

CORPORATE INFORMATION

BOARD OF DIRECTOR

L.N. Jhunjhunwala**	<i>Chairman-Emeritus</i>
Ravi Jhunjhunwala**	<i>Chairman</i>
B.P. Singh**	<i>Director</i>
B.N. Fitkariwala**	<i>Director</i>
Ravindra Bhandari**	<i>Director</i>
Ashok Kumar Kothari*	<i>Director</i>
Anshul Kumar Kothari*	<i>Director</i>
Hanuman Pokharna*	<i>Director</i>

* Appointed w.e.f. 22.07.2010

** Resigned w.e.f. 22.07.2010

KEY EXECUTIVE

B.S. Choudhary	<i>Chief Financial Officer</i>
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COMPANY SECRETARY

Miss Neelu Mehta

BANKERS

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

AUDITORS

M/s. KSMN & Co., New Delhi

REGISTERED OFFICE

26, Industrial Area
Bhilwara - 311 001, Rajasthan

FINANCIAL HIGHLIGHTS

(Rs. in lac)

Particulars	2007-2008	2008-2009	2009-2010
Turnover	8501.32	5261.41	735.12
Exports	0.00	0.00	0.00
PBIDT	690.05	(155.91)	184.36
Interest	283.45	235.50	215.67
PBDT	406.60	(391.41)	(31.31)
Depreciation	307.45	254.50	72.59
Taxation	0.21	(271.73)	0.00
PAT	98.94	(374.18)	(103.90)
Net Worth	991.74	611.26	513.66
Capital Expenditure	26.68	23.86	0.00
Book Value per Share (Rs.)	14.67	9.04	7.60

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MANAGEMENT DISCUSSION & ANALYSIS

The Indian Textile Industry had gone through a rough patch during the last few years due to the global recessionary trend, increased input cost, reduced scale of operations, realization pressures etc. Despite the Government initiatives the industry got affected by the volatility in the foreign exchange, increased inventory with the yarn manufacturers and increased cost of finance. Nevertheless, the industry is now in the revamping mode and market players are taking various steps to re-establish their businesses. The global textile markets are on their way to upsurge as the demand from US and UK markets have shown the upward trends. The industry at present is severely affected by inadequate and expensive power, quality of transportation facilities including roads and ports. On the positive side, the Indian Textile Industry, which has advantage of lower wages and lower cost of production, is attracting investments in the sector and raising its capacities.

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 intensified competition, pricing pressures and stricter environmental laws. The Company is focused on the quality of its products and systems to overcome competitive 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

Due to the global recessionary trend the business of the Company was heavily affected. Debt servicing and statutory liabilities mounted lot of pressure on the financials of the Company. In view of this the operations of the Company came to a stand-still and the plant & machinery of the Company at Bhilwara Plant were disposed-off to enable the Company to pay-off the debts and statutory liabilities.

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.

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

Since the Company has closed its operations and disposed off major portion of its plant and machinery, the Company did not have any workers on its roll as at the financial year end and there is skeleton staff to take care of its statutory obligations. There are only 3 employees as at the year end.

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 29th Annual Report along with audited annual statements of Accounts for the financial year ended on 31st March, 2010.

FINANCIAL RESULTS

	(Rs. in crore)	
	Financial Year ended 31st March 2010	Previous Year ended 31st March, 2009
Turnover	7.35	52.61
Profit/(Loss) before Depreciation	(0.31)	(3.91)
Depreciation	0.73	2.55
Profit/(Loss) before Tax	(1.04)	(6.46)
Provision for Income Tax		
– Current Tax	0.00	0.03
– Deferred Tax	0.00	(2.75)
Profit/(Loss) after Tax	(1.04)	(3.74)
Balance brought forward	(4.83)	(1.09)
Balance carried forward	(5.87)	(4.83)

OPERATIONS

Due to the exodus of labour and non-viability of the plant, being very old and inability of the Company to incur capex in view of continuous losses being incurred for the past ten years and severe recessionary trend prevalent in the textile industry due to global melt down, the manufacturing operations of the Company have come to a stand still.

During the year under review the plant and machinery, land and building of the Company at Bhilwara were disposed off to set off its liabilities including term loans and working capital liabilities with your approval vide postal ballot, the results of which were declared on August 25, 2009.

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 31st March, 2010 and

of the profit or loss of the Company for the financial year ended 31st March, 2010;

- 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. B.N. Fitkariwala and Mr. Ravindra Bhandari, Director retires by rotation and being eligible, offer themselves for reappointment. Further, the term of Mr. R.N. Gupta as Managing Director of the Company expired on March 31, 2010 and he ceased to be director of the Company.

The Board places on record its deep appreciation for the services rendered by Mr. R.N. Gupta during his tenure as Managing Director of the Company.

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.

ACKNOWLEDGEMENTS

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 : 29th April 2010

Ravi Jhunjunwala
Chairman

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

1. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

1. Monitoring and tracking of all energy usage for continuous improvements.
2. Usage of treated water for gardening and plantation.
3. Improvement in power factor through operation of capacitor banks and installation of energy efficient lightings.

(b) 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 0.01 Lac per month

(A) POWER AND FUEL CONSUMPTION

		Current Year	Previous Period
1. Electricity			
(a) Purchased units	(No.)	1998950	14148720
Total Amount	(Rs.)	8895320	61775355
Rate per unit	(Rs.)	4.45	4.37
(b) Own generation			
Through Diesel			
Generator units	(No.)	0	3236
Units per liter of Diesel/Oil	(No.)	0.00	3.10
Cost per unit	(Rs.)	0	10.62
Through Furnace oil			
Generator units	(No.)	0	79283
Units per liter of furnace oil/diesel	(No.)	0.00	3.12
Cost per unit	(Rs.)	0.00	5.96
2. Furnace Oil			
Quantity	(Ltr.)	0	24213
Total Cost	(Rs.)	0	450802
Average Rate/ltr.	(Rs.)	0.00	18.61

(B) CONSUMPTION PER UNIT OF PRODUCTION

1. Products

Blended yarn	(lac kgs)	46.72	46.72
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2. Electricity Consumption

Blended yarn	(unit/kg)	3.05	3.05
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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.0.00 crore compared to previous period foreign exchange earning of Rs.NI crores and outgo of Rs.0.29 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 31st March, 2010 and other relevant details are as follows:

Name	Category	No. of Meetings		No. of other Directorships and Committee membership/chairmanship#		
		Held during tenure	Attended	Directorships*	Committee memberships	Committee chairmanships
Mr. L. N. Jhunjhunwala (Chairman Emeritus)	Promoter – Non-Executive	5	0	7	2	1
Mr. Ravi Jhunjhunwala (Chairman)	Promoter – Non-Executive	5	5	9	4	2
Mr. R. N. Gupta (Managing Director)	Non – Promoter-Executive	5	5	–	–	–
Mr. B. N. Fitkariwala (Director)	Independent	5	4	–	–	–
Mr. B. P. Singh (Director)	Independent	5	5	4	–	–
Mr. Ravindra Bhandari (Director)	Independent	5	5	–	–	–

* 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

The meetings of the Board of Directors during the financial year ended 31st March, 2010 were held on 29th April, 2009, 20th July, 2009, 30th July, 2009, 29th October, 2009 and 28th January, 2010.

The last Annual General Meeting of the Company held on 25th September, 2009 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, Mr. Ravindra Bhandari and Mr. B. P. Singh. All of them are non-executive and independent Directors. Mr. B. N. Fitkariwala, Independent Director is Chairman of the Audit Committee. The Company Secretary of the Company is Secretary to the Committee.

The Audit Committee during the financial year ended 31st March, 2010, 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 29th April, 2009, 30th July, 2009, 29th October, 2009 and 28th January, 2010. Attendance of the Committee Directors was as under.

Name of the Member	Position	No. of Meetings held During tenure	No. of Meetings Attended
Mr. B. N. Fitkariwala	Independent	4	4
Mr. B. P. Singh	Independent	4	4
Mr. Ravindra Bhandari	Independent	4	4

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
 - 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	Category	Sitting Fee	Salaries, allowances and perquisites*	Total
Mr. L. N. Jhunjhunwala (Chairman Emeritus)	Promoter – Non-Executive	–	–	–
Mr. Ravi Jhunjhunwala (Chairman)	Promoter – Non-Executive	5,000	–	5,000
Mr. R. N. Gupta (Managing Director)	Non-Promoter – Executive	–	5948130	5948130
Mr. B. N. Fitkariwala (Director)	Independent	8,000	–	8,000
Mr. B. P. Singh (Director)	Independent	16,000	–	16,000
Mr. Ravindra Bahndari (Director)	Independent	12,000	–	12,000

* Includes retirement benefits

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 31st March, 2010, none of the non-executive directors hold any convertible instruments or equity shares in the Company.

5. 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 website i.e. www.injbhilwara.com and www.bhilspin.com. A declaration signed by Mr., Director, to this effect is enclosed at the end of this report.

6. Management

- (a) The Annual Report has separate section on Management Discussion and Analysis.
- (b) Material related party transactions : During the financial year ended 31st March, 2010, 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.

7. Shareholders'/Investors' Grievance Committee

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

- a) Mr. B. N. Fitkariwal
b) 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 29th April, 2009, 30th July, 2009, 29th October, 2009 and 28th January, 2010 and were attended by both the directors on the committee. Shareholders/Investors Grievances were redressed on priority. The Company received 11 complaints during the financial year ended 31st March, 2010 from shareholders which were replied/ resolved to the satisfaction of the shareholders.

As at 31st March, 2010, no request for dematerialisation of Equity Shares of the Company was pending for approval. Also no complaint was pending at the end of the financial year ended on 31st March, 2010.

Share Transfer Committee

The Company also has a Share Transfer Committee to deal with the requests 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 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.

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
27 th September, 2007	2006–2007	26, Industrial Area, Bhilwara, Rajasthan	3:30 P.M.
26 th September, 2008	2007–2008	26, Industrial Area, Bhilwara, Rajasthan	11.00 A.M.
25 th September, 2009	2008–2009	26, Industrial Area, Bhilwara, Rajasthan	11.00 A.M.

The Company has unanimously passed special resolutions relating to amendment in Articles of Association and re-appointment of Mr. R. N. Gupta as Managing Director at the Annual General Meetings held on 27th September, 2007 and 26th September, 2008 respectively.

POSTAL BALLOT

During the year under review, the Company passed a resolutions through postal ballot, in which the shareholders provided their consent to the Board of Directors under section 293(1)(a) of the Companies Act, 1956, relating to selling or disposing off the whole or any part of Company's undertaking of its unit at Bhilwara, Rajasthan.

The result of postal ballot was declared on 25th August, 2009. Following are the details of the voting pattern.

DETAILS OF VOTES

Sl. No.	Particulars	Total No. of Ballot
1.	Total Postal Ballot Forms received (A)	87
2.	Less : Invalid Postal Ballot Forms (B)	12
3.	Net Valid Postal Ballot Forms received (A-B)	75

DETAILS OF VOTING PATTERN

Sl. No.	Particulars	Resolution No. 1	
		Assent	Dissent
1.	No. of valid votes cast	4122635	2600
2.	Value of valid votes cast (@ Rs.10/- per Share)	4,12,26,350.00	26,000.00
3.	Percentage of Value of votes cast	99.94%	0.06%

The postal ballot exercise was scrutinized by Mr. V.P. Kapoor, a practicing Company Secretary. The Company followed a transparent postal ballot process, in which all members/beneficiaries on the books as of 23rd July, 2009 were sent a postal ballot form along with postage pre-paid business reply envelope. All business reply envelopes received up to close of working hours on 24th August, 2009 were considered. All these postal forms were kept under the scrutiny of the scrutiniser, Mr. V.P. Kapoor.

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 prominent 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>

SHAREHOLDER INFORMATION

1. **Annual General Meeting**

Date and Time : Tuesday, 21st September, 2010 at 11.00 A.M
Venue : 26, Industrial Area, Bhilwara, Rajasthan

2. **Financial Calendar :**

Financial year
Under review : April 2009 to March, 2010
Current : April 2010 to March, 2011
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** : 14th September, 2010 to 21st September, 2010 (Both days inclusive)

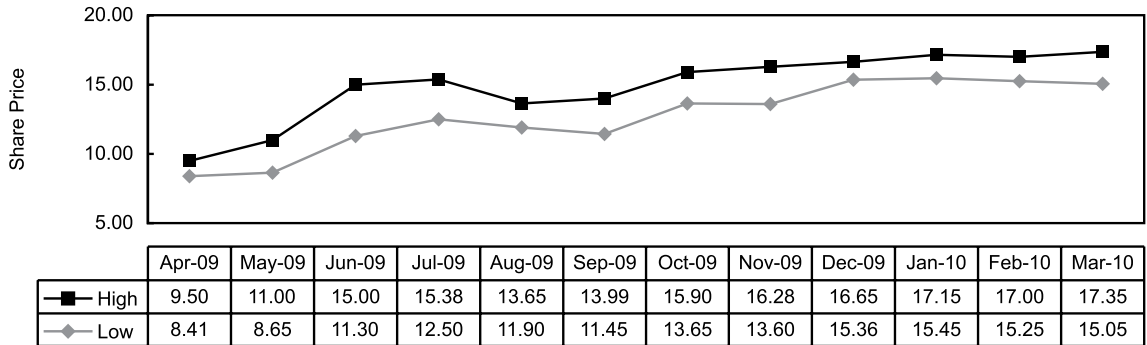
4. **Dividend Payment Date** : N/A

5. **Listing of Shares on Stock Exchange**

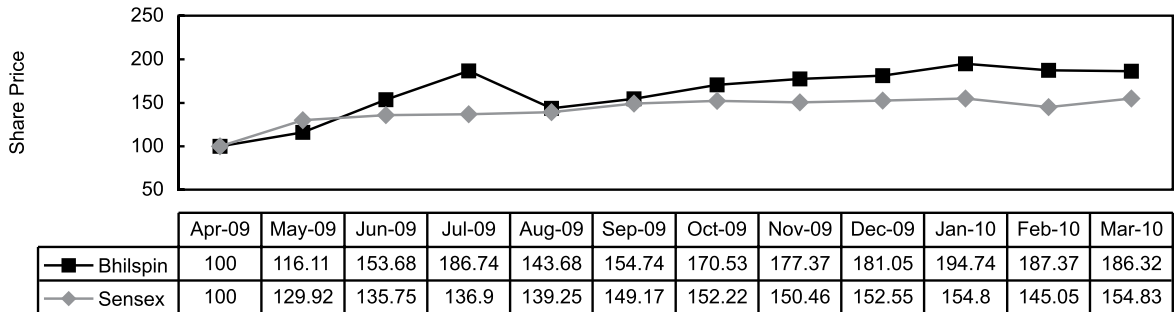
1) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI – 400 001
Listing fees as prescribed has been paid to the "The Stock Exchange, Mumbai" upto, 31st March 2011.

6. Stock Code:

The Stock Exchange Mumbai : 514272

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

(Source: www.bseindia.com)

8. Performance in comparison with BSE Sensex (Both series indexed to 100 as on 1st April, 2009)**9. Registrar and Transfer Agents :**

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 period 2009-10 were 10,05,000.

11. Distribution of Shareholding as on 31st March, 2010

No. of Equity shares held	No. of Shareholders	% of Share holders	No. of Shares held	% of Share holding
1-500	7885	92.97	1380974	20.43
501-1000	353	4.16	298181	4.41
1001-10000	202	2.38	530814	7.84
10001 and above	25	0.30	4523334	66.90
Shares in Transit	16	0.19	27827	0.41
Total	8481	100.00	6761130	100.00

Shareholding Pattern as on 31st March, 2010

Categories	No. of shares	Percentage
Promoters, Directors, relatives and associates	3113100	46.04
Foreign institutional investors/mutual funds	–	–
Public financial institutions/State Financial Corporation	–	–
Mutual funds (Indian)	2500	0.04
Nationalised and other banks	–	–
Public	3645530	53.92
Total	6761130	100.00

12. Dematerialisation of Shares and liquidity :

2136070 shares were dematerialised till 31st March, 2010, which is 31.59 % 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, Fax No : 011-41709881, E Mail : mcscomplaintsdel@mcsdel.com

 2. *Compliance Officer :*

Bhilwara Spinners Limited, 26, Industrial Area, Post Box 6, Bhilwara - 311001 (Rajasthan)
 Phone No: 01482-246001, Fax No. : 001482-246101

AUDITORS' REPORT

To,
The Members,
Bhilwara Spinners Limited

We have audited the attached balance sheet of **Bhilwara Spinners Limited** as at 31st March, 2010 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 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 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

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 31st March, 2010; 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 & Company**
Chartered Accountants
Firm's Regn No 001075N

Harish Gupta
Partner

Membership No. 98336

Place : New Delhi

Date : 29th April, 2010

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 31st March, 2010.)

- (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 had taken unsecured loan from one company covered in the register maintained under Section 301 of the Companies Act, 1956 in the past. The maximum amount involved during the year was Rs. 840 Lacs and the same was squared off during the year.
- (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 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 31st March, 2010 for a period of more than six month from the date they become payable.
- (b) As at 31st March, 2010, 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 lacs)	Forum where dispute is pending
Customs Act, 1964	Custom Duty on conversion of EPCG licence	226.20	CESTAT

- (x) At the end of the current financial year company's accumulated losses have exceeded 50 % of the net worth of the Company.

- The company has incurred cash losses during the current financial year as well as in the immediate previous year also.
- (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 K S M N & Company
Chartered Accountants
Firm's Regn No 001075N

Harish Gupta
Partner

Membership No. 98336

Place : New Delhi
Date : 29th April, 2010

BALANCE SHEET AS AT 31st MARCH, 2010

	SCHEDULE	As at 31.03.2010 (Rs. in lacs)		As at 31.03.2009 (Rs. in lacs)	
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	1	678.81		678.81	
Reserves and Surplus	2	422.31	1101.12	422.31	1101.12
LOAN FUNDS					
Secured Loans	3	0.00		947.75	
Unsecured Loans		0.00	0.00	840.00	1787.75
DEFERRED TAX LIABILITIES (NET)			0.00		0.00
TOTAL			1101.12		2888.87
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	25.07		4474.16	
Less: Depreciation		15.65		2728.51	
Net Block		9.42		1745.65	
Fixed Asset held for disposal		80.00	89.42	0.00	1745.65
INVESTMENTS			0.00		7.72
DEFERRED TAX ASSETS (NET)					0.00
CURRENT ASSETS, LOANS & ADVANCES					
Inventories		0.00		310.18	
Sundry Debtors		0.52		190.85	
Cash & Bank Balances		76.68		125.13	
Other Current Assets		120.64		0.00	
Loans & Advances		255.71		447.46	
		453.55		1073.62	
Less : Current Liabilities & Provisions	7				
Liabilities		26.39		327.39	
Provisions		2.92		94.29	
		29.31		421.68	
NET CURRENT ASSETS			424.24		651.94
PROFIT & LOSS ACCOUNT			587.46		483.56
TOTAL			1101.12		2888.87
SIGNIFICANT ACCOUNTING POLICIES & PRACTICES AND NOTES ON ACCOUNTS					
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 & Company
Chartered Accountants
Firm's Regn No 001075N

Harish Gupta
Partner
Mem. No. 098336

Place : Noida (U.P.)
Date : 29.04.2010

Ravi Jhunjunwala
Chairman
DIN : 00066972

B. P. Singh
Director
DIN : 00895145

Bhopal Singh Choudhary
Chief Financial Officer

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	SCHEDULE	Current year (Rs. in lacs)	Previous Year (Rs. in lacs)
INCOME			
Turnover	9	735.12	5261.41
Less : Excise Duty		2.66	55.60
		732.46	5205.81
Other Income	10	791.40	300.25
Increase/(Decrease) in stocks	11	(168.34)	(242.50)
TOTAL		1355.52	5263.56
EXPENDITURE			
Purchases & Materials Consumed	12	341.85	3594.12
Operating & Other Expenses	13	829.31	1825.35
Financial Expenses	14	215.67	235.50
TOTAL		1386.83	5654.97
PROFIT BEFORE DEPRECIATION		(31.31)	(391.41)
Depreciation		72.59	254.50
PROFIT/(LOSS) AFTER DEPRECIATION		(103.90)	(645.91)
Tax Expenses			
– Current Tax		0.00	2.86
– Deferred Tax		0.00	(274.59)
PROFIT/(LOSS) AFTER TAX		(103.90)	(374.18)
BASIC & DILUTED EARNING PER SHARE (IN RS.)		(1.54)	(5.53)
(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 & Company
Chartered Accountants
Firm's Regn No 001075N

Harish Gupta
Partner
Mem. No. 098336

Place : Noida (U.P.)
Date : 29.04.2010

Ravi Jhunjunwala
Chairman
DIN : 00066972

B. P. Singh
Director
DIN : 00895145

Bhopal Singh Choudhary
Chief Financial Officer

SCHEDULES TO STATEMENT OF ACCOUNTS

Schedules 1 to 15 annexed to and forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the Year ended on that date.

SCHEDULE 1 : SHARE CAPITAL

	As At 31.03.2010 (Rs. in lacs)	As At 31.3.2009 (Rs. in lacs)
AUTHORIZED		
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
ISSUED, SUBSCRIBED & PAID UP		
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
1) Out of the above :		
9,90,000 Equity Shares of Rs.10/- each were allotted as fully paid up to R S WM Limited for consideration other than cash, pursuant to agreement dated 25.03.1983, under which the assets and liabilities of Bhilwara Unit of RSWM Ltd.as on 27.3.1983 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

	As At 31.03.2010 (Rs. in lacs)	As At 31.3.2009 (Rs. in lacs)
Share Premium Account		
Opening Balance	422.31	422.31
	422.31	422.31
	422.31	422.31
Closing Balance	422.31	422.31

SCHEDULE 3 : LOAN FUNDS

	As At 31.03.2010 (Rs. in lacs)	As At 31.3.2009 (Rs. in lacs)
SECURED LOANS		
Term Loan		
Financial Institutions	0.00	454.50
Bank	0.00	147.14
Working Capital facilities from Banks	0.00	601.64
	0.00	346.11
	0.00	947.75
UNSECURED LOANS		
A Body Corporate	0.00	840.00
(ii)	0.00	840.00
(i+ii)	0.00	1787.75

SCHEDULE 4 : INVESTMENTS

	As At 31.03.2010 (Rs. in lacs)	As At 31.3.2009 (Rs. in lacs)
LONG TERM INVESTMENTS		
NON – TRADE (AT COST)		
QUOTED		
1850 Equity Shares of Rs.10 each fully paid up of State Bank of Bikaner & Jaipur	0.00	7.71
UNQUOTED		
National Saving Certificate (Pledged with Sales Tax Authorities)	0.00	0.01
	0.00	7.72
Market Value of Quoted Investment	0.00	4.77

SCHEDULE 5 : FIXED ASSETS

(Rs.in lacs)											
PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK			
	As at 01.04.2009	Additions during the year	Sale/ Adjustments during the year	As at 31.03.2010	Up to 01.04.2009	Adjustments during the year	For the year	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009	
Land (Lease hold)	0.20	0.00	0.12	0.08	0.00	0.00	0.00	0.00	0.08	0.20	
Roads and Buildings	340.85	0.00	340.23	0.62	163.22	162.94	0.00	0.28	0.34	177.63	
Plant and Machinery	2535.85	0.00	2523.19	12.66	1728.34	1772.22	53.27	9.39	3.27	807.51	
Power Division	1359.96	0.00	1359.96	0.00	677.87	691.37	13.50	0.00	0.00	682.09	
Electric Fittings & Water Supply Installations	164.03	0.00	164.03	0.00	117.42	120.57	3.15	0.00	0.00	46.61	
Furniture & Fixtures	41.26	0.00	38.16	3.10	28.03	27.31	0.95	1.67	1.43	13.23	
Office Equipments	8.50	0.00	7.86	0.64	5.86	5.85	0.07	0.08	0.56	2.64	
Vehicles	23.51	0.00	15.54	7.97	7.77	5.19	1.65	4.23	3.74	15.74	
Total	4474.16	0.00	4449.09	25.07	2728.51	2785.45	72.59	15.65	9.42	1745.65	
F. Asset held for disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.00	0.00	
Grand Total	4474.16	0.00	4449.09	25.07	2728.51	2785.45	72.59	15.65	89.42	1745.65	
Previous year	6365.56	23.86	1915.26	4474.16	3805.18	1331.17	254.50	2728.51	1745.65	2560.38	

SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES

	As At 31.03.2010 (Rs.in lacs)	As At 31.3.2009 (Rs.in lacs)
CURRENT ASSETS:		
INVENTORIES		
(As taken, valued and certified by the management)		
Finished Goods	0.00	97.61
Stock in process	0.00	70.73
Waste	0.00	0.00
Raw materials	0.00	118.94
Raw materials in transit	0.00	7.40
Stores and spares	0.00	15.50
(spares include items of the nature of regular and general use only)	0.00	310.18
SUNDRY DEBTORS (UNSECURED)		
Considered good		
– Over six months–Considered Good	0.00	9.63
– Considered Doubtful	41.21	20.09
– Other Debts–Considered good	0.52	181.22
	41.73	210.94
– Less– Provision for Doubtful debts	(41.21)	(20.09)
	0.52	190.85

	As At 31.03.2010 (Rs.in lacs)	As At 31.3.2009 (Rs.in lacs)
CASH AND BANK BALANCES		
Cash in hand	1.26	2.72
Balance with Scheduled Banks in :		
– Current Accounts	75.42	12.27
– Fixed Deposits	0.00	110.00
– Saving Bank Account	0.00	0.14
	76.68	125.13
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	376.66	351.02
Less: Provision for cenvet receivable considered doubt full	(194.78)	
Deposits with Government Departments and others	54.53	75.48
Advance Tax, & TDS	19.30	23.82
Less: Provision of Tax,	0.00	(2.86)
	255.71	447.46
OTHER CURRENT ASSETS		
– Land sale receivables	120.64	0.00
	453.55	1073.62

SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS

	As At 31.03.2010 (Rs.in lacs)	As At 31.3.2009 (Rs.in lacs)
CURRENT LIABILITIES		
Sundry Creditors	0.00	253.86
(other than Micro & Small Enterprises)		
Advances from Customers	1.24	37.42
Trade and other deposits	1.41	10.70
Other liabilities	23.74	25.41
	26.39	327.39
PROVISIONS		
Provision for Leave encashment & similar benefit scheme	2.92	94.29
	2.92	94.29
	29.31	421.68

SCHEDULE 8 : PROFIT & LOSS ACCOUNT

	As At 31.03.2010 (Rs.in lacs)	As At 31.3.2009 (Rs.in lacs)
Opening Balance as per Last Balance Sheet	483.56	109.38
Add : Charge on account of transitional provisions under Accounting Standard 15		
(Less)/Add: Amount Carried from annexed Profit & Loss Account	103.90	374.18
Closing Balance	587.46	483.56

SCHEDULE 9 : TURNOVER

	Current year (Rs.in lacs)	Previous Year (Rs.in lacs)
SALES		
Yarn	729.81	5193.78
Waste	4.05	31.59
Job Spinning Charges	1.26	36.04
	735.12	5261.41

SCHEDULE 10 : OTHER INCOME

	Current year (Rs.in lacs)	Previous Year (Rs.in lacs)
Profit on sale of fixed assets	688.22	221.46
Miscellaneous Income	40.65	58.64
Rent Receipt	0.03	8.73
Sundry Credit Balances Written Back	31.06	0.00
Liabilities no longer required written back	16.39	0.01
Income from Non Trade Investments	0.81	0.19
Profit on sale of store	14.24	11.22
	791.40	300.25

SCHEDULE 11 : INCREASE/(DECREASE) IN STOCKS

	Current year (Rs.in lacs)	Previous Year (Rs.in lacs)
OPENING STOCK		
Finished Goods Yarn	97.61	218.87
Stock in Process	70.73	191.59
Waste Stock	0.00	0.38
	168.34	410.84
CLOSING STOCK		
Finished Goods Yarn	0.00	97.61
Stock in Process	0.00	70.73
Waste Stock	0.00	0.00
	0.00	168.34
Increase / (Decrease) in Stock	(168.34)	(242.50)

SCHEDULE 12 : PURCHASES & MATERIALS CONSUMED

	Current year (Rs.in lacs)	Previous Year (Rs.in lacs)
Raw materials Consumed		
Stock at opening	118.94	421.55
Purchases (after adjusting sales/transfer Rs.142.83 lacs, previous year Rs.182.10 lacs,	211.12	3160.15
Less : Stock at close	0.00	118.94
	330.06	3462.76
Packing Materials Consumed	6.84	67.74
Stores, Spares & Consumables	4.95	63.62
	341.85	3594.12

SCHEDULE 13 : OPERATING AND OTHER EXPENSES

	Current year (Rs.in lacs)	Previous Year (Rs.in lacs)
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus etc.	96.72	503.10
Workmen and Staff Welfare	3.83	12.76
Contribution to Provident Fund/Family Pension Scheme	8.87	44.83
Contribution to Employee's State Insurance Scheme	2.15	14.81
Gratuity, Superannuation and Retirement Benefits	289.86	396.26
	401.43	971.76
MANUFACTURING EXPENSES		
Power, Fuel and Water Charges	98.68	630.01
Repairs and Maintenance		
– Plant & Machinery	3.04	14.09
– Buildings	0.46	3.38
– Others	0.95	1.20
Job Charges	0.76	4.68
Excise Duty on Increase/Decrease in Stocks	0.00	(1.85)
	103.89	651.51
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	1.97	7.01
Rates and Taxes	0.65	2.21
Insurance (Net)	1.65	(1.12)
Directors sitting fee	0.37	0.44
M.D.'s Remuneration and Perquisites	59.48	32.11
Miscellaneous Expenses	15.55	23.74
Printing & Stationery	1.62	3.16
Conveyance expenses	0.70	2.81
Postage & Telegram	1.39	1.57
Travelling expenses	0.55	2.38
Legal & Professional expenses	12.95	16.69
Communication Expenses	1.67	3.46
Loss on Sale of Fixed Assets	0.00	0.00
Provision for doubtful debts & Advances	21.12	20.09
Provision for doubtful non recoverable cenvet	194.78	0.00
Payment to Auditors :		
– Audit Fee	1.50	1.50
– Certification work	0.30	0.30
– Reimbursement of expenses	0.50	0.36
	316.75	116.71
SELLING EXPENSES		
Commission	2.87	12.35
Brokerage	1.84	5.54
Cash Discount	2.20	9.86
Foreign Travelling expenses	0.00	1.52
Freight , Octroi & Other selling expenses (Net)	0.33	56.10
	7.24	85.37
	829.31	1825.35

SCHEDULE 14 : FINANCIAL EXPENSES

	Current year (Rs.in lacs)	Previous Year (Rs.in lacs)
Interest on		
– Term Loans	158.20	53.69
– Others	68.73	207.89
	226.93	261.58
Less : Receipt from Trade Debtors & Others (TDS Rs.4.07 lacs, Previous year Rs.14.24 lacs)	14.17	43.51
	212.76	218.07
Bank charges (Net)	2.91	17.43
	215.67	235.50

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.

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.
- (d) Gain or Loss on the restatement of foreign currency transactions or on maturity or cancellation of forward exchange contact, 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 Lacs)

	Current Year	Previous Year
1. Contingent Liabilities not provided for in respect of:		
A) Claims against the company not acknowledged as debts:	3.90	3.90
B. Contingent liabilities not provided for :		
a) Income Tax demand raised by Income tax Authorities.	Nil	Nil
b) Excise & Custom duty demands raised by Excise Authorities. Matter pending in appeal with Appellate Authorities	226.20	227.07
C. Bank guarantees given by Company's Bankers.	Nil	12.50
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.		
2. Estimated amount of contracts remaining to be executed on capital account and not provided for.,	Nil	Nil
3. Prior period income (expense) amounting to Rs.4.55 Lac {previous period Rs1.58 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.	548.15	(548.15)	0.00
Tax impact of Unabsorbed Depreciation	(566.89)	566.89	0.00
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax Act.	18.74	(18.74)	0.00
Total	0.00	0.00	0.00

5. EMPLOYEES BENEFITS PLANS

In the current year all employees have left the Company and the Company has made the full & final settlement through additional retirement benefits of Rs.287.50Lacs and Gratuity liability of Rs. 98.91 Lacs through the Company's Gratuity Trust . Similarly, Leave encashment liability of Rs.14.75Lacs has also been paid to all the eligible employees on their full & final settlement. Accordingly, the figure of previous year has only been given for comparatives in the following table summarizing the components of the 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

Net employee benefit expense (recognized in the Statement of Profit & Loss)

Particulars	Current Year		Previous Year	
	Earned Leave	Gratuity	Earned Leave	Gratuity
Current Service Cost			98,546	756,797
Interest Cost on benefit obligation			128,794	1,694,564
Expected return on plan assets			–	(1,370,068)
Past Service Cost			–	–
Actuarial (gain) / loss recognized in the year			411,722	4,474,357
Net benefit expense			639,062	5,555,650
Actual return on Plan Assets			–	(46,598)

Net Asset / (Liability) recognized in the Balance Sheet

Particulars	Current Year		Previous Year	
	Earned Leave	Gratuity	Earned Leave	Gratuity
Present Value of Defined Benefit Obligation			(14,74,673)	(9,891,655)
Fair Value of Plan Assets			–	2,962,424
(Net Liability) recognized in the Balance Sheet			(14,74,673)	(6,929,231)

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

Particulars	Current Year		Previous Year	
	Earned Leave	Gratuity	Earned Leave	Gratuity
Opening defined benefit obligation			1,839,920	24,208,051
Interest Cost			128,794	1,694,564
Current Service Cost			98,546	756,797
Benefits Paid			(1,004,309)	(19,918,644)
Actuarial (gain) / loss on obligation			411,722	3,150,887
Closing defined benefit obligation			1,474,673	9,891,655

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

Particulars	Previous Year	
	Gratuity	Gratuity
Opening fair value of Plan Assets		22,834,470
Expected return on Plan Assets		1,370,068
Contribution by employer		–
Benefits paid		(199,18,644)
Actuarial Gain / (Loss) on Plan Assets		1,323,470
Closing fair value of Plan Assets		2,962,424

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

Particulars	Previous Year	
	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	Current Year		Previous Year	
	Earned Leave	Gratuity	Earned Leave	Gratuity
Discount Rate			7.00%	7.00%
Rate of increase in Compensation			4.50%	4.50%
Rate of Return on Plan Assets			–	6.00%
Average Outstanding Service of Employees upto Retirement (years)			13.91	23.28

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. 340.19 Lac as expenses towards contribution to these plans.

6. In view of the non viability in the existing set of operational and manufacturing setup, all the fixed assets have been disposed off settling almost all liabilities and labour dues, during the year. However, accounts continued to be prepared on the basis of going concern, as the management is exploring other business opportunities to be carried in the company. All the necessary provisions, losses and liabilities to the extent identified and assessed by the management have been provided for. Further management is of the view that the value in realization of current assets, loans & advances and current liabilities would not significantly differ from the position as stated in the books as on year end.
7. Debtors, Creditors and advances are subject to confirmations, Reconciliations and adjustments, if any. The Management does not expect any significant variation and in the process of taking the necessary steps in this regard in the current year.
8. 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).
9. 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.
10. 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 lacs)	Previous Year (Rs. in lacs)
b) Directors' remuneration		
Salary	12.10	21.60
Contribution to provident fund, gratuity & superannuation fund	3.27	6.91
Other perquisites	44.11	3.60
	59.48	32.11
(ii) Other Directors		
Sitting fees	0.37	0.44

11. 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	
	31.3.2010	31.3.2009
Spindles	Nil	8640

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
Yarn									
Viscose yarn	MT	0.00	0.00	0.00	–	0.00	0.00	0.00	0.00
		(12.39)	(18.73)	(74.02)	(–)	(86.41)	(124.94)	(0.00)	(0.00)
Synthetics & Blended yarn	MT	97.77	97.61	540.56	–	638.33	729.81	0.00	0.00
		(186.70)	(200.14)	(4560.26)	(–)	(4649.19)	(5068.84)	(97.77)	(97.61)
Waste	MT	0.00	0.00	15.00	–	15.00	4.05	0.00	0.00
		(1.88)	(0.39)	(115.00)	(–)	(116.88)	(31.59)	(0.00)	(0.00)
Yarn Purchase	MT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		–	–	(0.00)	(0.00)	(0.00)	(0.00)	(–)	(–)
Job Account									
Blended Yarn	MT	–	–	2.09	–	2.09	1.26	–	–
		(–)	(–)	(37.72)	(–)	(37.72)	(36.04)	(–)	(–)

Previous period's figures are given in brackets.

(c) Raw Material consumed

	Current Year		Previous Year	
	MT	(Rs. in lacs)	MT	(Rs. in lacs)
Viscose Staple Fiber	69.30	51.17	641.54	687.68
Polyester Staple Fiber	286.61	171.69	3411.04	2233.86
Texturised Yarn	47.20	33.01	412.56	334.94
Acrylic Fibre, Wool & Others	68.52	66.58	165.37	195.97
Imported Acrylic Fiber, Flax	4.00	6.69	7.18	10.30
	475.63	329.14	4637.69	3462.75

(d) Details of imported & indigenous raw material and spare parts and components consumed :

(Rs.in lacs)

	Current Year		Previous Year	
	Value	%	Value	%
(i) Raw Materials				
– Imported	6.69	2.03	10.30	0.30
– Indigenous	322.45	97.97	3452.45	99.70
(ii) Stores & spares				
– Imported	0.00	0.00	4.79	13.71
– Indigenous	4.95	100.00	30.15	86.29
(e) FOB Value of export	Nil		Nil	
(f) Value of Imports calculated on CIF basis in respect of :				
– Raw Materials	Nil		24.11	
– Components and Spare parts	Nil		4.79	
(g) Expenditure in Foreign Currency (Cash basis):				
– Travelling expenses	Nil		0.57	

12. Earning per share

Profit/(Loss) after taxation as per profit and loss account	(103.90)	(374.18)
Weighted average number of equity shares outstanding	6761130	6761130
Basic and diluted earning per share in rupees (face value – Rs.10 per share)	(1.54)	(5.53)

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.

13. 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.

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

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. 8 2 1 7 State Code 1 7
 Balance Sheet Date 3 1 0 3 2 0 1 0
 Date Month Year

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

Public Issue N I L Rights Issue N I L
 Bonus Issue N I L Private Placement N I L

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

Total Liabilities 1 1 3 0 4 3 Total Assets 1 1 3 0 4 3

SOURCES OF FUNDS

Paid-up Capital 6 7 8 8 1 Reserves and Surplus 4 2 2 3 1
 Secured Loans N I L Unsecured Loans N I L
 Deferred Tax Liabilities N I L

APPLICATION OF FUNDS

Net Fixed Assets 8 9 4 2 Investments N I L
 Net Current Assets 4 2 4 2 4 Misc. Expenditure N I L
 Accumulated Losses 5 8 7 4 6

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover (Total Income) 1 5 2 6 5 2 Total Expenditure 1 6 3 0 4 2
 Profit/Loss before Tax (1 0 3 9 0) Profit/Loss after tax (1 0 3 9 0)
 Earning Per Share in Rs. (1 . 5 4) Dividend Rate % N I L

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)

Item Code No. (ITC Code) 5 5 0 9
 Product Description S y n t h e t i c B l e n d e d Y a r n

As per our report of even date attached

For K S M N & Company
 Chartered Accountants
 Firm's Regn No 001075N

Harish Gupta
 Partner
 Mem. No. 098336

Place : Noida (U.P.)
 Date : 29.04.2010

Ravi Jhunjunwala
 Chairman
 DIN : 00066972

B. P. Singh
 Director
 DIN : 00895145

Bhopal Singh Choudhary
 Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010	2009–2010	2008–2009
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(Loss) before tax & extraordinary items	(103.90)	(645.91)
Adjustments for :		
1. Depreciation	72.59	254.50
2. Profit on sale of fixed assets (Net)	(688.22)	(221.46)
3. Liability no longer required written back	(16.39)	(0.01)
4. Loss on sale of/ (income) from Investments	(0.81)	(0.19)
5. Interest expenses	215.67	235.50
6. Provision For Doubtful debts	21.12	20.09
7. Provision for taxes	0.00	(2.86)
Operating profit before working capital changes	(499.94)	(360.34)
Adjustments for :		
1. Trade and other receivables	261.44	657.81
2. Inventories	310.18	595.62
3. Trade Payables	(375.98)	(248.73)
	195.64	1004.70
Cash generated from operations	(304.30)	644.36
Cash flow before extraordinary items	(304.30)	644.36
Net cash from operating activities	(304.30)	644.36
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	0.00	(22.06)
Proceeds from sale of Fixed assets	2250.74	783.66
Investments	7.72	0.00
Interest received	14.17	43.51
Dividends received	0.81	0.19
Net cash used in investing activities	2273.44	805.30
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net increase/(decrease) in other borrowings	(1186.11)	(893.39)
Re-payment of long term borrowings	(601.64)	(195.81)
Interest paid	(229.84)	(279.01)
Net cash used in financing activities	(2017.59)	(1368.21)
Net increase/(decrease) in cash and cash equivalents	(48.45)	81.45
Cash and cash equivalents as at (Opening Balance)	125.13	43.68
Cash and cash equivalents as at (Closing Balance)	76.68	125.13

As per our report of even date attached

For K S M N & Company
Chartered Accountants
Firm's Regn No 001075N

Harish Gupta
Partner
Mem. No. 098336

Ravi Jhunjunwala
Chairman
DIN : 00066972

B. P. Singh
Director
DIN : 00895145

Place : Noida (U.P.)
Date : 29.04.2010

Bhopal Singh Choudhary
Chief Financial Officer

CERTIFICATION BY CHIEF FINANCIAL OFFICER OF THE COMPANY

Bhopal Singh Choudhary, 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.

For BHILWARA SPINNERS LIMITED

**B. S. CHOUDHARY
CHIEF FINANCIAL OFFICER**

Place: Noida (U.P.)

Dated: 29th April, 2010

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

To the Members of
Bhilwara Spinners Limited

We have examined the compliance of conditions of Corporate Governance by Bhilwara Spinners Limited, for the year ended on 31st March, 2010, 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 K S M N & Comapny
Chartered Accountants

Harish Gupta
Partner
Membership No. 098336

Place : Noida (U.P)

Date : 29th April 2010