



BHILWARA SPINNERS LIMITED

Annual Report 2010 - 2011

CORPORATE INFORMATION

BOARD OF DIRECTOR

Ashok Kothari	Director
Anshul Kothari	Director
Hanuman Pokharna	Director

KEY EXECUTIVE

Bhopal Singh Choudhary	Chief Financial Officer
------------------------	-------------------------

COMPANY SECRETARY

Miss Neelu Mehta

BANKERS

State Bank of Bikaner & Jaipur
ICICI Bank Ltd.

AUDITORS

M/s CLB & ASSOCIATES MUMBAI

REGISTERED OFFICE

26, Industrial Area
Bhilwara - 311 001, Rajasthan

FINANCIAL HIGHLIGHTS

(Rs. in lac)

Particulars	2008-2009	2009-2010	2010-2011
Turnover	5261.41	735.12	134.91
Exports	0.00	0.00	0.00
PBIDT	(155.91)	184.36	3.36
Interest	235.50	215.67	0.02
PBDT	(391.41)	(31.31)	3.34
Depreciation	254.50	72.59	0.40
Taxation	(271.73)	0.00	2.02
PAT	(374.18)	(103.90)	0.92
Net Worth	611.26	513.66	514.58
Capital Expenditure	23.86	0.00	0.00
Book Value Per Share Rs.	9.04	7.60	7.61

CONTENTS

Notice	3
Directors' Report	4
Annexure to the Directors' Report	5
Corporate Governance	6
Shareholders' Information	10
Auditors' Report	13
Balance Sheet	16
Profit & Loss Account	17
Schedules	18
Cash Flow Statement	28
Auditors Certificate on Corporate Governance	29

NOTICE

Notice is hereby given that the 30th Annual General Meeting of the Members of the Company will be held on Monday, the 26 day of September, 2011 at 11.00 A.M. at the Registered Office of the Company at 26, Industrial Area, Bhilwara - 311 001, Rajasthan, to transact the following Business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the period ended on that date and Report of Directors and Auditors thereon.
2. To appoint Auditors and fix their remuneration and for that purpose to consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956 and other applicable provisions, if any, for the time being in force, M/s. CLB & Associates Chartered Accountants, Mumbai, the retiring Auditors of the Company be and are hereby reappointed as Auditors of the Company to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors plus out of pocket expenses as may be incurred by them for the purpose of Audit."

3. Members are requested to :
 - (i) Quote their Folio No. / Credit ID No. in all correspondence with the company.
 - (ii) Notify immediately to the Company any change in their address and their mandate, if any. Members holding Shares in electronic form should sent their respective Depository Participants.
4. Members seeking any information / clarification with regard to account and audit are requested to write to the Company in advance and their queries should reach the Company at least seven day prior to the date of meeting, so as to enable the Management to keep the information / clarification ready.
5. Members who are holding Company's shares in electronic form are required to bring details of their Depository Account Number for identification.

By Order of the Board
For Bhilwara Spinners Limited
Sd/-

Place : Bhilwara
Date : 25 August 2011

Miss Neelu Mehta
Company Secretary

NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/ herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than forty eight hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed 19th Sept. 2011 to 26th Sept. 2011 (both days inclusive)

DIRECTOR'S REPORT

To The Members,

The Directors of your Company have pleasure in presenting their 30th Annual Report along with audited annual statements of Accounts for the financial year ended on 31st March, 2011.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Financial	Previous
	Year ended	Year ended
	31-3-2011	31-3-2010
Turnover	135	735
Profit/(Loss) before Depreciation	4	(31)
Depreciation	1	73
Profit/(Loss) before Tax	3	(104)
Provision for Income Tax		
- Current Tax	2	0
- Deferred Tax	0	0
Profit/(Loss) after Tax	1	(104)
Balance brought forward	(587)	(483)
Balance carried forward	(586)	(587)

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. But trading in yarn and fabric still continue in the year.

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, 2011 and of the profit or loss of the Company for the financial year ended 31st March, 2011;

- 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 Director's Report.

DIRECTORS/AUDITORS

The Company's Auditors, M/s. CLB & ASSOCIATES., 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 : Bhilwara
Date : 14th May 2011

Ashok Kothari
Director

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 :

No Specific Investment

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

No Specific Investment

(A) POWER AND FUEL CONSUMPTION

		<u>Current Year</u>	<u>Previous Period</u>
1. Electricity			
(a) Purchased units	(No.)	31345	1998950
Total Amount	(Rs.)	139486	8895320
Rate per unit	(Rs.)	4.45	4.45

(B) CONSUMPTION PER UNIT OF PRODUCTION

1. Products	(lac kgs)	0.00	46.72
Blended yarn			
2. Electricity Consumption	(unit/kg)	0.00	3.05
Blended yarn			

II. TECHNOLOGY ABSORPTION

1. RESEARCH AND DEVELOPMENT

No Specific Investment

2. TECHNOLOGY ABSORPTION

No Specific Investment

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.NIL Lacs and outgo of Rs. NIL Lacs.

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 Three Directors on the Board of which two are non-executive One directors are 'Independent' Directors.

The Composition of the Board of Directors and their attendance at the meetings during the financial year ended 31st March, 2011 and other relevant details are as

Name	Category	No. of Meetings		No. of other Directorships and Committee membership/chairmanship#		
		Held during tenure	Attended	Directorships*	Committee memberships	Committee chairmanships
Mr. Ashok Kothari	Non-Executive Non-Independent	4	4	-	-	-
Mr. Anshul Kothari	Non-Executive Non-Independent	4	4	-	-	-
Mr. Hanuman Pokharna	Independent	4	4	-	-	-

* Excludes Directorships held in private limited companies, Foreign Companies, Membership of Management

The meetings of the Board of Directors during the financial year ended 31st March, 2011 were held on 29th April, 2010, 22th July, 2010, 5th Aug, 2010, 30th October, 2010 and 7th February, 2011.

The last Annual General Meeting of the Company held on 21st September, 2010 was attended and chaired by Mr. Ashok Kothari Director. Mr. Anshul Kothari, Mr. Hanuman Pokharna 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 two Directors, namely, Mr. Ashok Kothari, Mr. Hanuman Pokharna. One of them are non-executive and Non Independent And One independent Directors. Mr. Ashok Kothari, Non 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, 2011, 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, 2010, 5th August, 2010, 30th October, 2010 and 7th February, 2011. Attendance of the Committee Directors was as under.

Name of the Member	Position	No. of Meetings held During tenure	No. of Meetings Attended
Mr. Ashok Kothari	Non Independent	3	3
Mr. Hanuman Pokharna	Independent	3	3

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. Ashok Kothari, Mr. Hanuman Pokarna all of whom are non-executive and Non Independent and independent Directors. Mr. Ashok Kothari, Promoter 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:

Name	Category	Sitting Fee	Salaries, allowances and perquisites*	Total
Mr. Ashok Kothari (Director)	Non-Executive Non-Independent	8000	-	8000
Mr. Ansul Kothari (Director)	Non-Executive Non-Independent	4000	-	4000
Mr. Hanuman Pokharna (Director)	Independent	4000	-	4000

As on 31st March 2011, none of the non-executive directors hold any convertible instruments or equity shares in 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.

6. Management

- (a) Material related party transactions : During the financial year ended 31st March, 2011, 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. Ashok Kothari
- b) Mr. Ansul Kothari

Miss. Neelu Mehta, Company Secretary, 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, 2010, 5th August, 2010, 30th October, 2010 and 7th February, 2011 and were attended by both the directors on the committee. Shareholders'/Investors' Grievances were redressed on priority. The Company received 4 complaints during the financial year ended 31st March, 2011 from shareholders which were replied/ resolved to the satisfaction of the shareholders.

As at 31st March, 2011, 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, 2011.

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. Ashok Kothari, Director and/or Mr. B. S. Choudhary also severally attend and approve the share transfer requests on Monthly 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 Meetings
26th September, 2008	2007 - 2008	26 Industrial Area, Bhilwara, Rajasthan	11.00 A.M.
25th September, 2009	2008 - 2009	26 Industrial Area, Bhilwara, Rajasthan	11.00 A.M.
21st September, 2010	2009 - 2010	26 Industrial Area, Bhilwara, Rajasthan	11.00 A.M.

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, Daily Bhaskar. These results are also displayed on the website <http://www.bseindia.com>.

SHAREHOLDER INFORMATION

1. Annual General Meeting

Date and Time : Monday, 26th September, 2011 at 11.00 A.M
 Venue : 26, Industrial Area, Bhilwara, Rajasthan

2. Financial Calendar :

Financial year

Under review : April 2010 to March, 2011

Current : April 2011 to March, 2012

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

3. Dates of Book Closure : 19th September, 2011 to 26th September, 2011 (Both days inclusive)

4. Dividend Payment Date : N/A

5. Listing of Shares on Stock Exchange

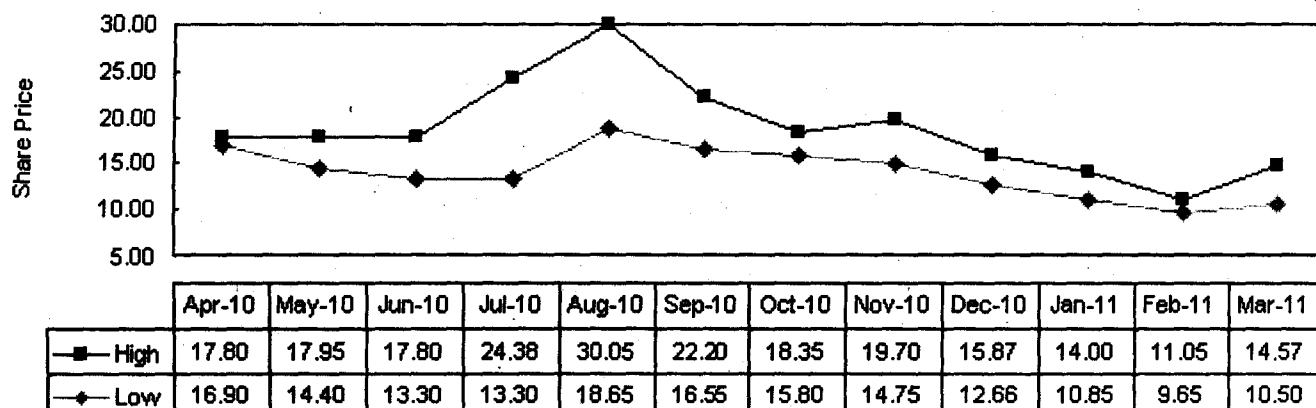
1) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001

Listing fees as prescribed has been paid to the "The Stock Exchange, Mumbai" upto, 31st March 2012.

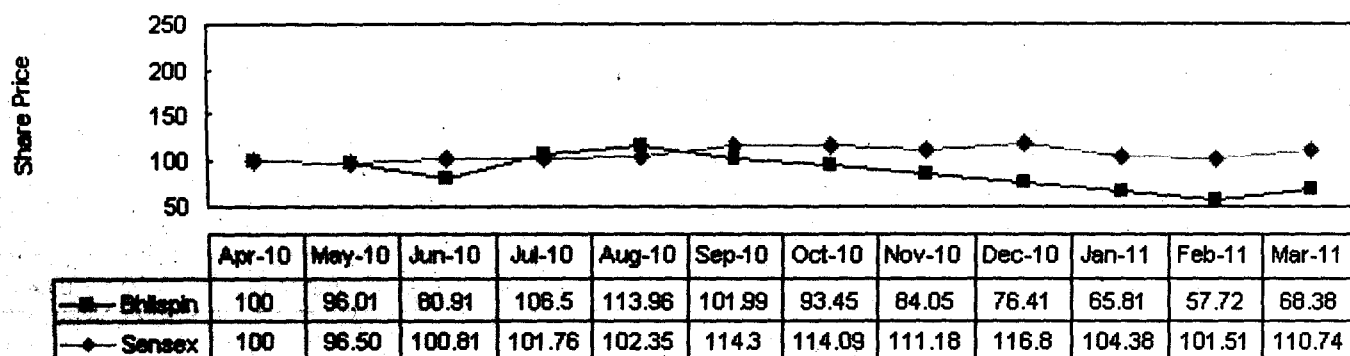
6. Stock Code :

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, 2010)

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 Monthly 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 2010-11 were 2557050.

1. Distribution of Shareholding as on 31st March, 2011

No. of Equity shares held	No. of Shareholders	% of Share holders	No. of Shares held	% of share holding
1-500	7826	96.47	1646337	24.35
501-1000	196	2.42	211631	3.13
1001-10000	87	1.07	291786	4.32
10001 and above	3	.04	4611376	68.20
Shares in Transit	0	0	0	0
Total	8112	100.00	6761130	100.00

Shareholding Pattern as on 31st March, 2011

Categories	No. of shares	Percentage
Promoters, Directors, relatives and associates	3531670	52.23
Foreign institutional investors / mutual funds	-	-
Public financial institutions / State Financial Corporation	-	-
Mutual funds (Indian)	2500	0.04
Nationalised and other bank	-	-
Public	3226960	47.73
Total	6761130	100.00

12. Dematerialisation of Shares and liquidity :

2168970 shares were dematerialised till 31st March, 2011, which is 32.08 % 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. Company / 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 : admin@mcsdel.com

2. Compliance Officer :

Bhilwara Spinners Limited, 26, industrial area, Post Box No 6 Bhilwara 311001 (Rajasthan)
Phone No: 01482-246601, Fax No. : 01482-246461, Email : bhilspinbs@gmail.com

AUDITOR'S REPORT

To,
The Members,
Bhilwara Spinners Limited

1. We have audited the attached Balance Sheet of BHILWARA SPINNERS LTD., as at 31st March, 2011, the Profit and Loss Account and the cash flow statement for the year ended 31st March 2011 on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements bases on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (Auditors Report) order, 2003 (Order) issued by the Company Law Board in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanation given to us during the course of audit, we annex hereto a Statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - i). We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii). In our opinion, proper books of account, as required by law, have been kept by the Company, so far, as appears from our examination of those books;
 - iii). The Balance Sheet, Profit and Loss Account and dealt with by this report are in agreement with the books of account;
 - iv). In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v). On the basis of written representations received from the Directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi). In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon, gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view : -
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
 - b) In the case of the statement of Profit & Loss, profit of the year ended on that date;
 - c) In the case of Cash Flow Statements, of the cash flows for the year ended on that date.

For CLB & ASSOCIATES
Chartered Accountants

(S. SARUPRIA)

Partner

M.No. - 035783

Place : Bhilwara

Dated: 14-5-2011

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, 2011)

1. Fixed Assets

i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

ii) As explained to us, all the fixed assets have been physically verified by the management in phase periodical manner, which is in our opinion reasonable. No material discrepancies were noticed on such verification.

iii) In our opinion the substantial part of fixed assets has been disposed off by the company however according to the information and explanation given to us the going concern status of the Company is not affected.

2. The Company does not have any Stock during the year hence paragraphs 2 (a), 2(b), 2 (c) of the order, are not applicable.

3. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

4. 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. During the course of our audit, we have not observed any major weakness in such internal control system.

5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangement that need to be entered into 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 transaction 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.

6. According to the information and explanation given to us the Company has not accepted any deposits from the public during the year and, consequently the directives issued by the Reserve Bank of India and the provision of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.

7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

8. Maintenance of cost records under section 209(1) (d) of The companies Act, 1956 are not applicable to the company.

9. Taxes and Duties :

i) According to the books and records as examined by us and according to the information and explanation given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise duty, cess and other statutory dues applicable to it.

ii) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax wealth tax, sales tax, customs duty, and excise duty were outstanding, at the year end for a period of more than six months from the date they become payable.

iii) As at 31st March 2011, according to the records of the company and the information and explanation given to us, the following are the particulars of dues on account of Sales Tax, Income tax, Custom 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
Central Excise Act 1944	Excise Duty	58.11	Appellate authority/ High Court

10. At the end of the current financial year Company's accumulated losses have exceeded 50% of its net worth however, the Company not incurred cash losses in the current year but in the immediately preceding financial year.
11. Based on the audit procedures and according to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to bank. The company has neither taken any loans from a financial institution nor issued any debentures.
12. Based on our examination of records and information and explanation 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. Therefore, the provision of the clause 4 (xii) of the order are not applicable to the company.
13. The Company is not a chit fund / Nidhi/ Mutual benefit fund/ Society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
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. As per the information and explanations given to us, in our opinion the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. Based on the examination of books of accounts no term loans taken during the year.
17. According to information and explanations given to us and on 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.

18. The Company has not made any preferential allotment of shares to the Parties or companies covered in the register maintained under Section 301 of The Companies Act, 1956.
19. The Company has not issued any debentures during the year and there are No debentures outstanding on at the year end, therefore the question of creation of Securities does not arise.
20. The Company has not raised any money through a public issue during the year.
21. According to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For **CLB & ASSOCIATES**
Chartered Accountants

(S. Sarupria)
Partner
M.No. - 035783

Place: Bhilwara
Date : 14-5-2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	678.81	678.81
Reserves and Surplus	2	422.31	422.31
TOTAL		1101.12	1101.12
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	4.01	25.07
Less: Depreciation		3.21	15.65
Net Block		0.80	9.42
Fixed Asset held for disposal		0.00	80.00
		0.80	89.42
CURRENT ASSETS, LOANS & ADVANCES			
Sundry Debtors	4	255.62	0.52
Cash & Bank Balances		92.03	76.68
Other Current Assets		0.00	120.64
Loans & Advances		201.19	255.71
		548.84	453.55
Less : Current Liabilities & Provisions	5		
Liabilities		34.51	29.31
Provisions		0.55	0.00
		35.06	29.31
NET CURRENT ASSETS		513.78	424.24
PROFIT & LOSS ACCOUNT	6	586.54	587.46
TOTAL		1101.12	1101.12
SIGNIFICANT ACCOUNTING POLICIES & PRACTICES AND NOTES ON ACCOUNTS			
	13		
The Schedule referred to above form an integral part of the Balance Sheet.			

As per our report of even date attached

For **CLB & ASSOCIATES**

Chartered Accountants

Firm's Regn No : 124305w

S.SARUPRIA

Partner

Mem. No. 035783

Place : Bhilwara

Date : 14.05.2011

Ashok Kothari

Director, DIN 00132801

Anshul Kothari

Director, DIN 02624500

Hanuman Pokharna

Director, DIN 03155927

Bhopal Singh Choudhary

Chief Financial Officer

Miss Neelu Mehta

Company Secretary

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

	SCHEDULE	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
INCOME			
Turnover	7	134.91	735.12
Less : Excise Duty		0.00	2.66
		134.91	732.46
Other Income	8	31.34	791.40
Increase/(Decrease) in stocks	9	0.00	(168.34)
TOTAL		166.25	1355.52
EXPENDITURE			
Purchases & Materials Consumed	10	131.50	341.85
Operating & Other Expenses	11	31.39	829.31
Financial Expenses	12	0.02	215.67
TOTAL		162.91	1386.83
PROFIT BEFORE DEPRECIATION		3.34	(31.31)
Depreciation		0.40	72.59
PROFIT/(LOSS) AFTER DEPRECIATION		2.94	(103.90)
Tax Expenses			
- Tax Current Year		0.55	0.00
- Tax Earliear years		1.47	
PROFIT/(LOSS) AFTER TAX		0.92	(103.90)
BASIC & DILUTED EARNING PER SHARE (IN RS.)		0.01	(1.54)
(Refer Note no. 14 of schedule 13)			
SIGNIFICANT ACCOUNTING POLICIES & PRACTICES AND NOTES ON ACCOUNTS	13		
The Schedule referred to above form an integral part of the Profit & Loss Account.			

As per our report of even date attached

For **CLB & ASSOCIATES**

Chartered Accountants

Firm's Regn No : 124305w

S.SARUPRIA

Partner

Mem. No. 035783

Place : Bhilwara

Date : 14.05.2011

Ashok Kothari

Director, DIN 00132801

Anshul Kothari

Director, DIN 02624500

Hanuman Pokharna

Director, DIN 03155927

Bhopal Singh Choudhary

Chief Financial Officer

Miss Neelu Mehta

Company Secretary

SCHEDULES TO STATEMENT OF ACCOUNTS

Schedules 1 to 13 annexed to and forming part of the Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date.

SCHEDULE 1 : SHARE CAPITAL

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
AUTHORISED	1249.00	1249.00
1,24,90,000 Equity Shares of Rs.10/-each	1.00	1.00
1,000 13% Redeemable Preference Shares of Rs.100/- each	1250.00	1250.00
ISSUED, SUBSCRIBED & PAID UP	676.11	676.11
67,61,130 Equity Shares of Rs. 10/- each fully called up (Previous Year 6761130 Equity Shares)	2.70	2.70
Add :Share forfeiture(Amount originally paidup)	678.81	678.81
9,90,000 Equity Shares of Rs.10/- each were allotted as fully paid up to R S W M 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 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
Share Premium Account	422.31	422.31
Opening Balance	422.31	422.31
	422.31	422.31
Closing Balance	422.31	422.31

SCHEDULE 3 : FIXED ASSETS

(Rs.in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions during the year	Sale/Adjust- ments during the year	As at 31.03.2011	Up to 01.04.2010	Adjustments during the year	For the year	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land (Lease hold)	0.08	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.08	0.08
Roads and Buildings	0.62	0.00	0.00	0.62	0.28	0.00	0.01	0.29	0.33	0.34
Plant and Machinery	12.66	0.00	10.09	2.57	9.39	7.00	0.05	2.44	0.13	3.27
Furniture & Fixtures	3.10	0.00	2.37	0.73	1.67	1.24	0.04	0.47	0.26	1.43
Office Equipments	0.64	0.00	0.63	0.01	0.08	0.08	0.01	0.01	0.00	0.56
Vehicles	7.97	0.00	7.97	0.00	4.23	4.52	0.29	0.00	0.00	3.74
Total	25.07	0.00	21.06	4.01	15.65	12.84	0.40	3.21	0.80	9.42
F. Asset held for dispos	80.00	0.00	80.00	0.00	0.00	0.00	0.00	0.00	0.00	80.00
Grand Total	105.07	0.00	101.06	4.01	15.65	12.84	0.40	3.21	0.80	89.42
Previous year	4474.16	0.00	4449.09	25.07	2728.51	2785.45	72.59	15.65	89.42	1745.65

SCHEDULE 4 : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2011		As at 31.03.2010	
	(Rs. in lacs)		(Rs. in lacs)	
CURRENT ASSETS :-				
SUNDRY DEBTORS (UNSECURED)				
Considered good				
- Over six months-Considered Good	92.98		0.00	
- Considered Doubtful	39.27		41.21	
- Other Debts-Considered good	162.58		0.52	
	294.83		41.73	
-Less- Provision for Doubtful debts	-39.21	255.62	-41.21	0.52
CASH AND BANK BALANCES				
Cash in hand	0.06		1.26	
Balance with Scheduled Banks in :				
- Current Accounts	66.97		75.42	
- Fixed Deposits	25.00		0.00	
		92.03	76.68	
LOANS AND ADVANCES :-				
(Unsecured, considered good unless otherwise stated)				
Capital Advances	90.00		0.00	
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
	99.15		181.88	
Deposits with Government Departments and others	1.79		54.53	
Advance Tax, & TDS	10.25		19.30	
Less: Provision of Tax,	0.00	201.19	255.71	
OTHER CURRENT ASSETS				
- Land sale receivables		0.00	120.64	
		548.84	453.55	

SCHEDULE 5 : CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
CURRENT LIABILITIES		
Advances from Customers	0.00	1.24
Trade and other deposits	0.60	1.41
Other liabilities	33.91	26.66
	34.51	29.31
PROVISIONS		
Provision for M.A.T	0.55	0.00
	0.55	0.00
	35.06	29.31

SCHEDULE 6 : PROFIT & LOSS ACCOUNT

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
Opening Balance as per Last Balance Sheet	587.46	483.56
Add : Charge on account of transitional provisions under Accounting Standard 15	-	-
(Less)/Add: Amount Carried from annexed Profit & Loss Account	(0.92)	103.90
Closing Balance	586.54	587.46

SCHEDULE 7 : TURNOVER

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
SALES		
Yarn	32.98	729.81
Fabric	101.93	0.00
Waste	0.00	4.05
Job Spinning Charges	0.00	1.26
	134.91	735.12

SCHEDULE 8 : OTHER INCOME

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
Profit on sale of fixed assets	0.31	688.22
Miscellaneous Income	0.12	40.65
Rent Receipt	0.00	0.03
Interest Receipt	28.91	0.00
Sundry Credit Balances Written Back	0.00	31.06
Liabilities no longer required written back	2.00	16.39
Income from Non Trade Investments	0.00	0.81
Profit on sale of store	0.00	14.24
	31.34	791.40

SCHEDULE 9 : INCREASE/(DECREASE) IN STOCKS

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
OPENING 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
CLOSING STOCK		
Finished Goods Yarn	0.00	0.00
Stock in Process	0.00	0.00
Fabric In Stock	0.00	0.00
Waste Stock	0.00	0.00
	0.00	0.00
Increase / (Decrease) in Stock	-	(168.34)

SCHEDULE 10 : PURCHASES & MATERIALS CONSUMED

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
Raw materials Consumed		
Stock at opening	0.00	118.94
Purchases (after adjusting sales/transfer Rs .Nil lacs,previous		
Year Rs.142.83 lacs,	131.50	211.12
Less : Stock at close	0.00	0.00
	131.50	330.06
Packing Materials Consumed	0.00	6.84
Stores, Spares & Consumables	0.00	4.95
	131.50	341.85

SCHEDULE 11 : OPERATING AND OTHER EXPENSES

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus etc.	7.80	96.72
Workmen and Staff Welfare	0.44	3.83
Contribution to Provident Fund/Family Pension Scheme	0.54	8.87
Contribution to Employee's State Insurance Scheme	0.00	2.15
Gratuity, Superannuation and Retirement Benefits	0.09	289.86
	8.87	401.43
MANUFACTURING EXPENSES		
Power, Fuel and Water Charges	1.87	98.68
Repairs and Maintenance		
- Plant & Machinery	0.00	3.04
- Buildings	0.00	0.46
- Others	0.05	0.95
Job Charges	0.00	0.76
	1.92	103.89
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	0.00	1.97
Rates and Taxes	0.00	0.65
Insurance (Net)	0.02	1.65
Directors sitting fee	0.25	0.37
M.D.'s Remuneration and Perquisites	0.00	59.48
Miscellaneous Expenses	5.47	15.55
Printing & Stationery	0.72	1.62
Conveyance expenses	0.07	0.70
Postage & Telegram	0.51	1.39
Travelling expenses	0.24	0.55
Legal & Professional expenses	11.00	12.95
Communication Expenses	0.30	1.67
Provision for doubtful debts & Advances	0.00	21.12
Provision for doubtful non recoverable cenvet	0.00	194.78
Payment to Auditors :		
- Audit Fee	1.50	1.50
- Certification work	0.37	0.30
- Reimbursement of expenses	0.15	0.50
	20.60	316.75
SELLING EXPENSES		
Commission	0.00	2.87
Brokerage	0.00	1.84
Cash Discount	0.00	2.20
Freight ,Octroi & Other selling expenses (Net)	0.00	0.33
	0.00	7.24
	31.39	829.31

SCHEDULE 12 : FINANCIAL EXPENSES

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
Interest on		
- Term Loans	0.00	158.20
- Others	0.00	68.73
	0.00	226.93
Less : Receipt from Trade Debtors & Others (TDS Rs.Nil lacs, Previous year Rs.4.07 lacs)	0.00	14.17
	0.00	212.76
Bank charges (Net)	0.02	2.91
	0.02	215.67

SCHEDULE 13 : SIGNIFICANT ACCOUNTING POLICIES & PRACTICES AND NOTES ON ACCOUNTS**(A). SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Conventions**

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

2. Use of Estimates

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

3. Revenue Recognition**a) Income and expenditure are accounted for on accrual basis except :**

- Interest charged in the invoices, which is accounted for at the time of raising of invoices.
- Overdue interest on late payment, which is accounted for on cash basis.
- Medical reimbursement to employees, which are accounted for on cash basis.

b) Sales are inclusive of excise duty but exclude sales/vat tax.**c) Insurance claims are accounted for in the year of lodgment to the extent they are measurable and any shortfall/excess is adjusted on receipt of the final claim.****4. 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.

5. 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.

6. 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.

7. 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 contract, if any, is reflected in the Profit & Loss account.

8. 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.

9. 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.

10. Tax Expenses**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

Current Year
(Rs.in lacs)

Previous Year
(Rs.in lacs)

1. Contingent Liabilities not provided for in respect of:

A) Claims against the company not acknowledged as debts:

1.60

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.

58.11

226.20

Matter pending in appeal with Appellate Authorities

2. Estimated amount of contracts remaining to be executed on capital account and not provided for.,

180.00

Nil

3. Prior period income (expense) amounting to Rs.4.63 Lac

{previous period Rs4.55 Lac} have been debited / Credited to respective heads of Accounts.

4. EMPLOYEES BENEFITS PLANS :

1) The Company makes contribution towards employees' Provident Fund, Pension Fund, 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. .63 Lac as expenses towards contribution to these plans.

2) 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. 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.

3. 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.

- 4 Related party disclosure in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India is given below :

Sr.No.

1 Names of Related parties and nature of relationship where control exists

(i) Key Management Personnel and relative of such personnel

Ashok Kothari	Director
Anshul Kothari	Director
Hanuman Pokharna	Director

(ii) Enterprise over which Key Management Personnel and their relatives are able to exercise significant influences :
Ahinsa Suitings Bhilwara

2 The related party transaction are as under

	As mentioned in (i) above		As mentioned in (ii) above	
	C.Y.	P.Y.	C.Y.	P.Y.
Sales	-	-	3462400	-
Outstanding at the year end				
Receivable	-	-	3462400	-

5. 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.

6. 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.

b) Directors' remuneration

(i) Managing Director

Salary	0.00	12.10
Contribution to provident fund, gratuity & superannuation fund	0.00	3.27
Other perquisites	0.00	44.11
	0.00	59.48

(ii) Other Directors

Sitting fees	0.25	0.37
--------------	------	------

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

A) Purchase, Turnover and stocks

		Opening Stock		Production/Purchases		Turnover		Closing Stock	
	Unit	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Yarn									
Synthetics & Blended yarn	MT	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00
Waste	MT	(97.77)	(97.61)	(540.56)	(-)	(638.33)	(729.81)	(0.00)	(0.00)
		(0.00)	(0.00)	(15.00)	(-)	(15.00)	(4.05)	(0.00)	(0.00)
Yarn Purchase	MT	0.00	0.00	17.50	31.89	17.50	32.97	0.00	0.00
		-	-	(0.00)	(0.00)	(0.00)	(0.00)	(-)	(-)
Job Account		-	-	-	-	-	-	-	-
Blended yarn	MT	(0.00)	(0.00)	(2.09)	(0.00)	(2.09)	(1.26)	(-)	(-)
Fabric									
Fabric	MTR	0.00	0.00	115826.00	99.61	115826.00	101.93	0.00	0.00
		(-)	(-)	(0.00)	(-)	(0.00)	(0.00)	(-)	(-)

(c) Raw Material consumed

	Current Year		Previous Year	
	MT	(Rs.in lacs)	MT	(Rs.in lacs)
Viscose Staple Fiber	0.00	0.00	69.30	
Polyester Staple Fiber	0.00	0.00	286.61	51.17
Texturised Yarn	0.00	0.00	47.20	171.69
Acrylic Fibre, Wool & Others	0.00	0.00	68.52	33.01
Imported Polyester Fiber	0.00	0.00	0.00	66.58
Imported Viscose Fiber	0.00	0.00	0.00	0.00
Imported Acrylic Fiber, Flax	0.00	0.00	4.00	0.00
	0.00	0.00	475.63	6.69
				329.14

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

	Current Year		Previous Year	
	Value	%	Value	%
(i) Raw Materials				
- Imported	0.00	0.00	6.69	2.03
- Indigenous	0.00	0.00	322.45	97.97
(ii) Stores & spares				
- Imported	0.00	0.00	0.00	0.00
- Indigenous	0.00	0.00	4.95	100.00

8. Earning per share

Profit/(Loss) after taxation as per profit and loss account	0.92	(103.90)
Weighted average number of equity shares outstanding	6761130	6761130
Basic and diluted earning per share in rupees	0.01	(1.54)
(face value - Rs.10 per share)		

9. 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.

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

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

Registration No.	8217	State Code	17
Balance Sheet Date	31 3 2011		
	Date Month Year		

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

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	-

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

Total Liabilities	Total Assets
113618	113618

Sources of Funds

Paid-up Capital	Reserves & Surplus
67881	42231
Secured Loans	Unsecured Loans
0	0
Deferred Tax Liabilities	
0	

Application of Funds

Net Fixed Assets	Investments
80	0
Net Current Assets	Misc. Expenditure
51378	0
Accumulated Losses	
58654	

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

Turnover (Total Income)	Total Expenditure
16625	16331
Profit/(Loss) Before Tax	Profit/(Loss) After Tax
294	92
Earning per Share (Rs.)	Dividend Rate
0.01	-

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

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

As per our report of even date attached

For **CLB & ASSOCIATES**

Chartered Accountants

Firm's Regn No : 124305w

Ashok Kothari

Director, DIN 00132801

Bhopal Singh Choudhary

Chief Financial Officer

S.SARUPRIA

Partner

Mem. No. 035783

Anshul Kothari

Director, DIN 02624500

Miss Neelu Mehta

Company Secretary

Place : Bhilwara

Date : 14.05.2011

Hanuman Pokharna

Director, DIN 03155927

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	2010-11	2009-10
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(Loss) before tax & extraordinary items	2.94	(103.90)
Adjustments for :		
1. Depreciation	0.40	72.59
2. Profit on sale of fixed assets (Net)	(0.31)	(688.22)
3. Liability no longer required written back	(2.00)	(16.39)
4. Loss on sale of (income) from Investments	0.00	(0.81)
5. Interest expenses	0.02	215.67
6. Provision For Doubtful debts	0.00	21.12
7. Provision for taxes	(2.02)	0.00
Operating profit before working capital changes	(0.97)	(499.94)
Adjustments for :		
1. Trade and other receivables	(79.94)	261.44
2. Inventories	0.00	310.18
3. Trade Payables	7.75	(375.98)
	(72.19)	195.64
Cash generated from operations	(73.16)	(304.30)
Cash flow before extraordinary items	(73.16)	(304.30)
Net cash from operating activities	(73.16)	(304.30)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	0.00	0.00
Proceeds from sale of Fixed assets	88.53	2250.74
Investments	0.00	7.72
Interest received	28.91	14.17
Dividends received	0.00	0.81
Net cash used in investing activities	117.44	2273.44
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net increase/(decrease) in other borrowings	0.00	(1186.11)
Re-payment of long term borrowings	0.00	(601.64)
Interest paid	(28.93)	(229.84)
Net cash used in financing activities	(28.93)	(2017.59)
Net increase/(decrease) in cash and cash equivalents	15.35	(48.45)
Cash and cash equivalents as at (Opening Balance)	76.68	125.13
Cash and cash equivalents as at (Closing Balance)	92.03	76.68
As per our report of even date attached		
For CLB & ASSOCIATES		
Chartered Accountants		
Firm's Regn No :124305w	Ashok Kothari Director, DIN 00132801	Bhopal Singh Choudhary Chief Financial Officer
S.SARUPRIA Partner	Anshul Kothari Director, DIN 02624500	Miss Neelu Mehta Company Secretary
Mem. No. 035783		
Place : Bhilwara	Hanuman Pokharna Director, DIN 03155927	
Date : 14.05.2011		

CERTIFICATION BY CHIEF FINANCIAL OFFICER OF THE COMPANY

We Ashok Kothari, Director and 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**

ASHOK KOTHARI
Director

BHOPAL SINGH CHOUDHARY
CHIEF FINANCIAL OFFICER

Place : Bhilwara
Date : 14 May 2011

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, 2011 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.

As per our report of even date attached

For **CLB & ASSOCIATES**

Chartered Accountants

Firm's Regn No : 124305w

S.SARUPRIA

Partner

Mem. No. 035783

Ashok Kothari

Director, DIN 00132801

Bhopal Singh Choudhary

Chief Financial Officer

Anshul Kothari

Director, DIN 02624500

Miss Neelu Mehta

Company Secretary

Place : Bhilwara

Date : 14.05.2011

Hanuman Pokharna

Director, DIN 03155927

[illegible]



PROXY FORM

Bhilwara Spinners Limited

Regd. Office : 26, Industrial Area, Bhilwara - 311 001, Rajasthan

DP Id* Folio No.

Client Id* No. of share(s) held

I/We

of

being a member / members of Bhilwara Spinners Ltd., hereby appoint

of failing him

of or failing him

of as my/our Proxy in my/our absence to attend and vote for me/us on

my/our behalf at the 30th Annual General Meeting of the Company to be held on Monday, the 26th day of September at 11.00 A.M. and at

any adjournment thereof As WITNESS my / our hand / hands this day of

.....2011.

Signed by the said

Address

Please affix
15 paise
Revenue
stamp here

* Applicable for investors holding Shares in electronics form.

Note :- The Proxy must be deposited at the Registered Office of the Company at 26, Industrial Area, Bhilwara - 311 001, Rajasthan, not less than forty eight before the time of holding the meeting.

ATTENDANCE SLIP

Bhilwara Spinners Limited

Regd. Office : 26, Industrial Area, Bhilwara - 311 001, Rajasthan

Please complete this attendance slip and hand it over at the entrance of the meeting hall. Joint Shareholders may obtain additional attendance slips on request.

DP Id* Folio No.

Client Id*

Name and address of the Shareholders :

Number of share held :

I hereby record my presence at the 30th Annual General Meeting of the Company held on Monday, the 26th day of September at 11.00 A.M. at 26, Industrial Area, Bhilwara - 311 001, Rajasthan.

* Applicable for investors holding Shares in electronics form.

** Strike out whichever is not applicable.

Signature of the Shareholder / Proxy / Representative

BOOK-POST



If undelivered, please return to :

Bhilwara Spinners Limited

26, Industrial Area, Bhilwara - 311 001, Rajasthan