



PROUD TO BE INDIAN  
PRIVILEGED TO BE GLOBAL



**CHALLENGES INSPIRE  
NEW OPPORTUNITIES.**

Annual Report 2008-2009



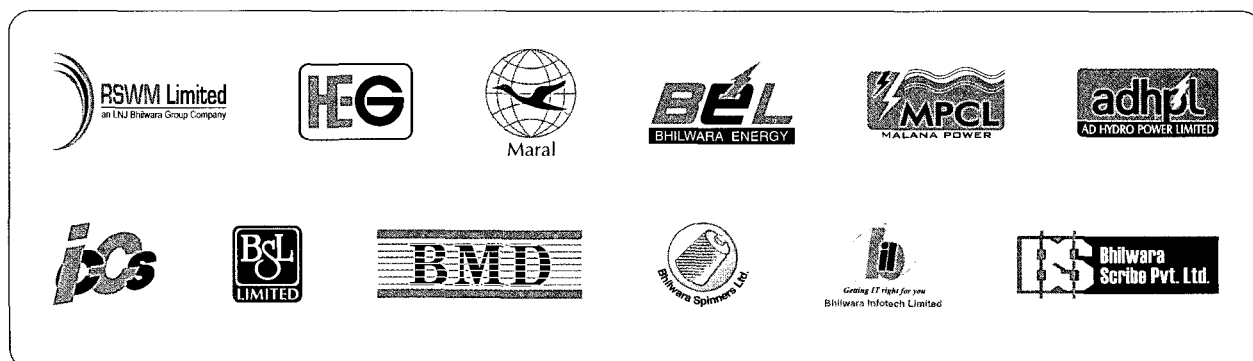
**Bhilwara Spinners Limited**



## Group Salient Features

- The exports constitute 46% of the total turnover.
- The Group's Textile Business has 4.83 lacs spindleage.
- HEG Ltd. has undertaken a capacity expansion to raise its Graphite production to 66,000 TPA.
- The Power Generation up from 90 crore units to 113 crore units during the year because of RSWM TPP and Maral TPP being fully operational.
- RSWM's 46 MW and Maral's 10 MW capacity Thermal Power plants running successfully.
- HEG's additional 33 MW Captive Thermal Power Plant commissioned in May, 2009.
- AD Hydro Power Ltd. 192 MW Hydro Power Project at Manali (H.P.) scheduled to be commissioned by the end of 2009.
- The Group is committed to achieve over 3,000 MW of Power Generation by the year 2017.
- Bhilwara Energy Ltd. collaborated with Mannvit Engineering, Iceland for developing Geothermal Power Projects in India and Nepal.
- The Group employing over 25,000 people and poised to establish its presence in a leadership position in its businesses.
- HEG has won Dun & Bradstreet Corporate Award, 2008 for the best category in Graphite Electrodes.
- RSWM was felicitated with the 14th Rajiv Gandhi National Quality Award and "Niryat Shree" and SRTEPC Awards during the year.

## LNJ Bhilwara Group Companies



## Group Brands



## CORPORATE INFORMATION

## BOARD OF DIRECTORS

L. N. Jhunjhunwala	<i>Chairman-Emeritus</i>
Ravi Jhunjhunwala	<i>Chairman</i>
R. N. Gupta	<i>Managing Director</i>
B. P. Singh	<i>Director</i>
B. N. Fitkariwala	<i>Director</i>
Ravindra Bhandari	<i>Director</i>

## KEY EXECUTIVE

Nirmal Kumar Jain	<i>Chief Executive Officer</i>
P. S. Puri	<i>Chief Financial Officer</i>

## BANKERS

State Bank of Bikaner & Jaipur  
 State Bank of Patiala  
 Bank of Baroda  
 The Bank of Rajasthan Ltd.

## AUDITORS

KSMN & Co., New Delhi

## REGISTERED OFFICE

26, Industrial Area  
 Bhilwara - 311 001, Rajasthan

## CORPORATE OFFICE

Bhilwara Towers,  
 A-12, Sector-1  
 Noida - 201 301 (U.P.)

## FINANCIAL HIGHLIGHTS

(Rs. in lac)

PARTICULARS	2006-07	2007-08	2008-09
Turnover	9441.94	8501.32	<b>5261.41</b>
Exports	—	—	—
PBIDT	639.22	690.05	<b>(155.91)</b>
Interest	290.06	283.45	<b>235.50</b>
PBDT	349.16	406.60	<b>(391.41)</b>
Depreciation	323.09	307.45	<b>254.50</b>
Taxation	37.09	0.21	<b>(271.73)</b>
PAT	(11.02)	98.94	<b>(374.18)</b>
Net worth	899.10	991.74	<b>611.26</b>
Capital expenditure	66.48	26.68	<b>23.86</b>
Book value per share (Rs.)	13.20	14.67	<b>9.04</b>

## CONTENTS

Management Discussion & Analysis	2
Directors' Report	3
Annexure to the Directors' Report	4
Corporate Governance	5
Shareholders' Information	8
Auditors' Report	10
Balance Sheet	12
Profit & Loss Account	13
Schedules	14
Cash Flow Statement	27
Auditors' Certificate on Corporate Governance	28

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The Government of India had set ambitious targets for the Indian Textile Industry in terms of turnover and exports. But there is likely to be huge shortfall in achieving the target, which may be attributable to general decrease in the volume of imports of textiles & clothing by the major buyer countries; erosion of competitive edge of the exporters in the global markets due to high domestic transaction costs and incidence of multiple duties, taxes and anti-dumping duties being imposed by select importing countries on selected textile product categories and high levels of volatility in the foreign exchange.

The year of 2008-09 had been a challenging one for the Company because of some of the factors mentioned below:-

- **Global Recessionary Trend :** Due to global recession and with consumer confidence at its lowest across the world specifically in developed economies, the spending on consumer products has shown a major downward trend. This has resulted in the poor retail sales resulting in inventory buildup at the downward supply chain. Because of the nature of apparel industry and fabric processing & weaving in India, most of the manufacturers are cutting down on their raw material inventories resulting in the stocking of finished goods inventory with the yarn manufacturers.
- **Finished Goods Realisation :** The sales realisations were far lower in the subdued domestic markets compared to realisations under normal circumstances because of the dumping of yarn meant for exports in the domestic markets.
- **Input Costs :** The key input for yarn is fiber, which accounts for more than 60% of the finished products cost. Compared to the subdued yarn prices, the fiber prices didn't show similar downward trends during the period under review.
- **Reduced Scale of Operations :** As a part of continuous restructuring and consolidation, the Company had reduced installed spindleage by approx. 2/3 of the earlier spindleage capacity. Due to reduced spindleage and exodus of workers, the scale of operations were much lower as compared to the previous years.
- **Financial Expenses :** The interest rates continued to remain on higher side during most part of the period under review, resulting in higher cash outflow toward interest payments for servicing of debts.

Due to continuation of above factors, there has been decline in the Company's financial performance during 2008-09.

### OPPORTUNITIES AND THREATS

With increase in population having taste for fashion, the consumer is getting more and more inclined towards man-made fabrics, as a result the synthetic blended yarn industry has wide prospects. The yarn produced by the Company is an intermediary product, and is dependent on other segments of industry in value chain. The other threats to the segment in which the Company operates are the intense competition, pricing pressures and stricter environmental laws. The Company is focused on the quality of its products and systems to overcome competition and pricing challenges.

### SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Since the Company is engaged primarily in the business of synthetic blended yarn, the operations of the Company are only for this product segment. The Management has put in efforts to improve

the operational performance by improving product-mix, controlling operating cost and better operational efficiencies.

### OUTLOOK

In spite of the continuing trend of global recession, the Company expects to improve its existing businesses, especially with the textile markets picking up of late in the domestic sector. Thus, despite uncertainties in yarn demand, the outlook for the next financial year is cautiously optimistic, based on the hopes of economic recovery expected in the second half of the Financial Year 2009-10.

### RISKS AND CONCERNS

The raw material prices are market driven and considerably impact the performance and profitability of the Company. Shift in consumer preferences and fashion trends also affect the industry as a whole and the Company in particular. Continuous rising labour cost and also its availability are also serious concerns. In view of poor financial health leading to its inability to keep pace with technological changes, operational flexibility and locational disadvantage remains serious concern.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has comprehensive systems of internal control in all operational areas and these are proper, adequate and commensurate with the size and level of operations of the Company. These are supplemented by internal/management audits conducted on a regular basis by independent auditors. The Top Management and Audit Committee reviews the recommendations of the Independent Auditors regularly and implements them wherever found desirable.

### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company, during the financial year under review managed a lower turnover of Rs. 52.61 crore against Rs. 85.01 crore in previous year. The Company produced 4672 Tons of yarn (7390 Tons in corresponding period). The Company made cash loss of Rs. 391.91 lac against cash profit of Rs. 406.60 lac in the previous year.

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Due to the reduced spindleage and thus reduced scale of operations, there was exodus of staff and workers resulting in reduced workforce. The employee strength at the end of financial year was approximately 460.

### CAUTIONARY STATEMENT

*Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Forward-looking statements are identified in this report by using words like 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on 'Risk Management'. The Company takes no responsibility for any consequence of decisions made based on such statements, and holds no obligation to update these in the future.*

## DIRECTORS' REPORT

### To The Members,

The Directors of your Company have pleasure in presenting their 28<sup>th</sup> Annual Report along with audited annual statements of Accounts for the financial year ended on 31<sup>st</sup> March, 2009.

### FINANCIAL RESULTS

	(Rs. in crore)	
	Financial Year ended 31 <sup>st</sup> March, 2009	Previous Year ended 31 <sup>st</sup> March, 2008
Turnover	52.61	85.01
Profit/(Loss) before Depreciation	(3.91)	4.07
Depreciation	2.55	3.07
Profit/(Loss) before Tax	(6.46)	0.99
Provision for Income Tax		
– Current Tax	0.03	0.15
– Deferred Tax	(2.75)	(0.15)
Profit/(Loss) after Tax	(3.74)	0.99
Balance brought forward	(1.09)	(2.02)
Balance carried forward	(4.83)	(1.09)

### OPERATIONS

During the financial year under review, the operational and financial performance suffered setback due to lower sales realisation on account of poor demand in domestic as well as international market which was hit by recession. The operations suffered because of workers agitation. Finally, workers of one unit have cleared their accounts with the Company after settlement with the union. The installed capacity has also been reduced to 8,640 spindles from 21,232 spindles during the year. Due to reduction in capacity and loss of productivity, the turnover during the current financial year has been Rs.52.61 crore as against Rs.85.01 crore in the previous year and net loss after tax has been Rs.3.74 crore as against net profit of Rs.99 lac.

Your Directors are hopeful that with the steps taken for improving product-mix, controlling operating cost and better operational efficiencies, the performance of the Company will improve.

### DIVIDEND

Your Directors are unable to recommend any Dividend on the Equity Shares in view of the financial position of the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors state that :

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and they have made judgements and estimates that

are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company on 31<sup>st</sup> March, 2009 and of the profit or loss of the Company for the financial year ended 31<sup>st</sup> March, 2009;

- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Annual Accounts have been prepared on a going concern basis.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement of information relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, is given in Annexure to the Directors' Report.

### DIRECTORS

Mr. L. N. Jhunjhunwala and Mr. B. P. Singh, Directors retire by rotation and being eligible, offer themselves for reappointment. During the period under review, Mr. Shekhar Agarwal ceased to be member of the Board of Directors of the Company. The Board places on record its deep appreciation of the services rendered by Mr. Shekhar Agarwal during his tenure.

### AUDITORS

The Company's Auditors, M/s. KSMN & Co. , will hold office till the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

The observations in the Auditors' Report are dealt within the notes to the accounts at appropriate places and are self-explanatory.

### PERSONNEL

There was no employee drawing remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975.

### ACKNOWLEDGMENTS

Your Directors appreciate the valuable cooperation and continued support extended by the Customers, Financial Institutions, Bankers, State and Central Government. The Board also wishes to place on record its appreciation for the dedicated services of employees at all levels of the Company.

for and on behalf of the Board

Place : Noida  
Date : 29<sup>th</sup> April, 2009

Ravi Jhunjhunwala  
Chairman

## ANNEXURE TO DIRECTORS' REPORT

Statement of particulars pursuant to Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

**I. CONSERVATION OF ENERGY****(a) Energy conservation measures taken:**

1. Monitoring and tracking of all energy usage for continuous improvements.
2. Replacement of existing spindles with energy efficient high speed spindles in Ring frames
3. Usage of treated water for gardening and plantation.
4. Improvement in power factor through operation of capacitor banks and installation of energy efficient lightings.

**(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:**

Replacement of old spindles in Ring frames by light weight energy saving spindles.

**(c) Impact of the measures at (a) for reduction of energy consumption and consequent impact on the cost of production of goods:**

The estimated saving on account of above measures is expected to be about Rs 0.50 Lac per month

**(A) POWER AND FUEL CONSUMPTION**

		Current Year	Previous Year
<b>1. Electricity</b>			
(a) Purchased units	(No.)	1,41,48,720	1,94,40,828
Total Amount	(Rs.)	6,17,75,355	8,45,08,825
Rate per unit	(Rs.)	4.37	4.35
(b) Own generation			
Through Diesel Generator units	(No.)	3,236	6,850
Units per liter of Diesel/Oil	(No.)	3.10	2.89
Cost per unit	(Rs.)	10.62	10.00
Through Furnace oil Generator units	(No.)	79,283	32,35,459
Units per liter of furnace oil/diesel	(No.)	3.12	4.19
Cost per unit	(Rs.)	5.96	4.19
<b>2. Furnace Oil</b>			
Quantity	(Ltr.)	24,213	7,72,599
Total Cost	(Rs.)	4,50,802	1,35,62,041
Average Rate/ltr.	(Rs.)	18.61	17.55

**(B) CONSUMPTION PER UNIT OF PRODUCTION**

<b>1. Products</b>			
Blended yarn	(lac kgs)	46.72	73.90
<b>2. Electricity Consumption</b>			
Blended yarn	(unit/kg)	3.05	3.07

**II. TECHNOLOGY ABSORPTION****1. RESEARCH AND DEVELOPMENT**

The Company has a R & D department equipped with the sophisticated machines to monitor the quality parameters at each stage of production. This ensures consistently good quality of yarn.

**2. TECHNOLOGY ABSORPTION**

The Company is not using imported technology. Emphasis is on continuous improvement of the quality and development of new types of yarns.

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company has earned during the period foreign exchange of Rs. Nil at FOB price against an outgo on CIF basis of Rs. 0.29 crore compared to previous period foreign exchange earning of Rs. NIL crores and outgo of Rs. 15 crore.

## CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance

The Company follows sound principles of Corporate Governance through a corporate culture of transparency, accountability and equity within the dynamics of business scenario and diverse interests of various stakeholders viz. shareholders, customers, employees, creditors, government, etc.

### 2. Board of Directors

The Company has six Directors on the Board of which five are non-executive including the Chairman Emeritus and the Chairman. Three directors are 'Independent' Directors.

The Composition of the Board of Directors and their attendance at the meetings during the financial year ended 31<sup>st</sup> March, 2009 and other relevant details are as follows:

Name	Title	Category	No. of Meetings		No. of other Directorships and Committee membership/chairmanship#		
			Held during tenure	Attended	Directorships* memberships	Committee chairmanships	Committee
Mr. L. N. Jhunjhunwala	Chairman Emeritus	Promoter - Non-Executive	4	4	7	3	1
Mr. Ravi Jhunjhunwala	Chairman	Promoter - Non-Executive	4	4	10	4	2
Mr. Shekhar Agarwal <sup>1</sup>	Director	Promoter - Non-Executive	1	1	-	-	-
Mr. R. N. Gupta	Managing Director	Non-Promoter - Executive	4	4	1	1	1
Mr. B. N. Fitkariwala	Director	Independent	4	4	1	-	-
Mr. B. P. Singh	Director	Independent	4	4	4	-	-
Mr. Ravindra Bhandari	Director	Independent	4	4	-	-	-

\* Excludes Directorships held in private limited companies, Foreign Companies, Membership of Management Committee of various chambers/bodies/Section 25 Companies

# Includes only Audit and Shareholders'/Investors' Grievance Committee

<sup>1</sup> Ceased to be Director with effect from 30<sup>th</sup> July, 2008.

The meetings of the Board of Directors during the financial year ended 31<sup>st</sup> March, 2009 were held on 30<sup>th</sup> April, 2008, 30<sup>th</sup> July, 2008, 25<sup>th</sup> October, 2008 and 27<sup>th</sup> January, 2009.

The last Annual General Meeting of the Company held on 26<sup>th</sup> September, 2008 was attended and chaired by Mr. R.N. Gupta, Managing Director. The Chairman of Audit Committee, Mr. B. N. Fitkariwala attended the Annual General Meeting. There were no clarifications sought relating to Audit by any member of the Company.

### 3. Audit Committee

The Audit Committee comprises of three Directors, namely, Mr. B. N. Fitkariwala and Mr. B. P. Singh and Mr. Ravindra Bhandari. All of them are non-executive and independent Directors. Mr. B. N. Fitkariwala, Independent Director is Chairman of the Audit Committee. The Company Secretary is the Secretary to the Committee.

The Audit Committee during the financial year ended 31<sup>st</sup> March, 2009, functioned in accordance with the prescribed terms of reference in Listing Agreement with Stock Exchanges and the Companies Act, 1956.

The Audit Committee met four times during the financial year under review. The Audit Committee meetings were held on 30<sup>th</sup> April, 2008, 30<sup>th</sup> July, 2008, 25<sup>th</sup> October, 2008 and 27<sup>th</sup> January, 2009. Attendance of the Committee Directors was as under.

Name of the Member	Position	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Shekhar Agarwal <sup>1</sup>	Promoter, Non executive	1	1
Mr. B. N. Fitkariwala	Independent	4	4
Mr. B. P. Singh	Independent	4	4
Mr. Ravindra Bhandari	Independent	4	4

<sup>1</sup> Ceased to be Director with effect from 30<sup>th</sup> July, 2008.

The functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors
- Reviewing, with the Management, the annual financial statements before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by Management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements

## CORPORATE GOVERNANCE

- Disclosure of any related party transactions
- Qualifications in the draft audit report
- Reviewing, with the Management, the quarterly financial statements before submission to the board for approval
- Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditor any significant findings and follow up there on
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors
- Carrying out any other function as desirable

Bhilwara Spinners Limited has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors
- Internal audit reports relating to internal control weaknesses
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results
- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice

With regard to information on related party transactions, whenever applicable, the Audit Committee is presented with the following information:

- A statement in summary form of transactions with related parties in the ordinary course of business
- Details of material individual transactions with related parties which are not in the normal course of business
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with Management's justification for the same.

Pursuant to its terms of reference, the Audit Committee is empowered to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary

#### 4. Remuneration Committee

The Company pays remuneration only to Managing Director. The remuneration of Managing Director is approved by Board of Directors apart from Remuneration Committee and subsequently by the shareholders at the Annual/Extra Ordinary General meeting.

The Remuneration Committee of the Company comprises of Mr. B. N. Fitkariwala, Mr. B. P. Singh and Mr. Ravindra Bhandari, all of whom are non-executive and independent Directors. Mr. B. N. Fitkariwala, Independent Director is the Chairman of this Committee. During the financial year, no meeting of the Remuneration Committee was held.

Remuneration paid or payable to individual directors is as per table below:

(in Rs.)

Name	Title	Category	Sitting Fee	Salaries, allowances and perquisites*	Total
Mr. L. N. Jhunjhunwala	Chairman Emeritus	Promoter - Non-Executive	4,000	–	4,000
Mr. Ravi Jhunjhunwala	Chairman	Promoter - Non-Executive	4,000	–	4,000
Mr. Shekhar Agarwal <sup>1</sup>	Director	Promoter - Non-Executive	4,000	–	4,000
Mr. R. N. Gupta	Managing Director	Non-Promoter - Executive	–	32,11,200	32,11,200
Mr. B. N. Fitkariwala	Director	Independent	8,000	–	8,000
Mr. B. P. Singh	Director	Independent	14,000	–	14,000
Mr. Ravindra Bahndari	Director	Independent	10,000	–	10,000

\* Includes retirement benefits

<sup>1</sup> Ceased to be Director with effect from 30<sup>th</sup> July, 2008.

The Company does not pay any remuneration to its non-executive Directors apart from sitting fees for attending the meetings of the Board/Committee thereof. The Company does not have any Stock Option Scheme.

As on 31<sup>st</sup> March, 2009, none of the non-executive directors hold any convertible instruments or equity shares in the Company.

## CORPORATE GOVERNANCE

### 5. Shareholders'/Investors' Grievance Committee

The Shareholders/Investors Grievance Committee of the Company consists of the following Directors as its members:

- Mr. R. N. Gupta
- Mr. B. P. Singh

Mr. P.S. Puri, Chief Financial Officer, is the Compliance Officer. The composition of the committee is in conformity with clause 49(IV)(G)(iii) of the Listing Agreement

Shareholders/Investors Grievance Committee of the Company met four times during the financial year under review. The meetings were held on 30<sup>th</sup> April, 2008, 30<sup>th</sup> July, 2008, 25<sup>th</sup> October, 2008 and 27<sup>th</sup> January, 2009 and were attended by both the directors on the Committee. Shareholders/Investors Grievances were redressed on priority. The Company received 15 complaints during the financial year ended 31<sup>st</sup> March, 2009 from shareholders which were replied/resolved to the satisfaction of the shareholders.

As at 31<sup>st</sup> March, 2009, no request for dematerialisation of Equity Shares of the Company was pending for approval. Also no complaint was pending as at the financial year ended 31<sup>st</sup> March, 2009.

#### Share Transfer Committee

The Company also has a Share Transfer Committee to deal with the request of transfer/ transmission of equity shares, issue of duplicate share certificates and consolidation/split/replacement of share certificates etc. As a concern to expeditious approval of transfer of shares, Mr. B.P. Singh, Director and/or Mr. P. S. Puri, Chief Financial Officer also severally attend and approve the share transfer requests on fortnightly basis under delegated authorization of the Board of Directors.

All valid requests for share transfer received during the year have been acted upon by the Company within the stipulated time limit.

### 6. Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members and senior management of the Company. All Board members and designated senior management personnel have affirmed compliance with this Code of Conduct. The Code of Conduct is displayed on the websites viz. [www.injbhilwara.com](http://www.injbhilwara.com) and [www.bhilspin.com](http://www.bhilspin.com). A declaration signed by Mr. R. N. Gupta, Managing Director, to this effect is enclosed at the end of this report.

### 7. Management

- The Annual Report has separate section on Management Discussion and Analysis.
- Material related party transactions : During the financial year ended 31<sup>st</sup> March, 2009, there were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large.

### 8. General Body Meetings

The last three Annual General Meetings (AGM) were held at the Registered Office as per details given below:

Date of AGM	Relevant Financial Year	Venue / Location where held	Time of Meeting
17 <sup>th</sup> July, 2006	2005-2006 (Six Months)	26, Industrial Area, Bhilwara, Rajasthan	3:30 P.M.
27 <sup>th</sup> September, 2007	2006-2007	26, Industrial Area, Bhilwara, Rajasthan	3:30 P.M.
26 <sup>th</sup> September, 2008	2007-2008	26, Industrial Area, Bhilwara, Rajasthan	11.00 A.M.

The Company has unanimously passed special resolutions relating to re-appointment of Mr. R. N. Gupta as Managing Director at the Annual General Meetings held on 27<sup>th</sup> September, 2007 and revision on the terms and conditions of Mr. R. N. Gupta at the Annual General Meeting held on 26<sup>th</sup> September, 2008. There was no resolution required to be put through postal ballot during the financial year under review. Also no special resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

### 9. Compliances

The Company has been complying with all the requirements and there were no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

### 10. Compliance with clause 49

#### Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49.

#### Adoption of Non-Mandatory Requirements

Although it is not mandatory, the Board of Bhilwara Spinners Limited has constituted a Remuneration Committee. The details of the Remuneration Committee have been provided under the Section 'Remuneration Committee'. Also, the Company's Financial Statements are free from any qualifications by the Auditors.

### 11. Means of Communication

The Quarterly and Annual results of the Company are published within 48 hours in at least one national and one regional newspaper usually in The Pioneer and Rajasthan Patrika. These results are also displayed on the website <http://www.sebidifar.nic.in>

## SHAREHOLDERS' INFORMATION

### 1. Annual General Meeting

- Date and Time : Friday, 25<sup>th</sup> September, 2009 at 11:00 A.M.
- Venue : 26, Industrial Area, Bhilwara, Rajasthan

### 2. Financial Calendar

#### Financial year

Under review : April, 2008 to March, 2009

Current : April, 2009 to March, 2010

Quarterly Financial reporting : Within one month from the end of each quarter except fourth quarter when Annual results are published within two months

### 3. Dates of Book Closure

: 18<sup>th</sup> September, 2009 (Friday) to 25<sup>th</sup> September, 2009 (Friday) (Both days inclusive)

### 4. Dividend Payment Date

: N/A

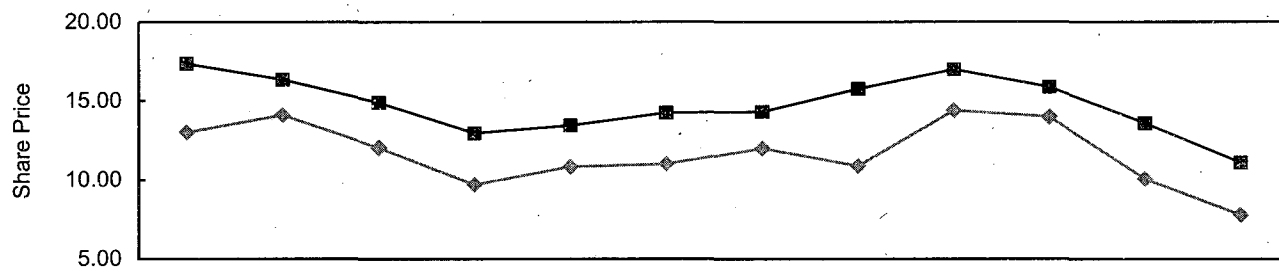
### 5. Listing of Shares on Stock Exchanges

The Equity Shares of the Company are listed on Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI-400001  
Listing fees as prescribed has been paid to the "Bombay Stock Exchange Ltd.", upto, 31<sup>st</sup> March 2010.

### 6. Stock Code:

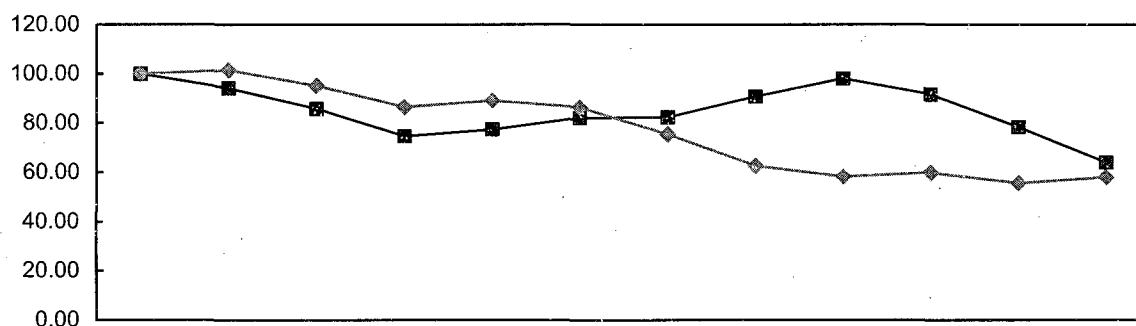
Bombay Stock Exchange Ltd. : 514272

### 7. Stock Market Data: Monthly High Low (in Rs.) at BSE



	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
High	17.35	16.35	14.90	12.96	13.44	14.25	14.30	15.75	17.00	15.89	13.60	11.10
Low	13.00	14.10	12.04	9.70	10.85	11.00	12.00	10.88	14.40	14.00	10.06	7.80

### 8. Performance in comparison with BSE Sensex (Both series indexed to 100 as on 1st April, 2008)



	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
Bhilspin (High)	100.00	94.24	85.88	74.70	77.46	82.13	82.42	90.78	97.98	91.59	78.39	63.98
Sensex (High)	100.00	101.46	95.15	86.55	89.13	86.42	75.53	62.61	58.28	59.89	55.63	57.93

## SHAREHOLDERS' INFORMATION

### 9. Registrar and Transfer Agent

M/s MCS Limited acts as the Share Transfer Agent of the Company. The Shareholders may contact M/s MCS Ltd. for matters related to Share Transfer etc. at the following address:

MCS Limited, F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi - 110 020  
Phone No (s) : 011-41406149-52, Fax No : 011-41709881, E Mail : admin@mcsdel.com

### 10. Share Transfer System

The matters related to share transfer and transmission, etc. are attended by the delegated authorities on fortnightly basis. Share transfers are registered and returned within 30 days from the date of receipt, if the documents are in order in all respects. The total no. of shares transferred during the year 2008-09 were 10,19,600.

### 11. Distribution of Shareholding as on 31<sup>st</sup> March, 2009

No of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
1-500	8,164	92.81	14,36,079	21.24
501-1000	369	4.20	3,13,123	4.63
1001-10000	215	2.44	5,69,218	8.41
10001 and above	31	0.36	44,09,753	65.23
Shares in Transit	17	0.19	32,957	0.49
Total	8,796	100.00	67,61,130	100.00

### Shareholding Pattern as on 31<sup>st</sup> March, 2009

Categories	No. of Shares	Percentage
Promoters	31,13,100	46.04
Foreign institutional investors/mutual funds	—	—
Public financial institutions/State Financial Corporation	—	—
Mutual funds (Indian )	2,800	0.04
Nationalised and other banks	—	—
Public	36,45,230	53.92
Total	67,61,130	100.00

### 12. Dematerialisation of Shares and liquidity

As at 31<sup>st</sup> March, 2009, 21,01,870 shares are in dematerialised form which is 31.08 percent of the total paid up Equity Share Capital of the Company. Trading in Shares of the Company is permitted in dematerialised form only.

### 13. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.:

The Company has not issued any GDR/ADR/warrants or any convertible instruments.

### 14. Plant Location : 26, Industrial Area, Bhilwara – 311 001, Rajasthan

### 15. Address for Correspondence

Investor correspondence should be addressed to:

#### 1. Share Transfer Agent :

MCS Limited,  
F-65, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi - 110 020  
Phone No (s) : 011-41406149-52  
Fax No : 011-41709881  
E-Mail : admin@mcsdel.com

#### 2. Company Secretary,

Bhilwara Spinners Limited,  
Bhilwara Towers, A-12, Sector 1,  
Noida - 201 301 (U.P.)  
Phone No. : 0120-2541810  
Fax No. : 0120-2531648  
E-mail : bhilspin.investor@injbhilwara.com

## AUDITORS' REPORT

To,

**The Members,  
Bhilwara Spinners Limited**

We have audited the attached balance sheet of **Bhilwara Spinners Limited** as at 31<sup>st</sup> March, 2009 and also the profit and loss account for the year ended on that date, annexed thereto and the Cash Flow Statement for the year ended as on that date. 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.

We conducted our audit in accordance with auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give our comments in the annexure on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards specified by the Institute of Chartered Accountants of India referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representation received from the directors as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) *The Company has been technically advised and has accordingly considered Plant & Machinery as a 'Continuous Process Plant' within the meaning of Note No.6 to Schedule 15, part B of the Companies Act, 1956 and has accordingly provided depreciation. This being a technical matter, we cannot form an independent opinion on such classification of assets and are therefore unable to comment thereon.*

Subject to Point No (vi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with Accounting Policies & notes given in schedule 15, give the information required by Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009; and

- (ii) In the case of Profit and Loss account, of the loss for the year ended on that date.

- (iii) In the case of Cash Flow statement, of the cash flows for the year ended on that date.

For K S M N & Co.  
Chartered Accountants

Naveen Aggarwal

Partner

Membership No. 94380

Place : New Delhi

Date : 29<sup>th</sup> April, 2009

## ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in paragraph 3 of our report of even date to the shareholders of **Bhilwara Spinners Limited** on the accounts for the year ended 31<sup>st</sup> March, 2009).

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, major fixed assets have been physically verified by the Management at such intervals as considered appropriate by the Management. We have been explained that no material discrepancies were noticed on such verification as compared to book records.
- (c) In our opinion, Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- (ii) (a) We have been explained that the inventory with the company except lying with the outside parties has been physically verified by the management at the year end;
- (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 the company is maintaining proper records of inventory and as far as we could ascertain and according to the information and explanations given to us, no material discrepancies were noticed on physical verification of the Inventory;
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub-clauses (b), (c) and (d) are not applicable.
- (b) The company has taken unsecured loan from one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 900 Lacs and the year end balance of loan taken from such party was Rs. 840 Lacs.
- (c) In our opinion, the rate of interest and other terms and conditions of the aforesaid unsecured loan taken by the company are not prima facie prejudicial to the interest of the company;
- (d) In our opinion and according to the information and explanations given to us, the payment of the principle amount and interest thereon are also regular.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate

## AUDITORS' REPORT

with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weakness in the aforesaid internal control procedures.

- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered in to the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us aforesaid transactions exceeding the aggregate amount of Rs. five lacs in respect of each party made during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve bank of India and the provision of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made & maintained. We have however, not made a detailed examination of such books and records to determine whether these are accurate or complete.
- (ix) (a) According to the information and explanation given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other material statutory dues applicable to it with the appropriate authorities. According to information & explanations given to us, no undisputed amounts in respect of the above were in arrears, as at 31<sup>st</sup> March, 2009 for a period of more than six month from the date they become payable.
- (b) As at 31<sup>st</sup> March, 2009, according to the records of the Company and the information and explanations given to us, the following are the particulars of dues on account of Sales Tax, Income Tax, Customs Duty and Excise Duty, as applicable, that have not been deposited on account of disputes:

Name of the Statute	Nature of Dispute	Amount Involved (Rs. in lac)	Forum where dispute is pending
Customs Act, 1964	Custom Duty on conversion of EPCG Licence	227.07	CESTAT

- (x) At the end of the current financial year Company's accumulated losses are not exceeding 50% of the net worth of the Company.
- The Company has incurred cash losses during the current financial year. However no such cash losses were incurred in the immediately preceding year.
- (xi) According to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to the financial institutions or banks
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) On the basis of examination of books of accounts and according to information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other Investments.
- (xv) As per the information and explanations given to us, during the year Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not obtained any fresh term loans from Banks or Financial Institutions during the current financial year.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term Investment.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties or companies covered in register maintained under Section 301 of the Act.
- (xix) The Company has not issued any debentures, consequently the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company
- (xx) The Company has not raised any money by means of public issue.
- (xxi) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

For KSMN & Co.  
Chartered Accountants

Naveen Aggarwal  
Partner  
Membership No. 94380

Place : New Delhi  
Date : 29<sup>th</sup> April, 2009

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

(Rs. in lac)

	SCHEDULE	As at 31.03.2009	As at 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	678.81	678.81
Reserves and Surplus	2	422.31	422.31
		<b>1101.12</b>	<b>1101.12</b>
<b>LOAN FUNDS</b>			
	3		
Secured Loans		947.75	1976.95
Unsecured Loans		840.00	900.00
		<b>1787.75</b>	<b>2876.95</b>
<b>DEFERRED TAX LIABILITIES (NET)</b>			
		-	274.59
<b>TOTAL</b>		<b>2888.87</b>	<b>4252.66</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	5		
Gross Block		4474.16	6363.76
Less: Depreciation		2728.51	3805.18
Net Block		1745.65	2558.58
Capital Work in Progress		-	1.80
		<b>1745.65</b>	<b>2560.38</b>
<b>INVESTMENTS</b>			
	4	7.72	7.72
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
	6		
Inventories		310.18	905.80
Sundry Debtors		190.85	824.93
Cash & Bank Balances		125.13	43.68
Loans & Advances		447.46	471.19
		<b>1073.62</b>	<b>2245.60</b>
Less : Current Liabilities & Provisions	7		
Liabilities		327.39	633.80
Provisions		94.29	36.62
		<b>421.68</b>	<b>670.42</b>
<b>NET CURRENT ASSETS</b>		<b>651.94</b>	<b>1575.18</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>	8	<b>483.56</b>	<b>109.38</b>
<b>TOTAL</b>		<b>2888.87</b>	<b>4252.66</b>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; PRACTICES AND NOTES ON ACCOUNTS</b>			
	15		
The Schedule referred to above form an integral part of the Balance Sheet.			

As per our report of even date attached  
 For K S M N & Co.  
 Chartered Accountants  
**Naveen Aggarwal**  
 Partner  
 Membership No. 094380  
 Place : Noida (U.P.)  
 Date : 29<sup>th</sup> April, 2009

**Ravi Jhunjhunwala**  
**R. N. Gupta**  
**B. P. Singh**  
**P. S. Puri**

Chairman  
 Managing Director  
 Director  
 Chief Financial Officer

# **PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

(Rs. in lac)

	SCHEDULE	Current Year	Previous Year
<b>INCOME</b>			
Turnover	9	5261.41	8501.32
Less : Excise Duty		55.60	91.85
		5205.81	8409.47
Other Income	10	300.25	75.07
Increase/(Decrease) in stocks	11	(242.50)	27.42
<b>TOTAL</b>		<b>5263.56</b>	<b>8511.96</b>
<b>EXPENDITURE</b>			
Purchases & Materials Consumed	12	3594.12	5664.80
Operating & Other Expenses	13	1825.35	2157.11
Financial Expenses	14	235.50	283.45
<b>TOTAL</b>		<b>5654.97</b>	<b>8105.36</b>
<b>PROFIT BEFORE DEPRECIATION</b>		<b>(391.41)</b>	<b>406.60</b>
Depreciation		254.50	307.45
<b>PROFIT/(LOSS) AFTER DEPRECIATION</b>		<b>(645.91)</b>	<b>99.15</b>
Tax Expenses			
– Current Tax (Including Fringe Benefit Tax Rs.2.86 lac (Previous year Rs.3.18 lac )		2.86	15.00
– Deferred Tax		(274.59)	(14.79)
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>(374.18)</b>	<b>98.94</b>
<b>BASIC &amp; DILUTED EARNING PER SHARE (IN RS.)</b>		<b>(5.53)</b>	<b>1.46</b>

(Refer Note no. 14 of schedule 15)

## **SIGNIFICANT ACCOUNTING POLICIES &**

## **PRACTICES AND NOTES ON ACCOUNTS**

15

The Schedule referred to above form an integral part of the Profit & Loss Account.

As per our report of even date attached  
For K S M N & Co.  
Chartered Accountants  
Naveen Aggarwal  
Partner  
Membership No. 094380  
Place : Noida (U.P.)  
Date : 29<sup>th</sup> April, 2009

Ravi Jhunhunwala  
R. N. Gupta  
B. P. Singh  
P. S. Puri

Chairman  
Managing Director  
Director  
Chief Financial Officer

**SCHEDULES**

Schedules 1 to 15 annexed to and forming part of the Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit & Loss Account for the Year ended on that date.

**SCHEDULE 1 : SHARE CAPITAL**

(Rs. in lac)

	As At 31.03.2009	As At 31.03.2008
<b>AUTHORISED</b>		
1,24,90,000 Equity Shares of Rs.10/-each	1249.00	1249.00
1,000 13% Redeemable Preference Shares of Rs.100/- each	1.00	1.00
	1250.00	1250.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
67,61,130 Equity Shares of Rs. 10/- each fully called up (Previous Year 6761130 Equity Shares)	676.11	676.11
Add : Share forfeiture (Amount originally paidup)	2.70	2.70
	678.81	678.81

Out of the above :

9,90,000 Equity Shares of Rs.10/- each were allotted as fully paid up to RSWM Limited for consideration other than cash, pursuant to agreement dated 25.03.1983, under which the assets and liabilities of Bhilwara Unit of RSWM Limited as on 27.03.1983 were taken over by the Company.

8,55,010 Equity Shares of Rs.10/-each were issued as fully paid up Bonus Shares by capitalising the reserves.

**SCHEDULE 2 : RESERVES AND SURPLUS**

(Rs. in lac)

	As At 31.03.2009	As At 31.03.2008
<b>Share Premium Account</b>		
Opening Balance	422.31	422.31
	422.31	422.31
Closing Balance	422.31	422.31

**SCHEDULE 3 : LOAN FUNDS**

(Rs. in lac)

	As At 31.03.2009	As At 31.03.2008
<b>SECURED LOANS</b>		
<b>Term Loan</b>		
Financial Institutions	454.50	591.41
Bank	147.14	206.04
	601.64	797.45
Working Capital facilities from Banks	346.11	1179.50
(i)	947.75	1976.95
<b>UNSECURED LOANS</b>		
A Body Corporate	840.00	900.00
(ii)	840.00	900.00
(i + ii)	1787.75	2876.95

## SCHEDULES

- (1) Rupee Term Loans of Rs. 454.50 Lacs from the The Industrial Development Bank of India (IDBI) is secured by first charge by way of equitable mortgage created /to be created on all the present and future immovable properties of the company (except those exclusively charged to Bank) and hypothecation of movable assets (except book debts), ranking pari-passu, subject to prior charges of Company's bankers on stock of raw material, semi-finished, finished goods and consumable stores (excluding machinery spares) for availing working capital facilities.
- (2) Rupee Working Capital Term Loan of Rs. 111.49 lacs, converted from Cash Credit facilities being availed from Banks, is secured by way of first pari-passu charge created/to be credited on Company's fixed assets and second charge on Current Assets.
- (3) Term Loans repayable within one year are Rs.243.48 Lacs (Previous Year - Rs. 147.68 lacs).
- (4) Working capital facilities from Banks are secured by way of second charge over fixed assets and hypothecation of stock of raw material, semi-finished and finished goods, consumable stores (excluding machinery spares) and book debts.

### SCHEDULE 4 : INVESTMENTS

(Rs. in lac)

	As At 31.03.2009	As At 31.03.2008
<b>LONG TERM INVESTMENTS</b>		
<b>NON - TRADE (AT COST)</b>		
<b>QUOTED</b>		
185 Equity Shares of Rs.100 each fully paid up of State Bank of Bikaner & Jaipur	7.71	7.71
<b>UNQUOTED</b>		
National Saving Certificate (Pledged with Sales Tax Authorities)	0.01	0.01
	7.72	7.72
Market Value of Quoted Investment	4.77	8.88

### SCHEDULE 5 : FIXED ASSETS

(Rs.in lac)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions during the year	Sale/Adjust- ments during the year	As at 31.03.2009	Up to 01.04.2008	Adjustments during the year	For the year	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
Land (Lease hold)	0.20	—	—	0.20	—	—	—	—	0.20	0.20
Roads and Buildings	340.85	—	—	340.85	150.20	—	13.02	163.22	177.63	190.65
Plant and Machinery	4401.02	23.86	1889.03	2535.85	2848.06	1318.46	154.87	1684.47	851.38	1552.96
Power Division	1359.96	—	—	1359.96	652.09	—	69.65	721.74	638.22	707.87
Electric Fittings & Water Supply Installations	173.19	—	9.16	164.03	111.23	5.35	11.54	117.42	46.61	61.96
Furniture & Fixtures	44.60	—	3.34	41.26	28.82	2.56	1.77	28.03	13.23	15.78
Office Equipments	8.50	—	—	8.50	5.37	—	0.49	5.86	2.64	3.13
Vehicles	35.44	—	11.93	23.51	9.41	4.80	3.16	7.77	15.74	26.03
<b>Total</b>	6363.76	23.86	1913.46	4474.16	3805.18	1331.17	254.50	2728.51	1745.65	2558.58
Capital work in progress	1.80	—	1.80	—	—	—	—	—	—	1.80
<b>Grand Total</b>	6365.56	23.86	1915.26	4474.16	3805.18	1331.17	254.50	2728.51	1745.65	2560.38
Previous year	6497.13	26.68	158.25	6365.56	3591.91	94.18	307.45	3805.18	2560.38	2905.22

**SCHEDULES****SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES**

(Rs. in lac)

	As At 31.03.2009	As At 31.03.2008
<b>CURRENT ASSETS</b>		
INVENTORIES (As taken, valued and certified by the management)		
Finished Goods	97.61	218.87
Stock in process	70.73	191.59
Waste	—	0.39
Raw materials	118.94	421.55
Raw materials in transit	7.40	20.35
Stores and spares (spares include items of the nature of regular and general use only)	15.50	53.05
	<b>310.18</b>	<b>905.80</b>
<b>SUNDRY DEBTORS (UNSECURED)</b>		
Considered good		
– Over six months - Considered Good	9.63	2.67
– Considered Doubtful Other Debts	20.09	—
– Other Debts - Considered good	181.22	822.26
	<b>210.94</b>	
– Less - Provision for Doubtful debts	(20.09)	
	<b>190.85</b>	<b>824.93</b>
<b>CASH AND BANK BALANCES</b>		
Cash in hand	2.72	1.80
Balance with Scheduled Banks in :		
– Current Accounts	12.27	7.59
– Fixed Deposits	110.00	34.04
– Saving Bank Account	0.14	0.25
	<b>125.13</b>	<b>43.68</b>
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	351.02	418.65
Deposits with Government Departments and others	75.48	48.41
Advance Tax, Fringe Benefit Tax, TDS & Wealth Tax	23.82	23.98
Less: Provision of Tax, Fringe Benefit Tax & Wealth Tax	(2.86)	(19.85)
	<b>447.46</b>	<b>471.19</b>
	<b>1073.62</b>	<b>2245.60</b>

## SCHEDULES

### SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS

(Rs. in lac)

	As At 31.03.2009	As At 31.03.2008
<b>CURRENT LIABILITIES</b>		
Sundry Creditors :	253.86	587.17
(other than Micro & Small Enterprises)		
Advances from Customers	37.42	2.49
Trade and other deposits	10.70	15.37
Other liabilities	25.41	28.77
	327.39	633.80
<b>PROVISIONS</b>		
Provision for Leave encashment & similiar benefit scheme	94.29	36.62
	94.29	36.62
	421.68	670.42

### SCHEDULE 8 : PROFIT & LOSS ACCOUNT

(Rs. in lac)

	As At 31.03.2009	As At 31.03.2008
Opening Balance as per Last Balance Sheet	109.38	202.00
Add : Charge on account of transitional provisions under Accounting Standard 15	—	6.32
(Less)/Add: Amount Carried from annexed Profit & Loss Account	374.18	(98.94)
Closing Balance	483.56	109.38

### SCHEDULE 9 : TURNOVER

(Rs. in lac)

	Current Year	Previous year
<b>SALES</b>		
Yarn	5193.78	8402.45
Waste	31.59	53.75
Job Spinning Charges	36.04	45.12
	5261.41	8501.32

### SCHEDULE 10 : OTHER INCOME

(Rs. in lac)

	Current Year	Previous Year
Profit on sale of fixed assets	221.46	—
Miscellaneous Income	58.64	46.09
Rent Receipt	8.73	20.14
Insurance Claim Receipts	—	1.23
Sundry Credit Balances Written Back	—	6.39
Liabilities no longer required written back	0.01	0.91
Income from Non Trade Investments	0.19	0.31
Profit on sale of store	11.22	0.00
	300.25	75.07

**SCHEDULES****SCHEDULE 11 : INCREASE/(DECREASE) IN STOCKS**

(Rs. in lac)

	Current Year	Previous Year
<b>OPENING STOCK</b>		
Finished Goods Yarn	218.87	166.98
Stock in Process	191.59	214.00
Waste Stock	0.38	2.44
	<b>410.84</b>	<b>383.42</b>
<b>CLOSING STOCK</b>		
Finished Goods Yarn	97.61	218.87
Stock in Process	70.73	191.59
Waste Stock	—	0.38
	<b>168.34</b>	<b>410.84</b>
Increase / (Decrease) in Stock	<b>(242.50)</b>	<b>27.42</b>

**SCHEDULE 12 : PURCHASES & MATERIALS CONSUMED**

(Rs. in lac)

	Current Year	Previous Year
<b>Raw materials Consumed</b>		
Stock at opening	421.55	186.59
Yarn Purchases	—	1.01
Purchases (after adjusting sales/transfer Rs.82.74 lacs, previous year Rs.182.10 lacs,	3610.15	5634.08
Less : Stock at close	118.94	421.55
	<b>3462.76</b>	<b>5400.13</b>
<b>Packing Materials Consumed</b>	<b>67.74</b>	<b>105.73</b>
<b>Stores, Spares &amp; Consumables</b>	<b>63.62</b>	<b>158.94</b>
	<b>3594.12</b>	<b>5664.80</b>

**SCHEDULE 13 : OPERATING AND OTHER EXPENSES**

(Rs. in lac)

	Current Year	Previous Year
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages, Bonus etc.	503.10	691.67
Workmen and Staff Welfare	12.76	16.73
Contribution to Provident Fund/Family Pension Scheme	44.83	61.87
Contribution to Employee's State Insurance Scheme	14.81	20.94
Gratuity, Superannuation and Retirement Benefits	396.26	6.57
	<b>971.76</b>	<b>797.78</b>
<b>MANUFACTURING EXPENSES</b>		
Power, Fuel and Water Charges	630.01	1009.99
Repairs and Maintenance		
– Plant & Machinery	14.09	21.32
– Buildings	3.38	6.15
– Others	1.20	2.60
Job Charges	4.68	12.51
Excise Duty on Increase/Decrease in Stocks	(1.85)	(11.03)
	<b>651.51</b>	<b>1041.54</b>

## SCHEDULES

### SCHEDULE 13 : OPERATING AND OTHER EXPENSES (Contd...)

(Rs. in lac)

	Current Year	Previous Year
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rent	7.01	11.69
Rates and Taxes	2.21	1.70
Insurance (Net)	(1.12)	7.15
Directors sitting fee	0.44	0.45
M.D.'s Remuneration and Perquisites	32.11	24.10
Miscellaneous Expenses	23.74	31.68
Printing & Stationery	3.16	4.10
Conveyance expenses	2.81	2.61
Postage & Telegram	1.57	2.90
Travelling expenses	2.38	2.94
Legal & Professional expenses	16.69	9.01
Communication charges	3.46	4.41
Loss on Sale of Fixed Assets	-	8.02
Provision for doubtful debts	20.09	-
Payment to Auditors :		
- Audit Fee	1.50	1.50
- Certification work	0.30	0.30
- Reimbursement of expenses	0.36	0.24
	<b>116.71</b>	<b>112.80</b>
<b>SELLING EXPENSES</b>		
Commission	12.35	8.50
Brokerage	5.54	8.16
Cash Discount	9.86	4.40
Foreign Travelling expenses	1.52	-
Freight, Octroi & Other selling expenses (Net)	56.10	183.93
	<b>85.37</b>	<b>204.99</b>
	<b>1825.35</b>	<b>2157.11</b>

### SCHEDULE 14 : FINANCIAL EXPENSES

(Rs. in lac)

	Current Year	Previous Year
Interest on		
- Term Loans	53.69	72.32
- Others	207.89	236.88
	<b>261.58</b>	<b>309.20</b>
Less : Receipt from Trade Debtors & Others (TDS Rs. 14.24 lac, Previous period Rs. 11.73 lac)	43.51	50.75
	<b>218.07</b>	<b>258.45</b>
Bank Charges (Net)	17.43	25.00
	<b>235.50</b>	<b>283.45</b>

## SCHEDULES

### SCHEDULE 15 : SIGNIFICANT ACCOUNTING POLICIES & PRACTICES AND NOTES ON ACCOUNTS

#### (A). SIGNIFICANT ACCOUNTING POLICIES

##### 1. Accounting Conventions

The Company follows the Mercantile system of accounting and recognizes Income and Expenditure on accrual basis. The accounts are prepared on historical cost basis, as a going concern and are consistent with generally accepted accounting principles.

##### 2. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect reportable amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

##### 3. Revenue Recognition

- a) Income and expenditure are accounted for on accrual basis except :
  - Interest charged in the invoices, which is accounted for at the time of raising of invoices.
  - Overdue interest on late payment, which is accounted for on cash basis.
  - Medical reimbursement to employees, which are accounted for on cash basis.
- b) Sales are inclusive of excise duty but exclude sales/vat tax.
- c) Insurance claims are accounted for in the year of lodgment to the extent they are measurable and any shortfall/excess is adjusted on receipt of the final claim.

##### 4. Inventory Valuation

	Basis of valuation
Finished goods	: At lower of cost and net realizable value
Stock in process	: At lower of cost and net realizable value
Waste	: At estimated realizable value
Raw Materials	: At lower of cost and net realizable value. Cost is arrived at by using "First In First Out" method.
Stores & spares	: At cost or below. Cost is arrived at by using "weighted average" method.

##### 5. Investments

Long Term investments are stated at cost. In case of diminution in the value other than temporary, the Carrying amount is reduced to recognize the decline.

##### 6. Fixed Assets

- a) Fixed assets are stated at their original cost of acquisition including freight, incidental expenses and other non refundable taxes or levies related to acquisition and installation of the concerned assets. Interest on borrowed funds attributable to acquisition/ construction of fixed assets and related pre-operative expenses upto the date of commencement of commercial production, net of sales of trial production, are also capitalised where appropriate. CENVAT availed has been deducted from the cost of respective assets.
- b) Project under Commissioning and other Capital Works-in-Progress are carried at cost, comprising direct cost, related incidental expenses and interest on borrowings there against.
- c) (i) The carrying amounts of fixed assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal /external factors.  
 (ii) An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount and the same is recognized as an expense in the statement of Profit & Loss and Carrying amount of the asset is reduced to recoverable amount.  
 (iii) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exists or have decreased.

##### 7. Depreciation

On Straight line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on assets costing upto Rs.5000/- is provided in full in the year of acquisition.

##### 8. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

##### 9. Foreign Exchange Transaction /Translation

- (a) Foreign currency transactions arising during the year are recorded at the exchange rates prevailing on the dates of the transactions.
- (b) In accordance with the Revised Accounting Standard 11 for the "Effects of the Changes in Foreign Exchange Rates", Foreign Currency Assets and Liabilities are converted into Rupee equivalent at the exchange rate prevailing at the date of Balance Sheet.
- (c) Where the Company has entered into forward exchange contract, which is not intended for trading and speculation, Premium/ Discount i.e. the difference between the contract rate and the rate at the date of transaction, is recognized over the period of contract.

## SCHEDULES

- (d) Gain or Loss on the restatement of foreign currency transactions or on maturity or cancellation of forward exchange contract, if any, is reflected in the Profit & Loss account except gain or loss on transactions relating to acquisition of fixed assets, which is adjusted to the carrying amount of fixed assets.

### 10. Provisions, Contingent Liability & Contingent Assets

- (a) Provisions involving substantial degree of estimation in measurement, are recognized when the present obligation resulting from past events given rise to probability of outflow of resources embodying economic benefits on settlement.
- (b) Contingent liabilities are not recognized and are disclosed in notes.
- (c) Contingent assets are neither recognized nor disclosed in financial statements.
- (d) Provisions are reviewed at each Balance sheet date and adjusted to reflect the current best estimates.

### 11. Employees Benefits

- (a) Retirement benefits in the form of Provident fund, Pension Schemes and Superannuation are defined contribution schemes and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds/ Trust are due.
- (b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year. However, the company is contributing to the company's Gratuity Trust covering the gratuity liability of the employees. The difference between the actuarial valuation of the gratuity of employees at the year-end and the balance of funds with Gratuity Trust is provided for as liability in the books.
- (c) Provision for Leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.
- (d) Actuarial gains / losses are immediately taken to Profit & Loss Account and are not deferred.
- (e) Expenses incurred on voluntary retirement of employees are charged off to the Profit & Loss Account in the year of incurrence.
- (f) Liability on account of short term employee benefits, comprising largely of performance incentives is recognized on an undiscounted, accrual basis during the period on the vesting period of benefit.

### 12. Tax Expense

#### a) Current year charge

Provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provision of Income Tax Act, 1961. However, where the tax is computed in accordance with the provision of Section 115JB of the Income Tax Act, 1961, as Minimum Alternate Tax (MAT), it is charged off to the Profit & Loss Account of the relevant year.

#### b) Deferred Tax

- i) Deferred tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income and accounting income computed for the current accounting year and reversal of earlier years' timing differences.
- ii) Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent that there is deferred tax liabilities or there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### (B) NOTES ON ACCOUNTS

(Rs. in lac)

	Current Year	Previous Year
<b>1. Contingent Liabilities not provided for in respect of:</b>		
A. Claims against the Company not acknowledged as debts:	3.90	4.89
B. Contingent liabilities not provided for :		
a) Income Tax demand raised by Income tax Authorities.	Nil	70.92
b) Excise & Custom duty demands raised by Excise Authorities. Matter pending in appeal with Appellate Authorities	227.07	Nil
C. Bank guarantees given by Company's Bankers.	12.50	37.90
D. In relation to the disputed matter of the shortfall in the import of capital goods under Zero Duty EPCG Scheme, the company has fulfilled export obligation against import of capital goods under 10% EPCG Scheme (which was converted from Zero duty EPCG Scheme as per directives of DGFT) and have also paid applicable custom duty on such conversion. The said EPCG licence has also been redeemed by DGFT. However, the Customs Deptt have not accepted the conversion of EPCG licence from Zero duty to 10% duty scheme granted by DGFT, against which the company has filed an appeal before the CESTAT the additional liability, if any, would be provided as and when the appeal is decided.		

## SCHEDULES

2. Estimated amount of contracts remaining to be executed on capital account and not provided for. Nil 16.20
3. Prior period income (expense) amounting to Rs.1.58 Lac {previous period Rs6.26 Lac} have been debited / Credited to respective heads of Accounts.
4. Break up of Deferred Tax Liabilities (Net) into major components of the respective balances are as follows : (Rs. in Lacs)

	Previous Year	Amount for Current Year	Current Year
Tax impact of differences between carrying amount of fixed assets in the financial statements and the Income Tax return.	765.51	(217.36)	<b>548.15</b>
Tax impact of Unabsorbed Depreciation	(477.29)	(89.60)	<b>(566.89)</b>
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax Act.	(13.63)	32.37	<b>18.74</b>
Total	274.59	(274.59)	<b>-</b>

### 5. EMPLOYEES BENEFITS PLANS

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The plan is funded through contributions to company's Gratuity Trust i.e. Raj Spin Employees Gratuity Trust. The Company has also provided for Leave Encashment which is unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans (as per Actuarial Valuation as on March 31, 2009).

Net employee benefit expense (recognized in the Statement of Profit & Loss for the year ended March 31, 2009) (In Rs.)

Particulars	Current Year		Previous Year	
	Earned Leave	Gratuity	Earned Leave	Gratuity
Current Service Cost	98,546	756,797	161,716	17,97,884
Interest Cost on benefit obligation	128,794	1,694,564	126,844	19,42,861
Expected return on plan assets	-	(1,370,068)	-	(23,32,799)
Past Service Cost	-	-	-	-
Actuarial (gain) / loss recognized in the year	411,722	4,474,357	486,150	(12,66,256)
Net benefit expense	<b>639,062</b>	<b>5,555,650</b>	<b>774,710</b>	<b>1,41,690</b>
Actual return on Plan Assets	-	(46,598)	-	37,02,151

Net Asset / (Liability) recognized in the Balance Sheet as on March 31, 2009

Particulars	Earned Leave	Gratuity	Earned Leave	Gratuity
Present Value of Defined Benefit Obligation	(14,74,673)	(9,891,655)	(18,39,920)	(2,42,08,051)
Fair Value of Plan Assets	-	2,962,424	-	2,31,08,590
(Net Liability) recognized in the Balance Sheet	(14,74,673)	(6,929,231)	(18,39,920)	(10,99,460)

Changes in the present value of Defined Benefit Obligation are as follows:

Particulars	Earned Leave	Gratuity	Earned Leave	Gratuity
Opening defined benefit obligation	1,839,920	24,208,051	15,85,554	2,42,85,760
Interest Cost	128,794	1,694,564	126,844	19,42,861
Current Service Cost	98,546	756,797	161,716	17,97,884
Benefits Paid	(1,004,309)	(19,918,644)	(5,20,344)	(39,21,550)
Actuarial (gain) / loss on obligation	411,722	3,150,887	486,150	1,03,096
Closing defined benefit obligation	1,474,673	9,891,655	18,39,920	2,42,08,051

## SCHEDULES

Changes in the Fair value of Plan Assets are as follows:

(In Rs.)

Particulars	Current year	Previous year
	Gratuity	Gratuity
Opening fair value of Plan Assets	22,834,470	2,33,27,989
Expected return on Plan Assets	1,370,068	23,32,799
Contribution by employer	—	—
Benefits paid	(199,18,644)	(39,21,550)
Actuarial Gain / (Loss) on Plan Assets	1,323,470	13,69,352
Closing fair value of Plan Assets	2,962,424	2,31,08,590

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	Gratuity
Administered by Gratuity Trust, which in turn has taken a Policy from ICICI Prudential Life Insurance Co.	100%	100%

The principal assumptions used in determining gratuity and leave liability for the Company's plans are shown below:

Particulars	Earned Leave	Gratuity	Earned Leave	Gratuity
Discount Rate	7.00%	7.00%	8.00%	8.00%
Rate of increase in Compensation	4.50%	4.50%	5.50%	5.50%
Rate of Return on Plan Assets	—	6.00%	—	10.00%
Average Outstanding Service of Employees upto Retirement (years)	13.91	23.28	14.43	23.04

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company makes contribution towards employees' Provident Fund, Pension Fund, Superannuation Fund and Employees' State Insurance Plan scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. During the year the Company has recognized Rs. 462.81 Lac as expenses towards contribution to these plans.

Out of the total contribution Rs.12.85 Lac is made to Raj spin Staff Superannuation Trust while the other contributions i.e. Provident Fund, Employees' State Insurance Plan and Pension fund are made to plans operated by respective regional authorities operated by respective state governments.

6. Consistent with the policy followed in the previous Year, the Company has on the basis of technical opinion obtained, treated spinning plant & machinery as "Continuous Process plant" for the purpose of calculation of depreciation.
7. Certain debtors, creditors and advances are subject to confirmations, Reconciliations and adjustments, if any.
8. In the opinion of the management, the value in realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provision for all known liabilities has been made.
9. Related party disclosure in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India is given below :

Managing Director Shri R. N. Gupta - Details of remuneration to Managing Director is disclosed in Note 11 (b).

10. The Company has initiated the process of obtaining confirmations from the suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the Company, no balance is due to Micro & Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as on 31st March 2009. Further during the year no interest has been paid or payable under the terms of the said Act.

## SCHEDULES

11. a) In View of absence of Profit in accordance with Section 349 of the Companies Act 1956, no commission is payable to the Managing Director for the current year.

	Current Year (Rs. in lac)	Previous Year (Rs. in lac)
b) Directors' remuneration		
(i) Salary	21.60	16.21
Contribution to provident fund, gratuity & superannuation fund	6.91	5.19
Other perquisites	3.60	2.70
	32.11	24.10
(ii) Other Directors		
Sitting fees	0.44	0.45

12. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956, to the extent applicable:

- a) Capacity (As Certified by the Management)

## Installed Capacity

31.3.2009 31.3.2008

Spindles	8640	21232
b) Production, Purchase, Turnover and Stocks		(Rs. in lacs)

	Unit	Opening Stock		Production/Purchases		Turnover		Closing Stock	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
<b>Yarn</b>									
Viscose yarn	MT	12.39	18.73	74.02	—	86.41	124.94	0.00	0.00
		(6.76)	(9.43)	(88.53)	(—)	(82.90)	(132.65)	(12.39)	(18.73)
Synthetics & Blended yarn	MT	186.70	200.14	4560.26	—	4649.19	5068.84	97.77	97.61
		(125.69)	(157.54)	(7266.03)	(—)	(7205.02)	(8268.73)	(186.70)	(200.14)
Waste	MT	1.88	0.39	115.00	—	116.88	31.59	0.00	0.00
		(14.40)	(2.44)	(233.41)	(—)	(245.93)	(53.75)	(1.88)	(0.39)
Yarn Purchase	MT	—	—	—	—	—	—	—	—
		—	—	(0.74)	(1.01)	(0.74)	(1.01)	(—)	(—)
<b>Job Account</b>									
Blended Yarn	MT	—	—	37.72	—	37.72	36.04	—	—
		(—)	(—)	(35.35)	(—)	(35.35)	(45.12)	(—)	(—)

Previous period's figures are given in brackets.

## SCHEDULES

### (c) Raw Material consumed

	Current Year		Previous Year	
	MT	(Rs.in lac)	MT	(Rs.in lac)
Viscose Staple Fiber	641.54	687.68	1412.39	1362.52
Polyester Staple Fiber	3411.04	2233.86	4897.25	2918.48
Texturised Yarn	412.56	334.94	531.70	397.12
Acrylic Fibre, Wool & Others	165.37	195.97	573.88	576.11
Imported Viscose Fiber	—	—	23.26	26.14
Imported Acrylic Fiber, Flax	7.18	10.30	107.66	119.76
	4637.69	3462.75	7546.14	5400.13

### (d) Details of imported & indigenous raw material and spare parts and components consumed : (Rs.in lac)

	Current Year		Previous Year	
	Value	%	Value	%
(i) Raw Materials				
– Imported	10.3	0.30	145.90	2.70
– Indigenous	3452.45	99.70	5254.23	97.30
(ii) Stores & spares				
– Imported	4.79	13.71	70.57	33.28
– Indigenous	30.15	86.29	141.48	66.72
(e) FOB Value of export	Nil		Nil	
(f) Value of Imports calculated on CIF basis in respect of :				
– Raw Materials	24.11		91.29	
– Components and Spare parts	4.79		73.23	
(g) Expenditure in Foreign Currency (Cash basis):				
– Travelling expenses	0.57		Nil	

### 13. Earning per share

Profit/(Loss) after taxation as per profit and loss account	(374.18)	98.94
Weighted average number of equity shares outstanding	6761130	6761130
Basic and diluted earning per share in rupees (face value - Rs.10 per share)	(5.53)	1.46

Potential Equity options may arise only in the unlikely event of a default in payment of principal or interest due on IDBI Loans. These do not have any dilutive effect on earning per share for the current or previous Year.

### 14. Segment reporting

As the company's business activity falls within a single primary business segment - textile yarn, the disclosure requirements of Accounting Standard-17 "Segment reporting" issued by the Institute of Chartered Accountants of India, are not applicable.

### 15. Figures for the previous Year have been restated/ regrouped/rearranged wherever considered necessary.

## SCHEDULES

16. Additional information as required under Part IV of Schedule VI of the Companies Act, 1956.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****1. REGISTRATION DETAILS**

Registration No.	8217	State Code	17
Balance Sheet Date	31	3	2009
	Date	Month	Year

**2. CAPITAL RAISED DURING THE YEAR (Amount in Rs.Thousands)**

Public Issue	—	Right Issue	—
Bonus Issue	—	Private Placement	—

**3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.Thousands)**

Total Liabilities	Total Assets
331055	331055

**Sources of Funds**

Paid-up Capital	Reserves & Surplus
67881	42231
Secured Loans	Unsecured Loans
94775	84000
Deferred Tax Liabilities	
—	

**Application of Funds**

Net Fixed Assets	Investments
174565	772
Net Current Assets	Misc. Expenditure
65194	—
Accumulated Losses	
48356	

**4. PERFORMANCE OF COMPANY (Amount in Rs.Thousands)**

Turnover (Total Income)	Total Expenditure
556166	620757
Profit/(Loss) Before Tax	Profit/(Loss) After Tax
(64591)	(37418)
Earning per Share (Rs.)	Dividend Rate
(5.53)	—

**5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY**

Item Code No. (ITC Code)	5509
Product Description	Synthetic Blended Yarn

As per our report of even date attached

For K S M N &amp; Co.

Chartered Accountants

Naveen Aggarwal

Partner

Membership No. 094380

Place : Noida (U.P.)

Date : 29<sup>th</sup> April, 2009

Ravi Jhunjhunwala

R. N. Gupta

B. P. Singh

P. S. Puri

Chairman

Managing Director

Director

Chief Financial Officer

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

	2008-2009	(Rs. in lac) 2007-2008
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit/(Loss) before tax & extraordinary items	(645.91)	99.15
Adjustments for :		
1. Depreciation	254.50	307.45
2. Profit on sale of fixed assets (Net)	(221.46)	0.00
3. Liability no longer required written back	(0.01)	(0.91)
4. Loss on sale of/ (Income) from Investments	(0.19)	7.71
5. Interest expenses	235.50	283.45
6. Provision For Doubtful debts	20.09	0.00
7. Provision for taxes	(2.86)	(15.00)
Operating profit before working capital changes	(360.34)	681.85
Adjustments for :		
1. Trade and other receivables	657.81	(360.81)
2. Inventories	595.62	(249.85)
3. Trade Payables	(248.73)	(44.11)
	1004.70	(654.77)
Cash generated from operations	644.36	27.08
Direct taxes paid	-	(20.58)
Cash flow before extraordinary items	644.36	6.50
Net cash from operating activities	644.36	6.50
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(22.06)	(26.67)
Proceeds from sale of Fixed assets	783.66	64.07
Investments	-	(15.42)
Interest received	43.51	50.75
Dividends received	0.19	-
Net cash used in investing activities	805.30	72.73
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net increase/(decrease) in other borrowings	(893.39)	449.06
Re-payment of long term borrowings	(195.81)	(197.11)
Interest paid	(279.01)	(334.20)
Net cash used in financing activities	(1368.21)	(82.25)
Net increase/(decrease) in cash and cash equivalents	81.45	(3.02)
Cash and cash equivalents as at (Opening Balance)	43.68	46.70
Cash and cash equivalents as at (Closing Balance)	125.13	43.68

As per our report of even date attached  
For K S M N & Co.  
Chartered Accountants  
**Naveen Aggarwal**  
Partner  
Membership No. 094380  
Place : Noida (U.P.)  
Date : 29<sup>th</sup> April, 2009

**Ravi Jhunjhunwala**  
**R. N. Gupta**  
**B. P. Singh**  
**P. S. Puri**

Chairman  
Managing Director  
Director  
Chief Financial Officer

## CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

The Members,  
Bhilwara Spinners Limited,

We have examined the compliance of conditions of Corporate Governance by Bhilwara Spinners Limited, for the year ended on 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to 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 investor grievance is pending for a period exceeding 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 KSMN & Co.  
Chartered Accountants

Place : New Delhi  
Date : 29<sup>th</sup> April, 2009

Naveen Aggarwal  
Partner  
Membership No. 94380

## CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Mr. R.N. Gupta, Managing Director and Mr. P.S. Puri, Chief Financial Officer, of Bhilwara Spinners Limited, hereby certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by Bhilwara Spinners Limited during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting in Bhilwara Spinners Limited and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.
- (e) We affirm that we have not denied any personnel access to the Audit Committee of the company (in respect of matters involving alleged misconduct).
- (f) We further declare that all Board members and designated senior management have affirmed compliance with the Code of Conduct for the current year.

Place : Noida (U.P.)  
Date : 29<sup>th</sup> April, 2009

R. N. Gupta  
Managing Director

P. S. Puri  
Chief Financial Officer

# LNJ Bhilwara Group

## TEXTILES

### ■ RSWM Limited

1. Kharigram
2. Mayur Nagar, Banswara
3. Mandpam
4. Rishabhdev
5. Ringas
6. LNJ Nagar, Mord
7. LNJ Nagar, Mord

Fibre Dyeing, Spinning Dyed & Grey Yarn  
Spinning PV Blended, Cotton & Open End Grey Yarn  
Melange, Cotton Dyed Yarn & Yarn Dyeing  
Spinning PV Blended Grey Yarn  
Fibre Dyeing & Spinning Dyed Yarn  
Weaving & PV Fabric Processing & Finishing  
Cotton Ring & Open End Spinning, Denim Fabric  
Weaving & Rope Dyeing, Processing & Finishing  
Thermal Power

### ■ Cheslind Textiles Ltd.

9. Bagalur
10. Pondicherry

Spinning Cotton, Compact, Gassed & Mercerized Yarn & Knitting  
Spinning Cotton, Compact, Gassed & Mercerized Yarn & Knitting

### □ RSWM-SISA, S.A.

11. Barcelona, Spain

Spinning Cotton, Viscose & Acrylic Dyed Yarn

### ■ Maral Overseas Ltd.

12. Maral Sarovar
13. Maral Sarovar
14. Noida
15. Noida

Cotton Spinning, Knitting, Dyeing & Finishing, Knitted Garments  
Captive Thermal Power  
Knitted Garments  
Knitted Garments

### ■ BSL Ltd.

16. Bhilwara
17. Jaisalmer

PV & Worsted Spinning, PV & Worsted Weaving & Silk  
Fabric  
Wind Power Generation

### ■ Bhilwara Spinners Ltd.

18. Bhilwara

Spinning PV Blended Grey Yarn

### ■ BMD Pvt. Ltd.

19. LNJ Nagar, Mord

Automotive Furnishing Fabric, Flame Retardant  
Fabric, Furnishing Fabric

### ■ Bhilwara Processors Ltd.

20. Bhilwara

Dyeing, Processing & Finishing of Fabric

### ■ Bhilwara Technical Textiles Ltd.

21. LNJ Nagar, Mord

Technical Textiles

## GRAPHITE

### ■ HEG Ltd.

22. Mandideep
23. Mandideep
24. Tawa

Graphite Electrodes  
Captive Thermal Power  
Captive Hydro Electric Power

## POWER

### ■ Bhilwara Energy Ltd.

25. Pathankot
26. Tawang

UBDC Stage III Hydro Electric Power Generation  
Nyam Jang Chhu Hydro Electric Power Generation

### ■ Malana Power Company Ltd.

27. Malana (Kullu)

Hydro Electric Power Generation

### ■ AD Hydro Power Ltd.

28. Allain-Duhangan (Manali)

Hydro Electric Power Generation

### ■ Indo Canadian Consultancy Services Ltd.

29. Noida

Power Engineering Services

## INFORMATION TECHNOLOGY

### ■ Bhilwara Scribe Pvt. Ltd.

30. Bhopal
31. Bengaluru

Medical Transcription Services  
Medical Transcription Services

### ■ Bhilwara Infotech Ltd.

32. Bengaluru

IT Services

## OFFICES

### ■ Corporate Office

33. Noida (NCR-Delhi)

### ■ Regional / Marketing

34. Mumbai
35. Kolkata
36. Bengaluru
37. New Delhi
38. Ludhiana
39. Amritsar
40. Bhilwara



Corporate Office:

Bhilwara Towers, A-12, Sector I, Noida - 201301 (NCR - Delhi), India

Website : [www.bhilspin.com](http://www.bhilspin.com)