

19th Annual Report
2010-2011

SNS TEXTILES LIMITED

Annual Report 2010-2011

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Members,

As you know, the Ministry of Corporate Affairs has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies through electronic mode, vide its Circular Nos. 17/2011 & 18/2011 dated 21st April, 2011 and 29th April, 2011, respectively.

Your Company proposes to deliver electronically various communication/documents such as Notice of General Meeting, Annual Reports, Postal Ballot documents and such other necessary communication/ documents from time to time to the Members, who have provided their email address to their Depository Participant (DP). Members holding shares in physical form and who are desirous of receiving the communication/documents in electronic form, are required to inform their email address to the Registrar and Transfer Agent of the Company.

Email addresses as registered in your respective DP accounts in the records of the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) which will be periodically downloaded, will be deemed to be your registered email address for serving the necessary communication/ documents. Thus, the necessary communication would be sent in electronic form to the registered email address. Members, who wish to inform any updations/changes of their email address, are requested to promptly update the same with their DP/the Registrar and Transfer Agent of the Company, as the case may be, from time to time.

As a member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of the requisition from you.

We request you to support this initiative and opt for the electronic mode of communication by submitting your email address to your DP or to the Company, as the case may be, in the interest of the environment.

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BOARD OF DIRECTORS

Shri Mansukh K. Patel Whole time Director
Shri Priyesh G. Shah
Shri Ranjitsinh A. Parmar
Shri Satish V. Batavia
Shri Dinesh K. Patel

AUDITORS

NATVARLAL VEPARI & CO.
Chartered Accountants
1st Floor, River Palace-II,
Near Navdi Ovara, Nanpura,
Surat - 395 001

INTERNAL AUDITORS

SNK & Co.
Chartered Accountants
'SNK House', 31A, Adarsh Society,
Opp., Seventhday Adventist High School,
Athwalines,
Surat - 395 001.

REGISTERED OFFICE & WORKS

Plot No. 330-A, G.I.D.C.,
Opp. Atul Products,
Ankleshwar - 393 002.
Dist :Bharuch (Gujarat)

**REGISTRAR & TRANSFER
AGENTS**

Link Intime India Pvt. Ltd.
211, Sudarshan Complex,
Near Mithakhali Underbridge,
Navrangpura, Ahmedabad 380009.
Tele No. 91-79-26465179
Fax No. 91-79-26465179

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NOTICE

NOTICE is hereby given that the **19TH ANNUAL GENERAL MEETING of the Members of SNS TEXTILES LIMITED** will be held as scheduled below:

Date : 23rd September, 2011

Day : Friday

Time : 11.30 A.M.

Place : At the Registered Office of the Company at:

330- A, GIDC, Opp. Atul Products, Ankleshwar, Dist: Bharuch, Gujarat – 393 002

to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ranjitsinh A. Parmar, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Regd Office :

Plot No. 330- A, Opp. Atul Products,

G.I.D.C., Ankleshwar - 393 002.

Dist : Bharuch (Gujarat)

Place : Ankleshwar

Date : 30th May, 2011

By order of the Board

Mansukh K. Patel

Wholetime Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing proxy in order to be effective must be deposited at Registered Office of the Company not less than 48 hours before the time for holding the meeting.
3. Members/Proxies should bring their attendance slip duly filed in for attending the meeting.
4. The Register of Members and Share Transfer Book of the Company will be closed from Thursday, the 15th September, 2011 to Friday, the 23rd September, 2011(both days inclusive).
5. Shareholders seeking any information with regard to accounts are requested to write to the Company early so as to enable the management to keep the information ready.
6. The Equity Shares of the Company are available for dematerialisation, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN of the Equity Shares is INE979D01011.

DIRECTORS' REPORT

Your Directors present the 19th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS:		
	(Rs in Lacs)	
Particulars	2010-2011	2009-2010
Profit before Depreciation	5.93	59.85
Less: Depreciation	49.85	50.04
Profit/(Loss) after depreciation	(43.92)	9.81
Add/(Less): Prior period adjustments	(3.12)	16.98
Profit/(Loss) before tax	(47.04)	26.79
Less: Deferred Taxation (Liabilities)	(13.92)	(128.79)
Less: Provision for tax	-	-
(Loss) for the year	(60.96)	(102.00)
Opening (debit) balance of Profit & Loss Account	(2022.69)	(1920.69)
(Loss) carried forward to Balance sheet	(2083.65)	(2022.69)

2. OPERATIONS:

During the year under review the sales comprised from the own production of furnishing fabrics of Rs.54.23 Lacs as compared to Rs. 123.59 Lacs during the previous year. The Company has earned job work income of Rs.64.35 Lacs from furnishing of fabrics during the year under review. During the year under review the total income (including other income and job work income) was Rs.134.61 Lacs as against Rs.194.18 Lacs in the previous financial year. The Company has incurred loss before tax of Rs.47.04 lacs during the year under review compared to profit of Rs.26.79 lacs during the year 2009-10.

After providing for deferred tax liability of Rs.13.92 lacs (previous year for Rs. 128.79 lacs) the loss for the year stood at Rs.60.96 lacs compared to loss of Rs.102.00 lacs during the year 2009-10.

In view of the accumulated losses, the Directors are unable to recommend any Dividend on the Equity Shares of the Company.

3. FUTURE OUT LOOK:

The Furnishing Fabrics unit of the Company generates cash profit by own marketing/ production and job work so in future the possibility of increasing margins are better.

4. FINANCE:

Fund arrangements including working capital have been prudently managed and during the current financial year company did not enjoy any financial assistance from Financial Institutions and Banks. The Company has not raised any new term loan during the year as well as not given any guarantee for loans taken by others from bank or financial institutions.

5. MANAGEMENT DISCUSSION AND ANALYSIS:

The furnishing fabric sector of the textile industry is a fashion driven segment and with improved life style and increased corporatisation, the market for furnishing fabric like home furnishing, curtains, upholstery, sofa cover, linen etc. is showing increasing trend. The company has focused on developing its own marketing. The company has started its own marketing so in future the possibility of increase margins are better.

The windmill unit of the company supplies free captive power to the furnishing fabric division that is a helpful feature for power cost competitiveness.

6. DIVIDEND:

In view of the large carried forward losses of the Company, your Directors regret their inability to recommend any dividend for this period.

7. DIRECTORS:

Shri Ranjitsinh A. Parmar, Director of the Company, retires by rotation, and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors report as under:

- (i) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at 31st March, 2011 and loss of the company for the year.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing/detecting frauds and other irregularities.
- (iv) That the Directors have prepared the Annual Accounts on a going concern basis.

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9. DEMATERIALISATION OF EQUITY SHARES:

The company has entered into arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat. The ISIN No. of the Equity Shares is INE979D01011. The shareholders have option to dematerialize their shares with either of the Depositories.

10. COST AUDITORS:

The Company has disposed off Spinning Unit during 2005-06 and textiles operation being limited to job work and own production of furnishing fabric only. After taking into account the above facts, the Company vide letter dated 12th May, 2006 and 7th February, 2011 have applied to the Central Government for cancellation of requirement for cost audit.

11. CORPORATE GOVERNANCE:

The Report on Corporate Governance prescribed in Clause 49 of the Listing Agreement along with the Certificate of Auditors is attached to this Report.

12. FIXED DEPOSITS:

The company has not accepted any deposits from the public during the year under review.

13. PARTICULARS OF EMPLOYEE:

None of the employees is drawing remuneration requiring Disclosure information under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

14. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO:

(a) Conservation of Energy:

The Company gives top most priority to energy conservation and has undertaken continuous measures in this respect. New measures are planned to achieve further reduction in energy consumption. The Company has also commissioned and installed Wind Farm of 225 KW capacity at Dhank for generation of pollution free power.

(b) Power and Fuel Consumption:

Sr. No.	Particulars	2010-2011	2009-2010
1.	Electricity		
	- Purchase units (KWH)	343844	317537
	- Total Amount (Rs. in Lacs)	17.40	16.34
	- Rate/Unit (Rs.)	5.06	5.15
2.	Oil (LDO)/Diesel		
	- Qty. in Liters	400	400
	- Total Amount (Rs. in Lacs)	0.17	0.15
	- Rate/Per Liters (Rs.)	42.17	36.95

(c) Technology Absorption:

The project of your Company has no foreign collaboration hence, no particulars are offered for the same.

(d) Foreign Exchange Earning & Outgo

Sr. No.	Particulars	2010-2011	2009-2010
1	Total Foreign Exchanges used and Earned		
(a)	Total Foreign Exchange used	—	—
(b)	Total Foreign Exchange earned	2.51	52.23

(Rs in Lacs)

15. RESEARCH & DEVELOPMENT:

The Company is continuously working on Research and Development resulting in new innovation leading to cost reduction and better product quality.

16. AUDITORS:

M/s Natvarlal Vepari & Co. Chartered Accountants, Surat will retire as Auditors at the ensuing Annual General Meeting and are eligible for re-appointment. As regards the remark of the Auditors in their report, the Directors state that the same is self explanatory and does not call for any further explanations. The notes to the accounts are self-explanatory.

17. LISTING:

At the request of the Company, the Equity Shares of the Company were de-listed from the Vadodara Stock Exchange Limited w.e.f. 25th January, 2011. The Equity Shares continue to be listed on Bombay, Saurashtra-Kutch and Chennai Stock Exchanges. The Company has applied for Delisting of Equity Share from Saurashtra-Kutch and Chennai Stock Exchanges. The Company has paid listing fees to Bombay Stock Exchange Limited up to the year 2011-12.

18. ACKNOWLEDGEMENT:

The Directors take this opportunity to express their sincere thanks and are extremely grateful for the continued support received from various authorities. The Directors also express their sincere thanks to the customers, suppliers and employees for their encouraging support and co-operation. The Directors also express their sincere thanks to the shareholders for their continuing confidence in the Company.

For and on behalf of the Board

Place : Ankleshwar
Date : 30th May, 2011

Mansukh K. Patel Dinesh K. Patel
Wholetime Director Director

REPORT ON CORPORATE GOVERNANCE

ANNEXURE TO DIRECTORS' REPORT

1. Corporate Governance Philosophy

It has been our endeavor to give importance on ensuring appropriate standards for good corporate Governance to achieve corporate goal and shareholders value. Your company consistently and effectively adheres to its philosophy of adequate disclosure and fairness to all and to have an independent monitoring system and play an important role to achieve the better performance. It is our accountability and responsibility to give optimum information and benefit to the shareholders, Customers' and all involved. The company recognises that transparency, disclosure, financial control and accountability are the pillars of any good system of corporate Governance.

A detailed disclosure on the Board of Directors, Shareholders and Stock market are given here below:

2. Board of Directors:

a. The Board of Directors consists of five Directors as on 31st March, 2011 as well as on the date of Report.

b. Composition, Attendance, Category etc.

Sr. No.	Name	Category	No. of Other Directorships held *	Committee /Chairmanship held in other Companies	No. of Board Meetings Attended	Attendance at the AGM held on 23-09-2010
1	Shri Mansukh K. Patel	Executive	-	-	5	Yes
2	Shri Ranjitsinh A. Parmar	Independent	5	-	5	No
3	Shri Priyesh G. Shah	Non-Executive	-	-	5	Yes
4	Shri Satish V. Batavia	Independent	-	-	-	No
5	Shri Dineshchandra K. Patel	Non-Executive	-	-	5	Yes

*Private Companies excluded

(c) Details of the Directors proposed to be re-appointed at the ensuing Annual General Meeting:

Name	Shri Ranjitsinh A. Parmar
Date of Birth	26-08-1955
Date of Appointment	22-05-1994
Nature of Expertise	Administration and Accounts
List of Public Limited Companies in which Directorship held	1. Suzlon Infrastructure Services Ltd. 2. Synefra Engineering & Construction Ltd. 3. SE Energy Park Ltd. 4. Samiran Jaisalmer Windfarms Ltd 5. Suzlon Green Power Ltd.
Chairman/Member of the Committees of the Board of Directors of the Company	Audit Committee & Shareholders/ Investors Grievance Committee
Chairman/Member of the Committees of Directors of other Companies	—

(d) Board Procedures:

The Board of Directors meets at least once in a quarter to review the performance of the Company and Financial Results. All the major decisions / approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, Statutory Compliance etc. The Board meetings were held during the period 01-04-2010 to 31-03-2011 on (1) 05-04-2010, (2) 29-05-2010, (3) 13-08-2010, (4) 13-11-2010, (5) 14-02-2011.

3. Audit Committee

The Board of Directors has constituted an Audit Committee of Directors to exercise power and discharge functions as stipulated in clause 49 of the listing agreements with stock exchange and other relevant statutory provisions. The Audit Committee consists of three Non Executive Directors.

Sr. No.	Name of Director	Category
1.	Shri Ranjitsinh A. Parmar	Chairman
2.	Shri Satish V. Batavia	Member
3.	Shri Priyesh G. Shah	Member

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The meetings of the committee were held during the period 01-04-2010 to 31-03-2011 on (1) 29-05-2010 (2) 13-08-2010 (3) 13-11-2010 and (4) 14-02-2011.

The Audit committee are mainly to see the effectiveness of the operations of the audit function of company, review the system and procedures of internal control, oversee the company's financial reporting process, review with management the financial results and annual financial statement before submission to the Board.

4. Remuneration Committee

As none of the directors of the company is entitled for any remuneration including sitting fees, the Company has not formed Remuneration Committee.

5. Shareholders / Investors Grievance Committee

A shareholders / Investors grievance committee has been constituted by the Board to review and monitor the status of complaints received from shareholders and resolves the same. Shri Ranjitsinh A. Parmar and Shri Mansukh K. Patel are the member of the committee.

The Company received 3 complaints during the year and all were resolved to the satisfaction of shareholders. There is no pending complaint as on 31st March, 2011.

6. Details of Annual General Meetings

Information about last three Annual General Meetings.

Year	Date	Time	Location
2007-2008	12-09-2008	11.30 a.m.	Plot No. 330-A, Opp. Atul Products, G.I.D.C, Ankleshwar - 393 002, Dist. Bharuch (Gujarat)
2008-2009	25-09-2009	11.30 a.m.	Plot No. 330-A, Opp. Atul Products, G.I.D.C, Ankleshwar - 393 002, Dist. Bharuch (Gujarat)
2009-2010	23-09-2010	11.30 a.m.	330-A, GIDC, Opp. Atul Products, Ankleshwar, Dist. Bharuch, Gujarat – 393 002.

Two Special Resolutions were passed during the last three AGMs and no Resolution was passed through Postal Ballot during the year under review.

7. Disclosures:

- The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has no Subsidiary.
- There has been no non-compliance by the company nor were any penalties or strictures on the Company by Stock Exchanges, SEBI or any other statutory authority on any matters related to Capital Market during the last three years.

8. Means of Communication

- In compliance with the requirements of the Listing Agreement, the Company is regularly intimates Unaudited/Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati)
Results are not displayed on Website and are not sent individually to the shareholders.
- During the year ended 31st March, 2011 no presentation were made to Institutional Investors or analyst or any other enterprise.
- Management Discussions and analysis form part of the Directors' Report.

9. General Shareholders Information:

- Registered Office : Plot No. 330-A G.I.D.C. Estate, Opp. Atul Products, Ankleshwar - 393 002, Dist : Bharuch (Gujarat)
- AGM :
Day : Friday
Date : 23rd September, 2011
Time : 11.30 a.m.
Venue : 330-A, GIDC Estate, Opp. Atul Products, Ankleshwar – 393 002, Dist : Bharuch, Gujarat
- Financial Calendar :
1st Quarter Results : 1st /2nd week – August, 2011
Half yearly Results : 1st /2nd week – November, 2011
3rd Quarter Results : 1st /2nd week – February, 2012
Audited yearly Results : End – May, 2012
- Book Closure Dates : From Thursday, the 15th September, 2011 To Friday, the 23rd September, 2011. (Both days inclusive).

SNS Textiles Limited

- e Registrar and Share Transfer Agents : In terms of SEBI Circular No. D&CC/FITTC/CIR 15/2003 dated 27th December, 2002 read with Circular No. D&CC/FITTC/CIR 18/2003 dated 12th February, 2003, on appointment of common agency for share registry work, the Company has appointed the below mentioned agency as Registrars and Share Transfer Agents (RTA) for both Physical and Demat Segment of Equity Shares of the Company:

M/s. Link Intime India Pvt. Ltd.

211, Sudarshan Complex, Near Mithakhali Under Bridge, Navragpura, Ahmedabad - 380009.
Tele. No. :91-79-26465179 Fax No. :91-79-26465179
e-mail Address:ahmedabad@linkintime.co.in

- f ISIN : INE979D01011
- g Dividend Payment Date : The Company has not declared Dividend
- h Stock Exchange Code : Stock Exchange Code
Bombay Stock Exchange Limited 514240
Saurashtra-Kutch Stock Exchange Ltd. —
Chennai Stock Exchange Ltd. —

i Distribution of Shareholding:

Distribution of Shareholding as on 31st March, 2011:

Shares Balance	Number of Shareholders	% of total Shareholders	Total Shares held	% of total Shareholding
1 –500	3664	75.94	958853	6.29
501-1000	563	11.67	507959	3.33
1001-2000	257	5.33	428748	2.81
2001-3000	85	1.76	219863	1.44
3001-4000	42	0.87	151006	0.99
4001-5000	55	1.14	269794	1.77
5001-10000	60	1.24	463435	3.04
10001 & above	99	2.05	12250342	80.33
Total	4825	100.00	15250000	100.00

j Shareholding Pattern:

Shareholding pattern as on 31st March, 2011.

Category	No. of Shares held	% of Shareholding
Promoters (Directors & Relatives)	9415279	61.74
Financial Institutions/Banks/Mutual Funds/ UTI	15000	0.10
Central/ State Government	409000	2.68
Bodies Corporate	441067	2.89
Indian Public	4123693	27.04
NRIs, Trust, CM & CH	845961	5.55
Total	15250000	100.00

k Share Transfer System:

The transfer of shares in physical form is processed and completed by M/s. Link Intime India Pvt. Ltd. within the stipulated time, provided all the documents are valid and complete in all respects.

In case of Shares in electronic form, the transfers are processed by NSDL / CDSL through the respective Depository Participants.

l Dematerialization of shares:

Total 9426650 Equity shares of the Company have been dematerialized up to 31st March, 2011 which form 62% of the share capital of the Company.

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m Stock Market Data :

Monthly high and low prices of equity shares of the company during the year 2010-11:

Month & Year	BSE		Share Traded
	High (in Rs.)	Low (in Rs.)	
April 2010	3.88	3.08	252851
May 2010	4.11	3.01	25276
June 2010	3.90	3.05	42206
July 2010	4.80	3.15	76608
August 2010	6.38	3.71	169507
September 2010	4.13	3.39	59380
October 2010	3.93	3.30	79196
November 2010	3.92	3.23	81132
December 2010	3.61	2.91	40540
January 2011	3.44	2.70	54186
February 2011	3.28	2.52	14909
March 2011	3.12	2.28	25810

n Outstanding GDRs/ADRs/Warrants or any convertible instruments, Conversion date and likely impact on equity: The Company has not issued any GDRs / ADRs

10. Plant Locations :

Unit – I : 330-A, GIDC, Ankleshwar – 393 002

Unit – II : Survey No. 370,372,373 Dhank, Tal.: Upleta, Dist.: Rajkot –360 490

11. Address for Investor correspondence : (For both physical and electronic form)

M/s. Link Intime India Pvt. Ltd.

211, Sudarshan Complex, Near Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.

Tel. No. 91-79-26465179 Fax No. 91-79-26465179 e-mail: ahmedabad@linkintime.com

12. Compliance Officer :

Shri Mansukh K. Patel, Whole time Director

For and on behalf of the Board

Place : Ankleshwar
Date : 30th May, 2011

Mansukh K. Patel **Dinesh K. Patel**
Wholetime Director Director

COMPLIANCE CERTIFICATE

TO THE MEMBERS OF SNS TEXTILES LIMITED

We have examined the compliances of condition of Corporate Governance by SNS TEXTILES LIMITED ("The Company") for the year ended 31st March 2011, as stipulated in Clause 49 of Listing Agreement entered into with the Stock Exchanges.

The compliances 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 compliances of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We have conducted our review on the basis of the relevant records and documents furnished to us for the review and the information and explanations given to us by the Company.

Based on such a review and to the best of our information and according to the explanation given to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the said Listing Agreement.

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

For and on behalf of
Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. : 123626W

R. N. Vepari
Partner
Membership No. : 006728

Place : Surat
Date : 30th May, 2011

AUDITORS' REPORT

To
The Members,
SNS Textiles Limited.

1. We have audited the attached Balance Sheet of **SNS TEXTILES LIMITED** as at 31st March, 2011 the Profit and Loss account and the Cash Flow statement of the Company for the year ended on that date attached hereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principle 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.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to in Para 3 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
 - b. 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;
 - c. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts;
 - d. In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the Directors of the Company as at March 31, 2011 and taken on record by the Board of Directors, we report that no Director is disqualified from being appointed as Director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f. Subject to matters referred to above, in our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in accordance with the Generally Accepted Accounting Principles in India:
 - 1) in the case of the Balance Sheet of the Company of the state of affairs of the Company as at 31st March, 2011,
 - 2) In the case of the Profit and Loss account of the **Loss** of the company for the year ended on that date and
 - 3) In the case of the Cash Flow Statement of the company the cash flows for the year ended on that date.

For and on behalf of
Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. : 123626W

Place : Surat
Date : 30th May, 2011

R. N. Vepari
Partner
Membership No. : 006728

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ANNEXURE TO THE AUDITORS' REPORT

(Statement referred to in Paragraph 3 of the Auditors' Report of even date to the Members of SNS Textiles Limited on the Accounts for the year ended 31st March, 2011)

- (1) In respect of its fixed assets:
 - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - c) During the year, the Company has not disposed off any fixed assets that would affect the going concern.
- (2) In respect of its Inventories:
 - a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- (3) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) The Company has not granted loans, secured or unsecured to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act. Hence sub clause (a),(b), (c), and (d) of clause (iii) of the order are not applicable to the company.
 - b) The Company has not taken loans during the financial year from the parties listed in the register maintained under section 301 of the Companies Act, 1956. One loan exists from the party listed in the register maintained under section 301 of the Companies Act, 1956. The year end balance of this loan aggregate to Rs. 1332.50 lacs.
 - c) As per information and explanations given to us, these are interest free loans and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - d) In respect of loans taken, the principal amount is repayable on demand.
 - e) Since the loans are repayable on demand, the question of overdue amount, if any, does not arise.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to the purchase of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, we have not come across any major weaknesses in internal control system of the company.
- (5) In respect of transactions covered under Section 301 of the Companies Act, 1956:
 - a) According to information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at price which are reasonable having regard to the prevailing market prices at the relevant time except where because of the unique and specialized nature of the items and services involved and in absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (6) As explained to us the Company has not accepted deposits from the public within the meaning of Section 58A, 58AA or any other relevant Provision of the Companies Act, 1956 and the rules framed there under. Therefore, the provisions of Clause 4(vi) of the Order are not applicable.
- (7) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- (8) We have been informed by the management that maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, in respect of the company has applied for withdrawal.
- (9) In respect of statutory dues:
 - a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty,

SNS Textiles Limited

excise duty, cess have been regularly deposited by the Company with appropriate authorities in all cases during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, custom duty and excise duty were outstanding, at the year end for a period more than six months from the date they became payable.

- b) According to the records of the Company and the information and explanations given to us, the disputed statutory dues (provided/considered as contingent liability, as appropriate) on account of sales tax, custom duty, Income tax, excise duty, and cess that have not been deposited on account of matters pending before appropriate authorities are as follows:

Name of the Statute	Nature of dues	Amount to extent not deposited	Period to which the amount relates	Forum where dispute is pending	Remarks
Foreign Trade 1992	Custom Duty / Export Obligation	Yet not Available	1997-98	Deputy General of Foreign Trade.SURAT	Out of total three cases order for two have been received and amount payable has been paid
Central Excise Act,1944	Excise Duty	30,42,620	July-1995 to Feb.-1997.	CEGAT, Mumbai.	To the extent not deposited
Income Tax Act,1961	Income Tax	18,64,220	A.Y. 1996-97	ITAT Ahmedabad	Amount Disallowed
Sales Tax Act,1969	Sales Tax	32,99,845	1st April, 2001 to 31st March 2002.	Gujarat Value Added Tax Tribunal	To the extent not deposited

- (10) According to the Financial Statement, the Company shows a position where accumulated losses exceeded 50% of its net worth at the end of the Current Year as well as Preceding Year.
- (11) The Company has not taken loans from bank or financial institutions or issued any debentures.
- (12) 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, accordingly paragraph 4(xii) of the Order is not applicable.
- (13) In our opinion the Company is not a chit fund/nidhi/mutual benefit fund/society to which provisions of special statute relating to chit fund are applicable; accordingly paragraph 4(xiii) of the Order is not applicable.
- (14) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
- (15) According to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (16) The Company has not raised any new term loan during the year.
- (17) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we are of the opinion that no funds raised on short term basis have been used for long term investment by the Company.
- (18) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (19) The Company did not have outstanding debentures during the year. Accordingly no securities have been created.
- (20) The Company has not raised any money by way of public issue during the year.
- (21) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For and on behalf of
Natvarlal Vepari & Co.
Chartered Accountants
 Firm Registration No. : 123626W

R. N. Vepari
 Partner
 Membership No. : 006728

Place : Surat
 Date : 30th May, 2011

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BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	As At 31-3-2011 Rs.	As At 31-3-2010 Rs.
SOURCES OF FUNDS			
Shareholder's Funds			
(a) Share capital	1	148,467,810	148,467,810
(b) Share Application Money Pending Allotment		35,000,000	35,000,000
(c) Reserves and surplus	2	45,211,704	45,211,704
		<u>228,679,514</u>	<u>228,679,514</u>
Loan Funds			
Unsecured loans	3	134,250,000	134,250,000
TOTAL...		<u>362,929,514</u>	<u>362,929,514</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	114,754,418	114,674,918
Less: Depreciation		70,568,351	65,583,285
Net Block		<u>44,186,067</u>	<u>49,091,633</u>
Investments	5	175,900	175,900
Deferred Tax Asset		79,532,238	80,924,383
Current assets, loans and advances			
(a) Inventories	6	8,951,110	9,165,484
(b) Sundry Debtors		3,832,977	4,882,879
(c) Cash and bank balances		17,002,369	14,811,846
(d) Loans and advances		8,884,557	8,260,200
		<u>38,671,013</u>	<u>37,120,409</u>
Less: Current liabilities and provisions			
(a) Current liabilities	7	6,670,368	6,081,922
(b) Provisions		1,330,825	569,670
		<u>8,001,193</u>	<u>6,651,592</u>
Net Current Assets		<u>30,669,820</u>	<u>30,468,817</u>
Profit & Loss Account		208,365,489	202,268,781
TOTAL....		<u>362,929,514</u>	<u>362,929,514</u>
Notes forming part of the accounts.			
	16		

As per our report of even date
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Mem. No. : 123626W

R. N. Vepari
Partner
Mem. No. : 006728
Place : Surat
Date : 30th May, 2011

For and on behalf of the Board

Mansukh K. Patel
Wholesale Director

Dinesh K. Patel
Director

Place : Ankleshwar
Date : 30th May, 2011

SNS Textiles Limited

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

	SCHEDULE	Current Year Rs.	Previous Year Rs.
Income			
Sales		5,422,580	12,358,847
Jobwork Income		6,435,234	11,190
Other income	8	1,603,762	7,047,574
TOTAL...		13,461,576	19,417,611
Expenditure			
Increase/(Decrease) in Finish Goods Stock	9	366,113	54,670
Consumption of Raw Material	10	1,088,627	2,144,211
Manufacturing and other expenses	11	5,328,634	4,310,027
Payment and benefits to employees	12	3,887,264	2,977,810
Administrative and other expenses	13	1,740,951	1,559,913
Selling and distribution expenses	14	445,452	2,381,671
Depreciation		4,985,067	5,004,319
Financial charges	15	11,607	4,077
TOTAL...		17,853,715	18,436,698
Net (Loss)/Profit for the year before taxation		(4,392,139)	980,913
Add / (Less) : Deferred tax Asset/(liability)		(1,392,145)	12,878,793
Net Loss for the year after taxation		(5,784,284)	(11,897,880)
Prior Period adjustments		(312,424)	1,697,908
Net Loss		(6,096,708)	(10,199,972)
Balance brought forward		(202,268,781)	(192,068,809)
Balance carried to Balance sheet.		(208,365,489)	(202,268,781)
EPS - Basic & Diluted (on Rs 10 per Share)		(0.41)	(0.69)
Notes forming part of the accounts.	16		

As per our report of even date
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Mem. No. : 123626W

R. N. Vepari
Partner
Mem. No. : 006728
Place : Surat
Date : 30th May, 2011

For and on behalf of the Board

Mansukh K. Patel
Wholetime Director

Dinesh K. Patel
Director

Place : Ankleshwar
Date : 30th May, 2011

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

	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
(A) Cash Flow from Operating Activities:				
Net profit/ (loss) before prior period Adjustment & Taxation		(4,392,139)		980,913
Adjustments for:				
Depreciation	4,985,067		5,004,319	
Interest/Dividend (Net)	(971,679)		(1,280,069)	
Bad Debts Written off	—		1,337,110	
Bank Charges Paid	11,607		4,077	
Balance Written off	—	4,024,995		5,065,437
Operating Profit (Loss) before Working Capital Changes		(367,144)		6,046,350
Adjustments for:				
Loans & Advances	(624,357)		5,025,442	
Accounts Receivables	1,049,902		(3,437,243)	
Inventories	214,373		244,393	
Trade Payables	1,349,601	1,989,519	(28,444)	1,804,148
Cash Generated from Operations..		1,622,375		7,850,498
Bank Charges paid on operations		(11,607)		(4,077)
Cash Flow before prior period Adjustment		1,610,768		7,846,421
Prior Period Adjustments		(312,424)		1,697,908
Bad Debts and other balances written off		—		1,337,110
Net Cash from Operating Activities		1,298,344		8,207,219
(B) Cash Flow From Investing Activities:				
Purchase of Fixed Assets	(79,500)		(2,267,394)	
Interest Received	963,644		1,269,529	
Dividend Received	8,035	892,179	10,540	(987,325)
Net Cash used in Investing Activities		892,179		(987,325)
(C) Cash Flow from Financing Activities:				
Intercompany Deposits	—	—	(5,500,000)	(5,500,000)
Net Cash used in Financing Activities:		—		(5,500,000)
Net Increase in Cash and Cash Equivalents		2,190,523		1,719,894
Cash and Cash Equivalents as on 1st April, 2010		14,811,846		13,091,952
Cash and Cash Equivalents as on 31st March, 2011		17,002,369		14,811,846

As per our report of even date

For **Natvarlal Vepari & Co.**

Chartered Accountants

Firm Mem. No. : 123626W

R. N. Vepari

Partner

Mem. No. : 006728

Place : Surat

Date : 30th May, 2011

For and on behalf of the Board

Mansukh K. Patel

Wholetime Director

Dinesh K. Patel

Director

Place : Ankleshwar

Date : 30th May, 2011

SNS Textiles Limited

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	SCHEDULE	As at 31-3-2011 Rs.	As at 31-3-2010 Rs.						
Share Capital	1								
Authorised									
25,000,000 Equity Shares of Rs. 10/- each		250,000,000	250,000,000						
Issued, subscribed and paid-up									
15,250,000 Equity Shares of rs. 10/- each fully paid.		152,500,000	152,500,000						
Less : Calls in arrears		4,032,190	4,032,190						
(Out of which 27,00,000 Equity Shares of Rs. 10/- each fully paid were issued for consideration otherwise than in cash)									
		148,467,810	148,467,810						
Reserves and surplus	2								
Capital Reserves		6,871,400	6,871,400						
Share Premium Account		38,340,304	38,340,304						
		45,211,704	45,211,704						
Unsecured loans	3								
Inter corporate deposits from Companies		133,250,000	133,250,000						
From Partnership Firm		1,000,000	1,000,000						
		134,250,000	134,250,000						
Fixed Assets	4								
		GROSS BLOCK	DEPRECIATION	NET BLOCK					
Description	As on 1-4-2010	Addition during the Year	Adjustment Rs.	As on 31-3-2011	Up to 1-4-2010 Rs.	For Adjustment the Year Rs.	As on 31-3-2011 Rs.	As on 31-3-2011 Rs.	As on 31-3-2010
1 Land	4,098,938	-	-	4,098,938	-	-	-	4,098,938	4,098,938
2 Building	87,042	-	-	87,042	23,033	1,419	-	62,590	64,009
3 Factory Building	21,848,285	-	-	21,848,285	11,873,638	729,733	-	9,244,914	9,974,647
4 Furniture & Fixtures	660,827	-	-	660,827	660,827	-	-	-	-
5 Plant & Machinery	86,497,626	79,500	-	86,577,126	51,813,575	4,190,728	-	30,572,823	34,684,050
6 Office Equipments	908,473	-	-	908,473	669,430	57,506	-	181,537	239,043
7 Vehicles	573,727	-	-	573,727	542,781	5,681	-	25,265	30,946
TOTAL...	114,674,918	79,500	-	114,754,418	65,583,284	4,985,067	-	44,186,067	49,091,633
Previous Year...	112,407,524	2,267,394	-	114,674,918	60,578,966	5,004,319	-	49,091,633	51,828,558

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	Schedule	As at 31-3-2011 Rs.	As at 31-3-2010 Rs.
Investments	5		
Trade Investments :			
2700(P.Y.2700) Shares of Rs. 10/- each of Fairdeal Filaments Ltd. (Fully paid up)		40,500	40,500
4375(P.Y. 4375) Equity shares of Rs. 10/- each of Overseas Synthetics Ltd. (Fully paid up)		75,000	75,000
		<u>115,500</u>	<u>115,500</u>
Non Trade Investments :			
500(P.Y. 500) Eqyity Shares of Rs. 10/- each of Gujarat Narmada Knitwear Ltd. (Partly paid up)		2,500	2,500
100(P.Y. 100) Shares of Rs. 10/- each of Oriental Bank of Commerce (Fully paid up)		6,000	6,000
3900(P.Y.3900) Shares of Rs. 10/- each of Bhagwati Bright Bars Ltd. (Fully paid up)		39,000	39,000
		<u>47,500</u>	<u>47,500</u>
Long Term Investments(Unquoted)			
Trade Investments :			
42(P.Y.42) Shares of Rs. 100/- each of Surat People's Co-op. Bank Ltd.		4,200	4,200
87(P.Y.87) Shares of RS. 100/- each of Surat People's Co.op. Bank Ltd.		8,700	8,700
		<u>12,900</u>	<u>12,900</u>
		<u>175,900</u>	<u>175,900</u>
Current assets, loans and advances	6		
Inventories			
Raw materials		3,976,016	3,693,660
Work in progress		667,380	797,997
Finished goods		4,307,714	4,673,827
		<u>8,951,110</u>	<u>9,165,484</u>
Sundry Debtors			
Sundry Debtors (Less than 6 months)		1,662,222	2,712,124
Sundry Debtors-Over Six Months		7,071,509	7,071,509
Provision for doubtful debts		(4,900,754)	(4,900,754)
		<u>3,832,977</u>	<u>4,882,879</u>
Cash and bank balances			
Cash on hand		97,826	60,600
Balances with Scheduled banks in Current accounts		2,001,488	1,748,271
Balances with Scheduled banks in Fixed deposit accounts		12,837,819	10,975,974
Balances with Scheduled banks in Margin money accounts		2,065,236	2,027,000
		<u>17,002,369</u>	<u>14,811,845</u>
Loans and advances			
Advances (recoverable in cash or in kind or for value to be received)		3,000,018	2,470,527
Deposits		3,686,490	3,685,790
Prepaid Expenses		57,308	69,109
Advance Income Tax		1,270,667	1,217,575
Advance to Staff		81,250	48,500
Advance for Capital Goods		630,981	647,406
MAT credit entitlement		157,843	121,295
		<u>8,884,557</u>	<u>8,260,202</u>

SNS Textiles Limited

	Schedule	As at 31-3-2011 Rs.	As at 31-3-2010 Rs.
Current Liabilities and Provisions	7		
Current Liabilities			
Sundry Creditors for Goods & Expenses		592,645	653,039
Sundry Creditors for capital goods		492,935	492,935
Advance received from customers		1,462,527	1,195,564
Other liabilities		1,682,578	1,306,934
TDS Payable		34,327	28,094
Advance against Order		2,405,356	2,405,356
		<u>6,670,368</u>	<u>6,081,922</u>
Provisions			
Other Provisions		1,330,825	569,670
		<u>1,330,825</u>	<u>569,670</u>
		<u><u>1,330,825</u></u>	<u><u>569,670</u></u>
	Schedule	2010-2011 Rs.	2009-2010 Rs.
Other Income	8		
Interest income		951,669	933,832
Rent income		378,000	360,000
Commission Income		251,450	5,223,400
Interest on Income tax refund		11,975	335,697
Dividend income		8,035	10,540
Miscellaneous Income		2,340	178,564
Balances written back		293	—
Exchange gain		—	5,517
Discount received		—	24
		<u>1,603,762</u>	<u>7,047,574</u>
		<u><u>1,603,762</u></u>	<u><u>7,047,574</u></u>
Increase/(Decrease) in Finish Goods Stock	9		
Opening stock		4,673,827	4,728,497
Closing stock		4,307,714	4,673,827
		<u>(366,113)</u>	<u>(54,670)</u>
		<u><u>(366,113)</u></u>	<u><u>(54,670)</u></u>
Consumption of Raw Material	10		
Opening Stock of Raw Material		3,693,660	4,042,778
Opening Work-in-Progress		797,997	638,602
Add : Purchases of Raw Material		1,240,366	1,954,488
Total..		<u>5,732,023</u>	<u>6,635,868</u>
Less : Closing Stock of Raw Material		3,976,016	3,693,660
Less : Closing Work-in-Progress		667,380	797,997
		<u>1,088,627</u>	<u>2,144,211</u>
		<u><u>1,088,627</u></u>	<u><u>2,144,211</u></u>
Manufacturing and other expenses	11		
Stores & Spares Consumed		1,875,223	673,758
Power & Fuel Expenses		1,757,042	1,649,188
Other Repairs & Maintenance		724,585	250,894
Security Expenses		304,429	281,270
Dyeing labour charges		229,732	678,717
Job charges		209,658	481,600
Factory Expenses		73,818	75,424
Freight & Octroi		41,465	24,410
Labour Charges(Direct Labour)		37,858	69,082
Water Charge		36,971	34,671
Wages		34,049	85,837
Municipal Tax		3,804	5,176
		<u>5,328,634</u>	<u>4,310,027</u>
		<u><u>5,328,634</u></u>	<u><u>4,310,027</u></u>

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	Schedule	2010-2011 Rs.	2009-2010 Rs.
Payment and benefits to employees	12		
Salaries and wages (Factory)		3,139,449	2,647,385
Gratuity		370,856	—
Contribution to PF, FPF, ESI		204,072	187,531
Bonus Expense & Ex-Gratia		146,448	128,478
Staff Welfare Expenses		26,439	14,416
		<u>3,887,264</u>	<u>2,977,810</u>
Administrative and Other Expenses	13		
Rent, Rates & Taxes		460,188	—
Consultancy Charges		270,736	243,259
Notified Area Tax		211,840	172,133
Insurance Charges		211,421	249,190
Legal and Professional Charges		121,510	516,356
Audit Fees		110,300	110,300
Telephone, Postage & Fax expense		69,367	74,887
Canteen Expenses		68,585	57,140
Travelling & Conveyance Expenses		68,248	64,119
Membership Fee		62,618	12,000
Stationery and Printing Expenses		43,884	41,696
Vehicle Expense		18,004	4,374
Office Expenses		15,791	8,951
Subscription Expenses		4,318	3,235
Interest on Income Tax		2,441	—
Professional Tax		1,000	1,000
Electricity Expense		700	720
Entertainment Expenses		—	553
		<u>1,740,951</u>	<u>1,559,913</u>
Selling and distribution expenses	14		
Brokerage		239,668	529,103
Packing Expense		119,828	325,717
Sales Promotion expenses		42,374	149,516
Advertisement Expense		33,660	40,225
Freight and forwarding charges		7,265	—
Sample Testing Expense		2,600	—
Discount		57	—
Bad Debts Written off		—	1,337,110
		<u>445,452</u>	<u>2,381,671</u>
Financial charges	15		
Bank commission		11,607	4,077
		<u>11,607</u>	<u>4,077</u>

NOTES FORMING PART OF THE ACCOUNTS: SCHEDULE "16"

(1) Significant Accounting Policies:

(i) Basis of accounting:

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standard by Companies (Accounting Standard) Rules, 2009 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance except in case of assets for which provision for impairment is made and revaluation is carried out. The Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) Fixed Assets:

Fixed Assets (except land) are stated at cost of acquisition (or revalued amount as the case may be) (net of CENVAT) less accumulated depreciation and impairment losses if any. Cost comprised purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(iii) Depreciation:

- i) Depreciation has been provided on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956.
- ii) Fixed Asset costing below Rs. 5,000 are fully depreciated in the year of acquisition.
- iii) Depreciation on Fixed assets added/disposed off during the year is provided on pro-rata basis with respect to date of acquisition/disposal.
- iv) Custom Duty paid on after 01-04-2009 is depreciated considering remaining useful life of an asset.

(iv) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(v) Investments:

All investments have been classified as long term Investments, which are stated at cost of acquisition. No provision is made in respect of diminution in the value of investment, which is temporary in nature.

(vi) Inventories:

Inventories of Raw Materials and Work in Progress are valued at cost and Finished Goods are valued at lower of cost and net realizable value using FIFO method.

(vii) Borrowing Costs:

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of asset upto the date when such asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(viii) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Sale of Goods:

Sales revenue comprises sale value of goods, and are accounted net off sales returns, discount, rate difference.

ii) Interest:

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

iii) Dividends:

Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

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(ix) **Foreign Currency Transactions:**

- i) Export sales are recorded at Invoice value actually realized.
- ii) Other transactions are recorded at the rate of exchange in force at the time transactions are affected.
- iii) Realised gains and losses on foreign exchange transactions other than those relating to fixed assets are recognized in the Profit and Loss Account.

(x) **Employee Benefits:**

- i) Short term Employee Benefits: All employee benefits falling due within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, bonus, leave salary, exgratia are recognized in the period in which employee renders the related services.
- ii) Post Employment Plans:
 - a) Defined Contribution Plan: Provident fund and pension scheme are the defined contribution plan in the company. The contribution paid /payable under the scheme is recognized during the period in which the employee renders the related services.
 - b) Defined Benefit Plans: Employee Gratuity fund scheme is the defined benefit plan. The Company makes annual contributions for gratuities to funds administered by trustees and managed by insurance company for amounts notified by the said insurance company. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary.

(xi) **Provisions, Contingent Liabilities and Contingent Assets:**

- i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- ii) Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts.
- iii) Contingent Assets are neither recognized nor disclosed in the financial statement, Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

(xii) **Accounting for Excise Duty:**

The liability for central excise duty on account of finished goods stock lying in factory has not been provided in the books of accounts, as the same is being accounted for on payment basis and not carried into stock as per practice followed by the company.

(2) **Contingent Liability:**

- (a) Uncalled liability on partly paid up Shares Rs. 2500 (P.Y. Rs.2500).
- (b) Excise matters under appeal Rs. 30.42 Lacs (P.Y. Rs. 30.42 lacs)
- (c) Sales Tax matter under appeal Rs. 33.00 Lacs (P.Y. Rs. 33.00 Lacs)
- (d) Income Tax disallowance, matter pending under appeal Rs. 18.64 Lacs (P.Y Rs.18.64)
- (e) The Company has imported certain Plant and Machinery at concessional rate of custom duty under Export promotion Capital Goods (EPCG) scheme. The unit has been granted license for pre-decided export obligation. As such, the liability that may arise for non-fulfillment of export obligation is currently non ascertainable. The said matter is pending with Deputy General of Foreign Trade, Surat.

(3) Additional information pursuant to the provisions of Paragraphs 3, 4B, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:

	2010-2011	2009-2010
(a) Licensed Capacity:	Not applicable. Delicensed Industry	Not applicable Delicensed Industry
(b) Installed Capacity:		
Furnishing Fabrics:	9.90 LMPA	9.90 LMPA

Note:

The installed capacity is certified by a Director and being a technical matter is relied upon by the Auditors.

SNS Textiles Limited

(c) Details of production, purchase, stock and turnover of each class of finished goods:

	Unit	Quantity	Quantity		
(i) Production:					
Fabrics in 000's Own	Mtrs	40.28	98.08		
Job *	Mtrs	20.57	—		
* Job work inclusive of job done by the company of outsiders.					
	Unit	Quantity	Rs in Lacs	Quantity	Rs in Lacs

(ii) Turnover:					
Fabrics (in 000's)- own	Mtrs.	39.79	54.23	96.65	123.59
Fabrics (in 000's)- job	Mtrs.	21.17	64.35	—	—
(iii) Consumption of Raw Material					
Yarn for weaving	MT	8.09	10.89	16.93	21.44
(iv) Opening Stock of Finished goods:					
Fabrics (in 000's)	Mtrs.	44.27	46.74	45.39	47.28
(v) Closing Stock of Finished goods:					
Fabrics (in 000's)	Mtrs.	43.80	43.08	44.27	46.74

(d) Imported and Indigenous Consumption:

	Rs. in Lacs	%	Rs. in Lacs	%
(a) Raw Materials:				
Imported:	—	0%	—	0%
Indigenous	10.89	100.00%	21.44	100.00%
	10.89	100.00%	21.44	100.00%
(b) Consumable Stores :				
Imported	—	0%	—	0%
Indigenous	18.75	100.00%	6.74	100.00%
	18.75	100.00%	6.74	100.00%

(e) Value of direct Imports on CIF basis:

	2010-2011 (Rs. in Lacs)	2009-2010 (Rs. in Lacs)
Components, spare parts & Chemicals	—	—

(f) Expenditure in foreign currency:

[i] Travelling :	—	—
[ii] Sales commission	—	—

(g) Earning in foreign currency:

Export of goods on FOB Basis	—	—
Commission	2.51	52.23

(h) Auditors' Remuneration:

	(In Rs.)	(In Rs.)
(a) As Auditors for Audit Fee	110,300	110,300
(b) As Advisor or in any other Capacity in respect of:		
(i) Company law matter	—	—
(ii) Taxation matter	—	—
(iii) Management services	—	—
(iv) In any other manner	—	—

(4) **Earning Per Share (Basic & Diluted):**

	2010-11	2009-10
Amount used as a numerator (Rs. In 000's)		
Profit/(Loss) after Prior Period Adjustment	(6096.71)	(10,199.97)
Number of Shares	148,46,881	148,46,781
[Face Value Rs. 10/- per share]		
Earning per share (Basic & Diluted)	(0.41)	(0.69)

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(5) Employee Benefits: (Details are given to the extent available)

Gratuity:

The employee gratuity fund is managed by "Life Insurance Corporation of India". The Present value of obligation is determined based on actuarial valuation. The liability is fully funded.

	Amount (Rs)	Amount (Rs)
a. Present Value of Defined Benefit Obligation		
- Wholly Funded	—	—
- Wholly Unfunded	5,33,350	3,22,336
Less: Fair Value of Plan Assets		
Amount to be recognized as Liability or (Assets)	5,33,350	3,22,336
Amount Reflected in Balance Sheet		
- Liability	6,83,742	3,22,336
b. Amounts recognized in Profit & Loss Account:		
1. Current Service Cost	52,416	33,523
2. Interest Cost	27,012	34,546
3. Expected Return on Plan Assets	(24,001)	—
4. Actuarial Losses/(Gains)	(4,942)	35,943
Total included in "Payments to and Provision for Employees" (Refer . Schedule 12)	50,485	1,04,012
c. Changes in present value of defined benefit obligation representing reconciliation of opening & closing balances thereof are as follows:		
Opening value of present value of defined benefit obligation	3,22,336	4,17,224
Add: Current Service Cost	52,416	33,523
Add: Interest cost	27,012	34,546
Add: Contribution made	—	—
Actuarial Losses (gains)	8,703	35,943
Less: Benefits paid	(9,450)	(1,98,900)
Closing value of present value of defined benefit obligation	4,01,017	3,22,336
d. Principal Actuarial Assumptions at the Balance Sheet Date (expressed as Weighted Averages):		
Discount Rate (p. a.)	8.38%	8.28%
Expected Rate of Return on Assets (p. a.)	9.00%	0.00%
Proportion of employees opting for early retirement	—	—
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	—	—
* The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as supply of and demand in the market.		
e. Movement in Net Liability recognized in Balance Sheet:		
Net opening liability	3,22,336	4,17,224
P & L Charge	50,485	1,04,012
Benefits paid	(5,05,154)	(1,98,900)
Closing net liability	(1,32,333)	3,22,336

(6) The company has identified only one segment Viz **Textiles**, and commission income credited is also identify to be relating to textile segment exclusively.

SNS Textiles Limited

- (7) Disclosure required as per AS-18 (to the extent applicable) issued by ICAI in respect of related party is as under:

(Rs. in '000)

Name of the Related Party	Nature of Relation Ship	Nature of Transaction	Balance as on 31/03/11 (Rs)
Suzlon Infrastructure Service Ltd.	Associate Company	Service Charges	261.65 Cr.
Suzlon Energy Ltd.	Associate Company	Rent Income	41.28 Dr.

- (8) Sundry debtors and Sundry creditors are subject to Confirmations and reconciliation, if any.
- (9) There are no small-scale Industrial undertaking creditors, which are outstanding for more than 30 days.
- (10) Provision for taxation for the year under review has not been made in view of unabsorbed depreciation/Business losses brought forward from previous years.
- (11) Part IV of Schedule VI to the Companies Act, 1956 is as per Annexure "A".
- (12) Share Application money pending allotment represents the application money received prior to year 2005-06.
- (13) In the previous years, the Company had undertaken the analysis to determine impairment of assets. Accordingly, the Company already has provided for the impairment of assets in terms of para 112, 114 and 115 of the Accounting Standard 28 in the previous years. Company is of the opinion that there are no further assets that needs to be provided for, in respect of impairment during the year.
- (14) In accordance with the Accounting Standard – 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India ('ICAI'), deferred tax resulting from timing differences between book and tax profits is accounted for, at the current rate of tax, the resultant deferred tax asset has been recognized as under:

	As at 31st March, 2011	As at 31st March, 2010
(a) Deferred Tax Liability:		
On account of Depreciation differential between tax laws and books	2,48,12,486	2,79,32,813
Total	2,48,12,486	2,79,32,813
(b) Deferred Tax Asset:		
Effect of Section 43B of the Income Tax Act, 1961	1,22,642	1,09,909
Carried Forward of Unabsorbed Depreciation and Losses	26,41,10,652	26,59,16,115
Total	26,42,33,294	26,60,26,024
Deferred Tax Asset (Net) (a-b)	23,94,20,808	23,80,93,211
Current Year (Credit) / Charge	7,95,35,592	8,09,24,383

- (15) Previous year's figures have been regrouped/recast, wherever considered necessary to make them comparable with current year's figure.

Signature to Schedules 1 to 16

As per our report of even date
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Mem. No. : 123626W

For and on behalf of the Board

Mansukh K. Patel
Wholetime Director

R. N. Vepari
Partner
Mem. No. : 006728
Place : Surat
Date : 30th May, 2011

Dinesh K. Patel
Director

Place : Ankleshwar
Date : 30th May, 2011

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ANNEXURE 'A' TO THE NOTES TO ACCOUNTS

I. REGISTRATION DETAILS

Registration No. :
 State Code :
 Balance Sheet Date :

II. CAPITAL RAISED DURING THE YEAR

Public Issue :
 Rights Issue :
 Bonus Issue :
 Private Placement :

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. in 000's)

Total Liabilities :
 Total Assets :

SOURCES OF FUNDS

Paid-up Capital :
 Reserves and Surplus :
 Share Application Money :
 Secured Loans :
 Unsecured Loans :

APPLICATION OF FUNDS

Net Fixed Assets :
 Investments :
 Net Current Assets :
 Miscellaneous Expenditure :
 Accumulated Losses :
 Deferred Tax Asset :

IV. PERFORMANCE OF COMPANY (Rs. in 000's)

Turnover :
 Total Expenditure :
 Profit /Loss before Tax -/ + :
 Profit /Loss after Tax -/ + :
 Earnings Per Share (Rs.) :
 Dividend Rate (%) :

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY

Items code No. (ITC Code) :
 Product Description :

Signature to Annexure 'A'

As per our report of even date
 For **Natvarlal Vepari & Co.**
 Chartered Accountants
 Firm Mem. No. : 123626W

R. N. Vepari
 Partner
 Mem. No. : 006728
 Place : Surat
 Date : 30th May, 2011

For and on behalf of the Board

Mansukh K. Patel
 Wholetime Director

Dinesh K. Patel
 Director

Place : Ankleshwar
 Date : 30th May, 2011

SNS TEXTILES LIMITED

Plot No. 330-A, Opp. Atul Products, G.I.D.C., Ankleshwar-393 002, Dist. Bharuch (Gujarat)

ATTENDANCE SLIP

19th Annual General meeting

Date : Friday, the 23rd September, 2011 at 11.30 a.m.

Place : Registered Office of the Company at :

Plot No. 330- A, Opp. Atul Products, G.I.D.C., Ankleshwar-393 002 Dist : Bharuch (Gujarat)

DP ID _____

Folio No. / Client ID _____

Full Name of the shareholder/proxy attending the meeting

(First Name) (Second Name) (Surname)

FIRST HOLDER/JOINT HOLDER/PROXY

(Strike out whichever is not applicable)

Full Name of First Holder _____

(If Joint Holder/proxy attending) (First Name) (Second Name) (Surname)

Signature of Member / Proxy : _____

Notes : Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.

SNS TEXTILES LIMITED

Plot No. 330-A, Opp. Atul Products, G.I.D.C., Ankleshwar-393 002, Dist. Bharuch (Gujarat)

FORM OF PROXY

DP ID _____

Folio No. / Client ID _____

I/We _____

of _____ in the district of _____ being

member of the above named Company hereby appoint _____ of

_____ in the district of _____ or

failing him _____ of _____ in the

district of _____ as my / our Proxy to attend and

vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company, to be held on

Friday, the 23rd September, 2011 and at any adjournment thereof.

Signed the _____ day of _____ 2011.

Signature _____

Affix
Revenue
Stamp

- Note** : 1. The proxy need not be a member of the Company.
2. The proxy form duly signed across 15 paise Revenue Stamp should reach the Company's Registered Office at least 48 hours before the time of the meeting.

BOOK-POST

TO

If undelivered please return to :
SNS TEXTILES LIMITED.
Plot No. 330 A, Opp. Atul Products,
G.I.D.C, Ankleshwar - 393 002
Dist : Bharuch (Gujarat).

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