs)
Opening Stock :		
Yarn	3029.44	1741.60
Fabrics	-	-
Waste & Scrap	6.47	14.83
Work in process	815.98	775.80
	3851.89	2532.23
Closing stock:		
Yarn	2211.93	3029.44
Fabrics	0.04	-
Waste & Scrap	11.48	6.47
Work in process	746.44	815.98
	2969.89	3851.89
(INCREASE)/ DECREASE IN STOCKS	882.00	(1,319.66)

25 EMPLOYEE BENEFITS EXPENSES

	This Year ₹ (in lacs)	Previous Year ₹ (in lacs)
Payment & Provision for Employees:		
Salaries, Wages, Bonus & Allowances	1984.09	2071.72
Contribution to Provident Fund & ESI	256.50	262.55
Welfare Expenses	20.55	19.42
Gratuity	60.16	152.90
	2321.30	2506.59

25.1 The employees gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity

Particulars	Gratuity (Funded) ₹ In Lacs	Leave Encashment (Unfunded) ₹ In Lacs
i. Changes in present value of obligations		
PVO at beginning of period	362.77	36.73
Interest cost	27.26	2.92
Current Service Cost	48.06	26.58
Benefits Paid	(68.72)	(3.15)
Actuarial (gain)/loss on obligation	(16.24)	(29.30)
PVO at end of period	353.13	33.79
ii. Changes in fair value of plan assets		
Fair Value of Plan Assets at beginning of period	12.30	-
Adjustment to opening fair value of Plan Assets.	1.10	-
Expected Return on Plan Assets	-1.18	-
Contributions	68.12	3.15
Benefit Paid	(68.72)	(3.15)
Actuarial gain(loss) on plan assets	0.25	-
Fair Value of Plan Assets at end of period	14.23	-
iii. Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of period	12.30	-
Adjustment to opening fair value of Plan Assets.	1.10	-
Actual Return on Plan Asset	1.43	-
Contributions	68.12	3.15
Benefit Paid	(68.72)	(3.15)
Fair Value of Plan Assets at end of period	14.23	-
Funded Status	(338.90)	(33.79)
Excess of actual over estimated return on Plan Assets	0.25	-
iv. Actuarial Gain/(Loss) Recognized		
Actuarial Gain/(Loss) for the period (Obligation)	16.24	29.30
Actuarial Gain/(Loss) for the period (Plan Assets)	0.25	-
Total Gain/(Loss) for the period	16.49	29.30
Actuarial Gain/(Loss) recognized for the period	16.49	29.30
Unrecognized Actuarial Gain/(Loss) at end of period	-	-
v. Amounts to be recognized in the balance sheet and statement of Profit & Loss account		
Profit & Loss account		
PVO at end of period	353.12	33.79
Fair Value of Plan Assets at end of period	14.23	-
Funded Status	(338.90)	(33.79)
Unrecognized Actuarial Gain/(Loss)	-	-
Net Asset/(Liability) recognized in the balance sheet	(338.90)	(33.79)
vi. Expense recognized in the statement of Profit & Loss account		
Current Service Cost	48.06	26.58
Interest cost	27.26	2.92
Expected Return on Plan Assets	(1.18)	-
Net Actuarial (Gain)/Loss recognized for the period	(16.49)	(29.30)
Expense recognized in the statement of P & L a/c	57.65	0.21
vii. Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	350.47	36.73
Adjustment to opening fair value of Plan Assets.	(1.10)	-
Expenses as above	57.65	0.21
Contribution paid	(68.12)	(3.15)
Closing Net Liability	338.90	33.79
viii. Experience Anyalisis - Liabilities		
Actuarial (Gain)/Loss due to change in bases	(3.06)	(3.06)
Experience (Gain)/Loss due to change in experience	(13.18)	(26.24)
Total	(16.24)	(29.30)
Experience Anyalisis – Plan Assets.		
Experience (Gain) / Loss due to change in Plan Assets	(0.25)	-
ix. Actuarial assumptions		
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Discount Rate	8.30 %	8.30 %
Rate of increase in compensation	3.50%	3.50%
Rate of return (expected) on plan assets		9.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

26 Finance Costs

	This year ₹ (in lacs)	Previous Year ₹ (in lacs)
INTEREST ON:		
Term Loans	797.28	657.37
Bank Borrowings & Others	844.01	571.69
Loss on Foreign currency transactions & translation	76.81	(5.25)
Other Financial Charges	68.95	62.05
	1787.05	1285.86

27 Other Expenses

	This Year ₹ (in lacs)	Previous Year ₹ (in lacs)
Manufacturing Expenses:		
Stores & Spares	103.08	111.74
Packing Expenses	21.59	23.77
Power & Fuel	3392.16	3528.67
Repairs & Maintenance :		
Plant & Machinery	615.80	630.99
Building	34.31	17.68
General	9.74	8.52
Sundry Manufacturing Expenses	100.17	104.22
Job charges	3.23	7.13
	4280.08	4432.72
Administrative & Other Expenses:		
Directors Fees	1.45	1.60
Directors Remuneration	38.02	35.22
Directors Commission	-	31.41
Rent, Rates & Taxes	15.28	14.82
Travelling (including Directors Travelling- -Expenses Rs.18.05 lacs (Previous Year Rs.25.11 lacs)	44.03	47.55
Insurance Charges	27.39	22.58
Vehicle Upkeep	13.33	14.86
Charity & Donation	-	0.11
Wealth Tax	0.06	0.12
Misc. Expenses	109.92	117.66
Add : Previous year expenses	0.30	1.60
Telephone Expenses	13.50	13.70
Fees	6.39	4.13
Printing & Stationery	14.11	14.21
Postage Expenses	5.68	5.44
	289.46	325.01
Write Off /Loss on disposal of Fixed Assets	8.00	7.87
Sundry Balances Written off	15.83	14.52
Auditors Remuneration:		
Audit Fee	2.80	2.30
Tax Audit Fee	0.50	0.35
Other Services	1.42	0.69
Reimbursement of Expenses	1.25	1.18
	5.97	4.52
Internal Audit Fee & Expenses	1.97	2.10
Cost Audit Fee & Expenses	0.59	0.64
	2.56	2.74
Selling Expenses :		
Commission & Brokerage	152.69	171.48
Discount	67.38	67.02
Freight & Forwarding (Net of recoveries)	45.74	76.81
Rebate & Claim	13.97	17.70
Research & Development Exp.	0.09	0.07
Bad Debts	-	4.48
Others	4.93	9.05
	284.80	346.61
Grand Total :	4886.70	5133.99

27.1 Value of Stores & Spares Consumed

	This Year		Previous Year	
	₹ (in lacs)	(% of Consumption)	₹ (in lacs)	(% of Consumption)
- Imported	26.09	25.31	46.73	41.82
- Indigenous	76.99	74.69	65.01	58.18
Total	103.08	100.00	111.74	100.00

28. Extraordinary Item - The dispute with Shree Shyam Filaments Labour Union Bagru has been settled during the year with tripartite settlement before Labour Commissioner Rajasthan Jaipur. The amount settled as golden hand shakes has been shown as extraordinary item.

29. Earning Per Equity Share

	This Year ₹ (in lacs)	Previous Year ₹ (in lacs)
Profit attributable to the Equity Share holders (₹ in lacs)	(1680.13)	659.41
Weighted average number of equity shares outstanding during the year	11752301	11752301
Weighted average number of equity shares outstanding during the year for diluted EPS	11752301	11752301
Nominal value of equity Share (₹)	10	10
Basic earning per Share (₹)	(14.30)	5.61
Diluted earning per Share (₹)	(14.30)	5.61

30. CONTINGENT LIABILITIES AND COMMITMENTS:

- Claims not acknowledged as debts by the Company ₹ 192.48 Lacs (Previous Year ₹ 383.63 Lacs)
- Bills discounted with Banks and outstanding ₹ 446.04 lacs (Previous Year ₹ 343.88 Lacs)
- Counter guarantees given by the Company in respect of guarantees and Letter of Credits given by the Bankers on behalf of the Company ₹ 1897.87 Lacs (Previous year ₹ 1369.87 Lacs)
- Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances ₹ 571.60 lacs (Previous Year ₹ 261.26 lacs)
- (I) Demands issued by the Excise/Custom Authorities amounting to ₹ 651.96 Lacs (Previous Year 491.08 Lacs) besides other penalties in law. The company is contesting the issues under legal advice. The company has however deposited ₹ 73.68 Lacs (Previous year ₹ 18.86 lacs) under protest.

(II) The company has not provided for various sales tax demands for the assessment years 2003-04 & 2004-05 aggregating to ₹ 34.38 lacs (Previous year ₹ 33.00 lacs) as these are disputed and are pending under appeal/reconsideration with appropriate authorities. ₹ 13.69 lacs (Previous Year ₹ 13.69 lacs) deposited under protest.

- Assessment of Sales Tax for the assessment years 2010-11 & 2011-12 are pending, liabilities if any, arising thereon shall be accounted for in the year of assessment.
- Assessment of Income Tax has been completed up to the assessment year 2009-10
 - In view of carry forward losses no provision is required towards Income Tax.
 - In view of amendment in Income Tax Acts with retrospective date the Income tax liability on deferred tax in SRT unit are being assessed. The notice u/s 154 received from Income Tax Dept. The liability of MAT works out to ₹ 19.17 Lacs is contingent.
- The Company has received various demands of ESI aggregating to ₹ 24.44 Lacs. (Previous year ₹ 24.64 Lacs). Since the matter is pending in appeal and the Company does not envisage any liability, no provision has been made. Amount deposited under Protest ₹ 0.93 lacs. (Previous year ₹ 0.90 Lacs)
- The Company suffered losses due to breaches/non-fulfillment of the terms and conditions of the Contract with M/s. Kirloskar Oil Engines Ltd. in respect of 2 Nos. DG set of 2.5 MW supplied by them. These losses have been partly recovered by the Company by encashment of Bank Guarantee taken under the Contract with the party. For balance recovery of ₹ 234.23 lacs suit against KOEL is filed.
- Balances appearing under the head Creditors, Debtors, Advances and Deposits are subject to confirmations yet to be received by the company.
- All the investments of the company have been considered by its management to be of long term nature.
No provision for decline in the carrying amount of investment is made in this year's accounts as in the management's considered opinion, such decline is not of a permanent nature.
- The company has fulfilled its Export obligation under all EPCG licences. During the year no new licences issued.

38. (a) The Hon'ble Supreme court in the case of Jindal Stainless Ltd. Has hold levy of Entry Tax unconstitutional. It has also directed all the High Courts to look in to the constitutional validity of respective Entry Tax. Consequent to that 5 High Courts namely Allahabad, Punjab, Haryana, Jharkhand and Kerla has held the respective Entry Tax to be constitutionally invalid. The Hon'ble High Court of Rajasthan in the case of Dinesh Pouches has also held the levy of Entry Tax by the Government of Rajasthan as unconstitutional. The aggrieved State Governments including Government of Rajasthan filed appeals with larger bench of Hon'ble Supreme Court of India. The Hon'ble Supreme Court has recommended to constitute a bigger bench to decide the matter as it involves huge amount of Government funds. As per legal opinion obtained amount paid by the company towards Entry Tax pursuant to Rajasthan Entry Tax Act 1999 has become refundable since inception.
- (b) The Company is not liable to pay Entry Tax pursuant to the decision of Supreme Court, as such the Company has not provided for Entry Tax for the year 2006-2007 to 2011-12 aggregating to ₹ 216.63 Lacs.
- (c) The Hon'ble High Court has given interim order to deposit 50% of original entry tax liability and for remaining tax, interest & penalty a solvent security be provided accordingly company has deposited ₹ 97,48,433/- on 13.04.2011 under protest & provided solvent security for ₹ 2,01,67,021/- for the year from 2006-07 to 2008-09. The assessment for the year 2009-10, 2010-11 & 2011-12 are pending.
- (d) The company has filed refund claim of Entry Tax aggregating to ₹ 252.32 Lacs, for the year 2001-02 to 2005-06.
39. The company has filed writ petitions with hon'ble high court of Rajasthan against disallowances of benefits receivable by it under Rajasthan Investment Promotion Scheme 2003 (RIPS) for expansion and modernization towards interest subsidy and wage and employment subsidy aggregating to ₹ 188.79 Lacs for the assessment year 2007-08 to 2011-12. As per legal opinion obtained by the company, it is accounting these benefits in its books of account it has also filed appeal before appellate authority and deposited against this disallowance ₹ 19.02 lacs under protest.
40. The company has paid ₹ 18,69,956/- to M/s TUSCON ENGINEERS LTD. as per arbitration award given against the company. The company has filed an appeal

with Hon'ble High Court of Rajasthan against the arbitration award.

41. Assessments of TC Cess from 1996 for Shree Rajasthan Texchem Division is pending. The TC Cess is not payable and appeals are pending before Hon'ble TC Cess Tribunal Mumbai. The demand so created by TC Cess office for ₹ 10.14 lacs are not payable.
- 42. PRIMARY SEGMENT INFORMATION :** As per Accounting Standard 17, the requirement of Segment reporting is not applicable to the Company both in respect of Geographical Segment and Product Segment, The Company is engaged in Production of Textile products, Revenue from other segment is less than 10% of total revenue.
- 43. RELATED PARTY TRANSACTIONS :** Name of the Companies/Firms with whom transactions have taken place during the year :

Associate Company: Nil

Related to the Key Management Personnel :

1	Shree Shyam Distributors & Markt. Pvt Ltd.	8	Smt Monika Ladia
2	SRSI Employees Welfare Trust	9	Sh Aman Ladia
3	Kunawat & Associates	10	Sh. V.K. Ladia
4	Sh. Vikas Ladia	11	Sh. Pranav Ladia
5	V.K. Texchem Pvt. Ltd.	12	Mrs. Puja Ladia
6	Sh. Anubhav Ladia	13	Mrs. Poonam Ladia
7	Shanti Trading Corporation.	14	Shree Shyam Industries P. Ltd.

(₹ in Lacs)

Related to Key Management Personnel	
Loans – PFD Taken	11.65
Loans – PFD Repayment	-
Repayment received- SRSI Employee Welfare Trust	6.11
Interest – Expenses (other than Director)	0.95
Income	0.17
Remuneration	3.86
Professional Charges	0.60
Loans Receivables	106.70
Fixed Deposit Payable	17.15
Purchases	594.86
Sales - DEPB	14.90

Name of Directors :

V.K. Ladia, Vikas Ladia, Anubhav Ladia, Jitender Balakrishnan, R S Nirwan, R L Kunawat, N N Agarwala, Sunil Goyal, R.K.Pandey

Transaction with Directors: (₹ in lacs)	
Remuneration including perquisites	52.26
Loans – Taken/(Fixed Deposit)	33.50
Loans – Refunded	-
Interest Expenses – on Fixed Deposit	1.34
Loans Payable - Fixed Deposit	35.62
Board Meeting Fees	1.45
Lease Rent Paid	0.01
Deposit Receivable	8.97

44. The National Highway Authority has acquired 2450 Sq Meters of land situated at Bagru Ravan. The Company has filed legal case for recovery of adequate compensation. The matter is sub judice.,
45. The company has acquired industrial lease of 7800 Sq. Meters at Bagru Ravan, Jaipur, Legal formalities are under way.
46. Since the company is upgrading its main Plant & Machinery under Technology Upgradation Fund scheme regularly, it is not carrying any asset of which carrying cost is more than its recoverable amount / value in use on the Balance Sheet date. Hence there is no impairment loss.

Signed in terms of our report
of even date annexed hereto.

For and on behalf of
M/s M.C. BHANDARI & CO.
Chartered Accountants
Firm Reg. No. 303002E

sd/-
V.K. LADIA
Chairman &
Managing Director

sd/-
R.L. KUNAWAT
Director

sd/-
CA V. CHATURVEDI
Membership. No. 13296
Partner

sd/-
S.L. KABRA
Chief Financial Officer

sd/-
BHANUPRIYA MEHTA
Asstt. company Secretary

Date : 28.05.2012
Place : Udaipur

		2011-12		2010-11	
		Quantity M.T.	Amount ₹ In Lacs	Quantity M.T.	Amount ₹ in Lacs
a)	C.I.F. VALUE OF IMPORTS: Raw Materials	-	-	-	-
	Capital Goods , Spares		26.09		46.73
b)	EXPENDITURE IN FOREIGN CURRENCY: Travelling Expenses	5.31	-	9.77	-
	Membership Fees		-	0.04	-
	Commission/Claims	4.59	-	21.47	-
	Foreign Bank Charges	2.71	-	3.81	-
c)	EARNING IN FOREIGN CURRENCY: F.O.B. Value of Export	1791.91	-	2943.84	-

47. Figures have been rounded off to the nearest rupees in Lacs.

48. Figures for previous year have been regrouped/rearranged, as per new Schedule VI to the Companies Act 1956.

 **shree Rajasthan Syntex Limited**

'SRSL House', Pulla, Bhuwana Road,
National Highway No. 8, UDAIPUR - 313 004

DP-ID* :
Client ID* :

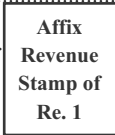
PROXY

Regd. Folio No. :

I/we of
..... being a member / members of Shree Rajasthan Syntex Ltd. hereby appoint
.....of or
failing him of as
my/our proxy in my / our absence to attend and vote for me/us and on my/our behalf at the 32st Annual General Meeting of the Company to be
held on Saturday the 22nd September, 2012 and at any adjournment thereof.

Signed this day
of 2012

Signature (s)



* Applicable for investors holding shares in electronic form

Note : Proxies in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hour before the Meeting.



 **shree Rajasthan Syntex Limited**

'SRSL House', Pulla, Bhuwana Road,
National Highway No. 8, UDAIPUR - 313 004

DP-ID* :
Client ID* :

ATTENDANCE SLIP

Regd. Folio No. :

32nd Annual General Meeting 22 September, 2012 at 2.30 P.M.

Name and address of member : I certify that I am registered shareholder of the Company
and hold Shares. (Please indicate whether Member / Proxy)

.....
Member's/proxy's signature

Name of the member

Name of the proxy :

*Applicable for investors holding shares in electronic form.

Note : Shareholder/proxy must bring the Attendance slip to the meeting and hand over at the entrance of the meeting hall duly completed and signed.

