



# SHEKHAWATI<sup>TM</sup> POLY-YARN LIMITED

[ An ISO 9001 : 2008 Certified Company ]



**20<sup>th</sup> Annual Report 2010-2011**



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## CORPORATE INFORMATION

### Board of Directors

1. **Mr. Ramniranjan Ruia**  
Chairman (Non Executive)
2. **Mr. Mukesh Ruia**  
Managing Director
3. **Mr. Sanjay Jogi**  
Director (Non Executive)
4. **Mr. Rohit Chandgothia**  
(appointed w.e.f. March 18, 2011)  
Independent Director
5. **Mr. Sushil Kumar Poddar**  
(appointed w.e.f. August 6, 2011 )  
Independent Director
6. **Mr. Sanjay Kumar Churiwala**  
(resigned w.e.f. August 6,2011)  
Independent Director
7. **Dr. Satish Chandra Kulhari**  
(resigned w.e.f. July 27,2011)  
Independent Director
8. **Mr. Debkumar Goswami**  
(resigned w.e.f. March 16, 2011)  
Independent Director

### CFO & Compliance Officer

Mr. Shivratn Agarwal

### Company Secretary

Mr. Subodh Kumar Soni

### Statutory Auditors

M/s. Singrodia Goyal & Co.

Chartered Accountants

### Registered Office

2 Anantwadi,  
Vaidya Bhawan, 1st Floor,  
Bhuleshwar,  
Mumbai – 400 002,  
Maharashtra, India.

### Corporate Office

Express Zone, 'A' Wing,  
Unit No. 1102/1103,  
Patel Vatika,  
off. Western Express Highway,  
Malad (East), Mumbai- 400 097,  
Maharashtra, India.

### Registrar & Transfer Agent

#### Sharex Dynamic (India) Pvt. Ltd.

Unit-1, Luthra Industrial Premises,  
1st Floor, 44E, M Vasanti Marg  
Andheri Kurla Road, Safed Pool,  
Andheri (E), Mumbai -400 072,  
Maharashtra, India.

### Bankers

State Bank of India  
Axis Bank Ltd

### Major Plant Locations

#### Unit III

Plot no.185/1, Naroli Village,  
Near Kanadi Phatak,  
Dadra & Nagar Haveli - 396 235,  
(Union Territory), India.

#### Unit II

Plot no. 44 Government Industrial Estate,  
Masat, Samarvani,  
Dadra & Nagar Haveli – 396 230,  
(Union Territory), India.

### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses to the Company or its Registrar and Share Transfer Agents (RTA).

## MANAGING DIRECTOR'S MESSAGE

Dear Fellow Shareowners,

It is my pleasure welcoming you for the 20th Annual General Meeting of your Company.

It is once again that I being privileged to address to you directly. I sincerely thank you all for showing great faith in the Company. I am very happy to inform that your Company has received overwhelming response to its IPO launched in January, 2011, which was oversubscribed by 8.81 times.

I sincerely express my gratitude on behalf of the Company for your cooperation and support. You will be happy to note that after the successful launching of the IPO, our Company shares are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited on January 12, 2011.

The company has already completed construction of factory building of 1,65,000 Sq.ft. and Administrative office of 10,000 Sq.ft. The company has also started additional construction of phase-2 factory building of 1,65,000 Sq.ft. The company has completed installation of 30 TFO machines and 50 Knitting Machines till 31st August 2011.

I am delighted to say that in financial year 2010-11, your Company has posted an excellent performance across several financial and operating parameters in what was a challenging year for the industry and the global economy. Your Company's business plans, sound management practices, strong execution capabilities and the whole hearted contribution of the employees have collectively resulted in this exceptional performance.

Your Company's textiles operations have shown encouraging growth, both in the domestic and in the exports markets. Your Company believes that its scale of operations and integration across the textile chain will, in future, offer significant advantages in both cost and revenue.

During the year the Company has achieved the turnover of Rs. 14823.46 Lacs in the current year as compared to Rs. 8937.11 Lacs in the previous year. Profit after Tax is Rs. 354.02 Lacs in the current year as compared to Rs.220.77 Lacs in the previous year.

I take this opportunity to express my gratitude to all our employees, vendors, Bankers, customers and all stakeholders, who has reposed trust in us and extended their constant support. I must also assure our stakeholders that their investment in our Company is an investment in futuristic technology, business processes and capabilities, where every rupee works as a growth multiplier. I am confident that with your continuous support your Company will be able to face all the future challenges.

With Best Wishes,

Sincerely,

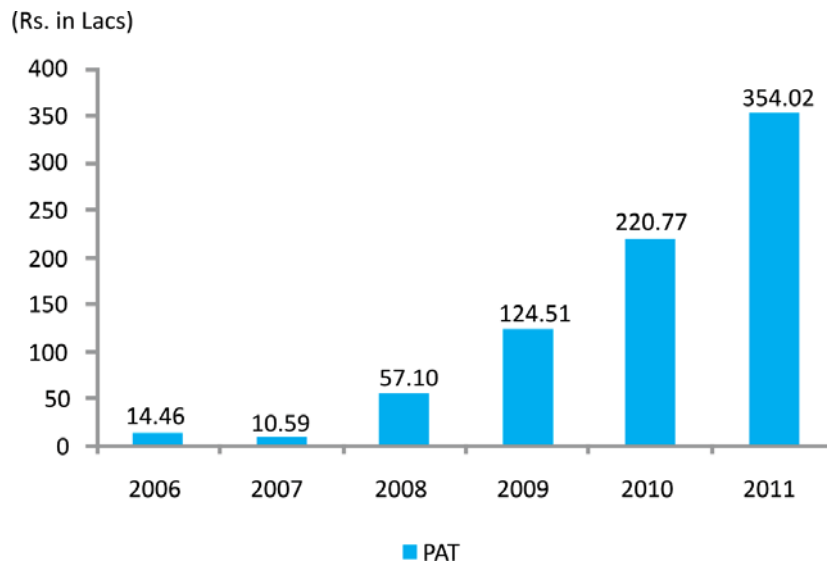
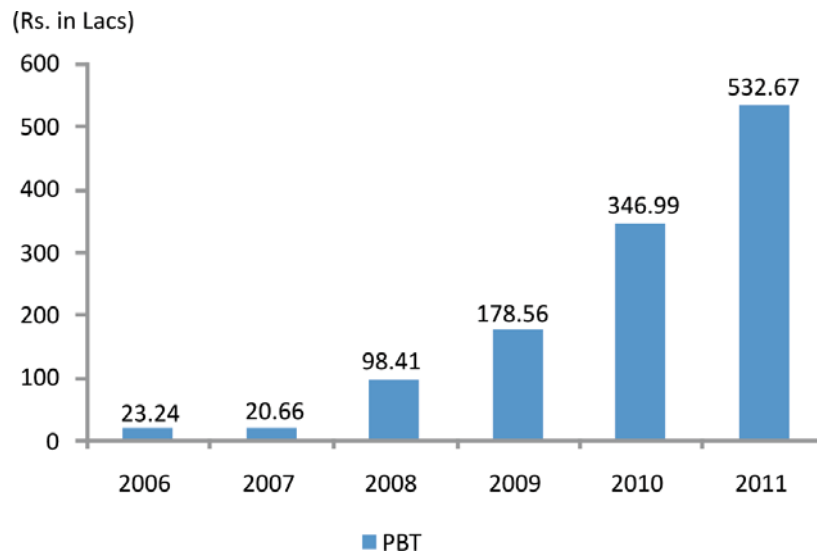
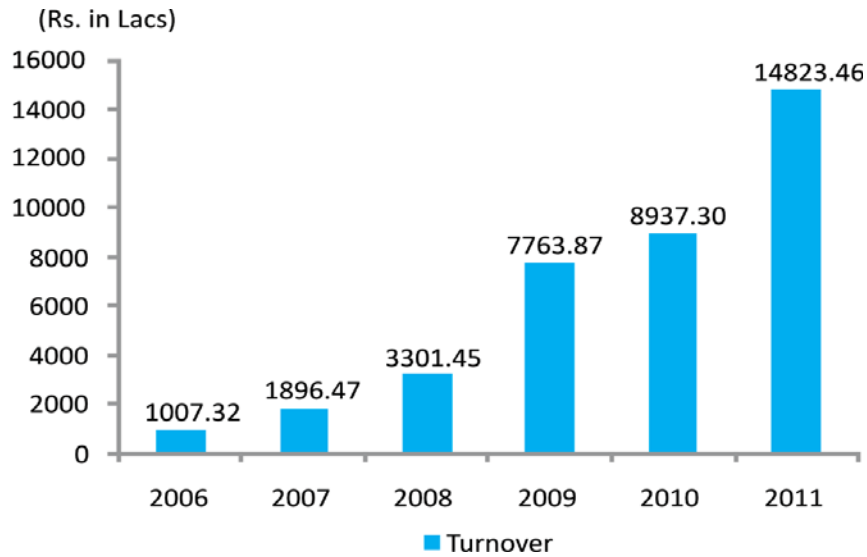
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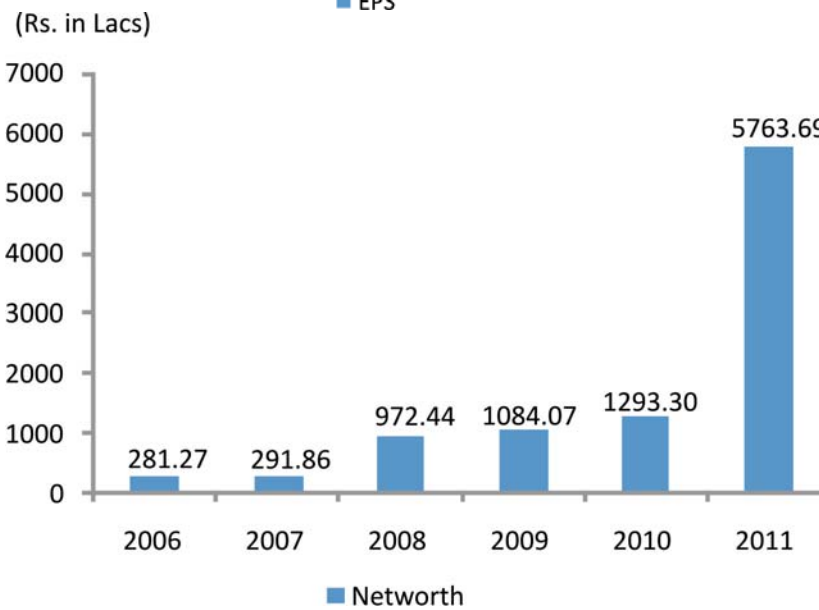
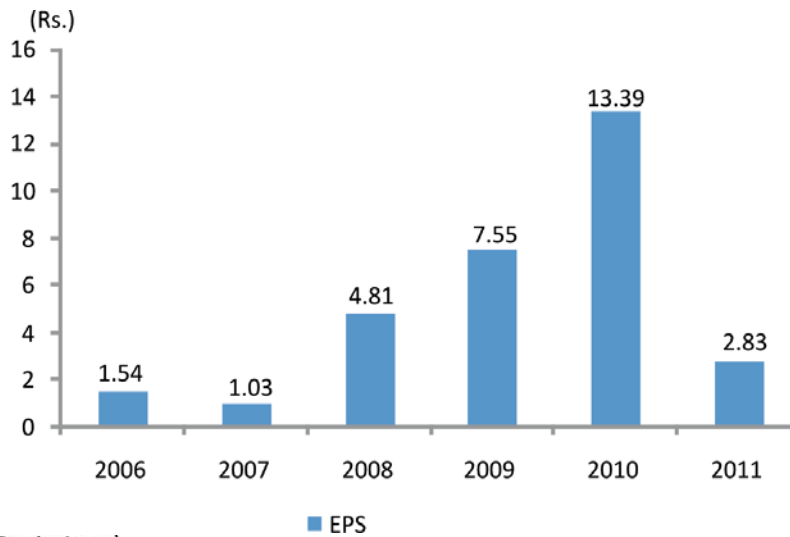
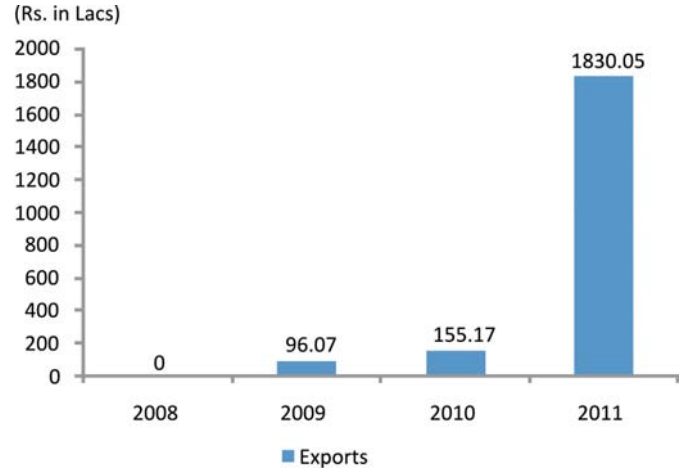
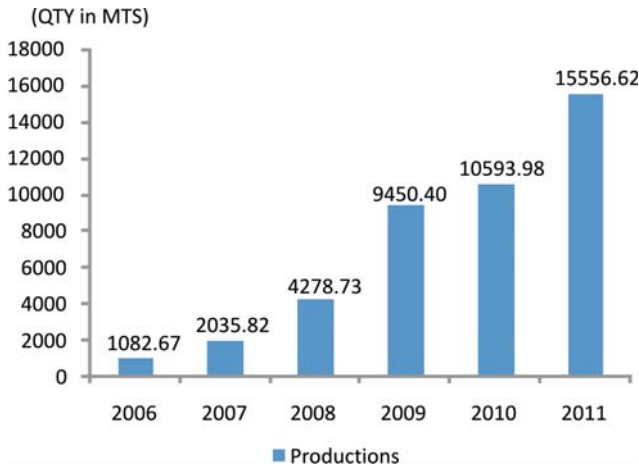
**Mukesh Ruia**

Managing Director



# Performance at Glance







## NOTICE

Notice is hereby given that the 20th Annual General Meeting of the members of Shekhawati Poly-Yarn Limited will be held on 30th September, 2011 at 12.30 P.M. at the Lalit Restaurant Hall, Near Railway Station, Goregaon (West), Mumbai – 400062 to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2011 the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanjay B. Jogi, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s. Singrodia Goyal & Co., Chartered Accountants having firm Registration No. 044739 as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Section 16, 31 and 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crores Fifty Lacs ) equity shares of face value of Rs. 10/- (Ten Only) each to Rs. 28,00,00,000/- (Rupees Twenty Eight Crores Only) divided into 2,80,00,000 (Two Crore Eighty Lacs ) equity shares of face value of Rs. 10/- (Ten Only) each.

**RESOLVED FURTHER THAT** pursuant to provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, in the existing clause V of Memorandum of Association and in the existing clause 5(a) of the Articles of Association for the words and figures Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crores Fifty Lacs) equity shares of face value of Rs. 10/- (Ten Only) each, the following words and figures shall be substituted i.e. Rs. 28,00,00,000/- (Rupees Twenty Eight Crores Only) divided into 2,80,00,000 (Two Crore Eighty Lacs) equity shares of face value of Rs. 10/- (Ten Only) each. (b) The minimum paid up Capital of the Company shall be Rs. 5,00,000/- (Rupees Five Lac Only)

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to do such other acts and deeds as may be necessary for giving effect to this resolution."

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provision of section 260 of the Companies Act, 1956, read with article no. 98 of the Article of Association of the Company, Mr. Rohit Chandgothia who was appointed as an Additional Director of the Company with effect from 18th March, 2011 by the Board of Directors of the Company, whose term of office expires at the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act 1956 from a member proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement of directors by rotation".

**RESOLVED FURTHER THAT** Mr. Mukesh Ruia, Managing Director be and is hereby severally authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."





6. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provision of section 260 of the Companies Act, 1956, read with article no. 98 of the Article of Association of the Company, Mr. Sushil Kumar Poddar who was appointed as an Additional Director of the Company with effect from 6th August, 2011 by the Board of Directors of the Company, whose term of office expires at the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act 1956 from a member proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement of directors by rotation”.

**RESOLVED FURTHER THAT** Mr. Mukesh Ruia, Managing Director be and is hereby severally authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution.”

**By Order of the Board**  
**For Shekhawati Poly-Yarn Limited**

Sd/-  
**Subodh Kumar Soni**  
Company Secretary

Dated: 31st August, 2011  
Place: Mumbai

**Registered Office:-**  
2, Anantwadi, Vaidya Bhawan, 1st Floor  
Bhuleshwar, Mumbai- 400 002, India.

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Share Transfer Books and Register of members of the Company will remain closed from 20th September, 2011 to 30th September, 2011 (both days inclusive).
3. Members are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission to the meeting hall.
4. Members, who hold shares in de-materialized form, are requested to bring their client ID and DP ID Nos. for easier identification of attendance at the meeting.
5. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
6. Members holding shares in physical form are requested to notify immediately any change in their address and Bank particulars to the Company or its Registrar and Share Transfer Agents (RTA) and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository participants and not to the Company/ RTA, without any delay.
7. In all future correspondence with the Company, Members are requested to quote their account/folio numbers and in case there, shares are held in the dematerialized form, they must quote their DP ID and Client ID Number.
8. Members holding shares in physical form can now avail the facility of nomination in respect of shares held by them pursuant to the amendment in the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Secretarial Department of the Company. Members desiring to avail this facility may send their Nomination Form (in duplicate) duly filled in, to the Company or its Registrar and Share Transfer Agents by quoting their respective Folio Numbers.
9. Green Initiative for Paperless Communication:

The Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance by allowing paperless compliance through electronic mode. In accordance with recent circular bearing no.17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs(MCA), Companies can now send various notices/documents to their shareholders through electronic mode to the registered E-mail address of the shareholders.

This is a golden opportunity for every Company to contribute to the Corporate Social Responsibility Initiated by the MCA.

As per the said MCA circulars, the Company has attached herewith E-communication Registration form for providing advance opportunity to Equity shareholder to register their e-mail with the Company or Depository Participant and changes therein form time to time.



## Notice of Annual General Meeting

### EXPLANATORY STATEMENT (PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956)

#### ITEM NO. 4

In order to expand the activities of the Company, it is necessary to increase the Authorised Share Capital of the Company from Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) by creation of 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs.10/- each to Rs. 28,00,00,000/- (Rupees Twenty Eight Crores Only) by creation of 2,80,00,000 (Two Crore Eighty Lacs) Equity Shares of Rs.10/- each. This will require amendments to Clause V of the Memorandum of Association and Clause 5(a) of the Articles of Association of the Company. Amendment to Memorandum of Association and Articles of Association of the Company can be carried out only by passing a Special Resolution and hence the Directors recommend the Special Resolution for your approval.

The proposed Special resolution is recommended for approval of Members by the Directors in the interest of the Company.

None of the Directors of the Company is in any way concerned or interested in above resolution.

#### ITEM NO. 5 and 6

Mr. Rohit Chandgothia was appointed as an Additional Director of the Company with effect from 18th March, 2011 and Mr. Sushil Kumar Poddar was appointed as an Additional Director of the Company with effect from 6th August, 2011 pursuant to the section 260 and article no. 98 of the Articles of Association of the Company shall hold office only upto the date of ensuing Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956 from members along with a deposit of Rs.500/- each proposing candidature of Mr. Rohit Chandgothia & Mr. Sushil Kumar Poddar respectively for the office of Director at the ensuing Annual General Meeting.

None of the director of the Company is in any way concerned or interested in the said resolution.

Your Directors recommend the resolution for the member's approval.



## Brief resume of Directors seeking appointment/re-appointment:

As required by Clause 49 of the Listing Agreement signed by the Company with the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange Ltd. (NSE), brief profile of the Directors proposed to be appointment and reappointment at the Annual General Meeting:

### The details of the director who retire by rotation and are eligible for re-appointment (Item No. 2)

#### 1. Mr. Sanjay Jogi

Name	:	Mr. Sanjay Jogi
Age	:	46 Years (28.12.1965)
Date of Appointment	:	27.02.2010
Qualification	:	S.S.C.
Other Directorship	:	NIL
Shareholding in the Company	:	333 Equity Shares
Committee Members	:	Audit Committee Remuneration Committee
Experience in Specific Function area	:	Mr. Sanjay Jogi has a rich experience of over 20 Years in the Textile industries.

### The details of the director who propose as a Director of the Company (Item No. 5 & 6)

#### 2. Mr. Rohit Chandgothai

Name	:	Mr. Rohit Chandgothia
Age	:	40 years (09.4.1971)
Date of Appointment	:	18.03.2011
Qualification	:	B.Com.
Other Directorship	:	Vicky Fashion limited
Shareholding in the Company	:	Nil
Committee Members	:	Audit Committee Shareholders'/Investors' Grievance Committee
Experience in Specific Function area	:	Mr. Rohit Chandgothia has a rich experience of over 20 Years in the Textile industries.

#### 3. Mr. Sushil Kumar Poddar

Name	:	Mr. Sushil Kumar Poddar
Age	:	67 Years (15.09.1943)
Date of Appointment	:	06.08.2011
Qualification	:	B.Com. (Hon.) LLB
Other Directorship	:	Nil
Shareholding in the Company	:	Nil
Committee Members	:	Nil
Experience in Specific Function area	:	Mr. Sushil Poddar has a rich experience of over 40 Years in the Various fields.

**By Order of the Board**  
**For Shekhawati Poly-Yarn Limited**

Sd/-

**Subodh Kumar Soni**  
Company Secretary

**Place:** Mumbai  
**Dated:** 31st August, 2011

## DIRECTOR'S REPORT

### TO THE MEMBERS

Yours Directors take the pleasure in presenting the 20th Annual Report of the Company together with the Audited Statements of Accounts for the Financial Year Ended on 31st March, 2011.

### FINANCIAL RESULTS

The Financial Performance of the Company for the Year Ended 31st March, 2011 is summarized below:

	(Rs. In Lacs)	
<b>Particulars</b>	<b>2010-11</b>	2009-10
Operational Income	<b>14823.46</b>	8937.30
Profit/ (Loss) before Depreciation & Interest	<b>1441.78</b>	827.68
Less: Interest & Financial Charges	<b>556.83</b>	262.60
Less: Deprecation	<b>352.28</b>	218.09
Profit/ (Loss) before Tax	<b>532.67</b>	346.99
Add/ (Less): Provision for Taxation		
-Current	<b>111.87</b>	63.87
-Mat credit entitlement	<b>43.69</b>	9.90
-Deferred Tax Liabilities/ (Assets)	<b>110.41</b>	72.12
-For earlier years	<b>0.07</b>	0.13
<b>Profit/ (Loss) after Tax for the year</b>	<b>354.02</b>	220.77
Prior Period Adjustment	<b>4.51</b>	-
Add: Balance brought forward from previous year	<b>481.09</b>	271.86
Profit available for appropriation	<b>839.62</b>	492.63
Less: Proposed Dividend	-	9.90
Less: Corporate Dividend Tax	-	1.64
Balance carried to Balance Sheet	<b>839.62</b>	481.09

### INCREASE IN AUTHORISED CAPITAL

During the year, your Company has increased its Authorised Share Capital from Rs. 11,00,00,000/- (Rupees Eleven Crores only) to Rs. 25,00,00,000/- (Rupees Twenty Five Crore only) divided into 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 10/- each as approved by shareholders at their Extra-Ordinary General Meeting held on 11.06.2010. The new shares will ranking pari-passu with the existing Equity Shares of the Company.

### BONUS ISSUE

During the year, the Board, at its meeting held on 17.04.2010 has allotted 57,72,165 Equity Shares of Rs. 10/- each as fully paid up Bonus Shares in the ratio of Seven new fully paid-up Equity Shares of Rs 10/- each to Two existing fully paid-up Equity Shares of Rs 10/- each held by existing shareholders on record date by Capitalization of Reserves.

### PERFORMANCE REVIEW

Your Company's textiles operations have shown encouraging growth, both in the domestic and in the exports markets. Your Company believes that its scale of operations and integration across the textile chain will, in future, offer significant advantages in both cost and revenue.

During the year the Company has achieved the turnover of Rs. 14823.46 Lacs as compared to Rs. 8937.30 Lacs in the previous year. Profit after Tax was Rs. 354.02 Lacs in the current year as compared to Rs.220.77 Lacs in the previous year.

### EXPORTS

Your Company's performance on export front has improved tremendously from the year 2008-09. The company has shown consistent growth every year and in the year 2010-11 the total export turnover has grown from Rs. 155.16 Lacs

## DIRECTOR'S REPORT

in 2009-10 to Rs. 1852.75 Lacs in 2010-11. Your Company has attracted new customers of international repute during the year. It is also making efforts to penetrate the new Customers and new International markets, including Argentina, Brazil, Egypt, Israel, Jordan, Kenya, Mexico, Morocco and Thailand etc.

### DIVIDEND

The strength of the Company lies in identification, execution and successful implementation of business projects. To strengthen the long term prospectus and sustainable growth in assets and revenue, it is important for the company to evaluate various opportunities in the different business vertical in which Company operates.

The Board of Directors considers this to be in the strategic interest of the company and believe that this will greatly enhance the long term shareholder value. The Company expects better results for the coming year. In order to fund this development and implementation projects, conservation of fund is of vital importance. Therefore, your Directors have not recommended any dividend for the financial year 2010-2011.

### DIRECTOR

Mr. Rohit Chandgothia was appointed as an Additional Director of the Company w.e.f. 18th March, 2011 and Mr. Sushil Kumar Poddar was appointed as an Additional Director of the Company with effect from 6th August, 2011, whose term of office expires at the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act 1956 from members proposing their candidature for the office of the Directors be and are hereby appointed as Directors of the Company whose period of office will be liable to determination by retirement of directors by rotation".

Resolutions seeking your approval for the appointment of Mr. Rohit Chandgothia and Mr. Sushil Kumar Poddar, has been incorporated in the Notice of the ensuing Annual General Meeting along with brief about them.

### FIXED DEPOSITS

During the year under consideration, the Company has not accepted any fixed deposits from the public pursuant to the provisions of Section 58A of the Companies Act, 1956 and as such no amount of principal or interest on account of fixed deposits is outstanding as on the date of balance sheet.

### MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis for the year under review, as stipulated under clause 49, of the Listing Agreement with the stock exchanges in India, is presented in a separate section forming part of the Annual Report.

### CORPORATE GOVERNANCE

Your Company has complied with the requirements of clause 49 of the Listing Agreement regarding Corporate Governance. A report on the Corporate Governance practices, the Auditors certificate on compliance of mandatory requirements thereof are given as an annexure to this report.

### STATUTORY AUDITOR

The Auditors M/s. Singrodia Goyal & Co., Chartered Accountants, Mumbai hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Company has received a certificate from the proposed auditor to the effect that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

### AUDITOR REPORT

In the opinion of the Directors the notes to the accounts are self explanatory and adequately explain the matter, which are dealt with in the auditor report and thereof, need not require any further comments under section 217 of the Companies Act, 1956

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS/ OUTGO

A Statement containing necessary information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in the Annexure forming part of this report.



## DIRECTOR'S REPORT

### PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, it is stated that there was no employees who were in receipt of remuneration exceeding Rs. 60 Lacs per annum or Rs. 5 Lacs per month during the period under review.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standard had been followed.
- ii. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state affairs of the Company as at 31st March, 2011. and of the Profit for the year ended 31st March, 2011.
- iii. 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.
- iv. the annual accounts have been prepared on a going concern basis.

### CORPORATE GOVERNANCE

As required under the Listing Agreement with Bombay Stock Exchange Limited, a report on Corporate Governance is given in Annexure to this Report

### QUALITY INITIATIVES

Your Company is committed to quality and reliability. The quality system of the Company provides an opportunity to compare performance with similar organizations world-over, to learn and share best practices and strengthen relationship with customers.

### APPRECIATION

Your Directors take this opportunity to convey their deep sense of gratitude for valuable assistance and co-operation extended to the Company by all valued Customers and Bankers.

Your Directors also wish to place on record their sincere appreciation for the valued contribution, unstinted efforts by the executives at all levels which contributed, in no small measure, to the progress and the high performance of the Company during the year under review.

**For and on Behalf of the Board of Directors**

Place: Mumbai  
Date : 25th May, 2011

Sd/-  
**Mukesh Ruia**  
Managing Director

Sd/-  
**Ramniranjan Ruia**  
Chairman

## ANNEXURE TO DIRECTOR'S REPORT

### A. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONVERSATION OF ENERGY

Particulars		2010-2011	2009-2010
Power and Fuel Consumption			
<b>Electricity</b>			
Purchased Units	(KWH)	14771234	1,17,04,331
Total Amount	(Rs.)	60900688	4,49,38,660
Average rate per unit	(Rs.)	4.12	3.84

### B. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange Earnings by way of Exports were Rs. 1530.75 lacs and there was Foreign Exchange Outgo were Rs.82.26 lacs by way of import of Knitting Machines during the year under review.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERALL REVIEW:

Your Company's Aggressive marketing efforts, relentless focus on efficiency improvement, accentuating on quality and cost control measures contributed towards improved performance during the year.

India textile industry is also the largest in the country in terms of employment generation. The Indian Textile Industry has a great presence in the economy of the country by way of contribution to industrial output, employment generation and the export earning of the country. The Close Linkage of the industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sectors unique in comparison with the textile industry of other countries.

The growth figures of the last few years have made the entire textile industry brim with unprecedented confidence and optimism. These growth targets envisaged a fundamental shift in the textile scenario and have taken a route of a very rapid growth. The Indian textile industry plays a vital role in the Indian economy by contributing to GDP, generating employment and earning foreign exchange.

The Role of Textile Industry in India GDP also includes a hike in the investment flow both in the domestic market and the export production of textiles. The worldwide trade of textiles and clothing has boosted up the GDP of India to a great extent as this sector has brought in a huge amount of revenue in the country.

During the year 2010-2011 under review the profitability of the Company was higher as compared to that of the previous years.

### A. INDUSTRIAL STRUCTURE AND DEVELOPMENT:

The textile industry has witnessed steady growth in the recent past with the friendly policies announced by the Government. The industry has undergone drastic changes over the decades, particularly after the introduction of Technology Up-gradation Funds (TUFs) scheme by the Government of India and majority of the textile companies have modernized /renovated their plants in order to provide quality outputs and meet the global standards.

Indian Textile Industry has gone through the metamorphosis from being a 'cottage industry' to the state of supremacy. On the Way of deeper integration with world economy and expansion in domestic economy, the industry picked up the momentum. Most of the existing and new units commenced process of expansion and modernization to cater to the increasing market demands.

The Government of India, recognizing the potential of the Indian Textile Industry has taken several measures over the years to improve the industry's cost competitiveness. Continuing the same trend the government in the last Union Budget has introduced certain fiscal and monetary relief measures in the wake of the global economic slowdown to provide relief to the domestic industry including textiles industry.

Your Company work hard to meet the competition as well as to enable to maintain long standing business relationship.

Our major export markets in the world are Brazil, Morocco, Thailand, and Egypt. Export of the Company has gained momentum as compared to the last year.

### MAJOR EXPORT MARKET IN THE WORLD

Argentina	Israel	Mexico
Brazil	Jordan	Morocco
Egypt	Kenya	Canada
Thailand		

### B. OPPORTUNITY AND THREATS:

Your Company shall tread its path cautiously towards progress, prosperity and is upbeat about its future business plans and future performance. There is always a demand and growth for quality textiles products across the globe. The Growth rate of Domestic Textile Industry is 6-8% per annum and Greater Investment and FDI opportunities are available.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Central Government has made revision in the EPCG scheme, the DEPB scheme and the export obligation scheme for promoting export, which is beneficial for the Company

### OUTLOOK:

We expect the textile segments to turn favorably and based on the various factors like macro economy condition, the Company is hopeful of significantly improved financial performance in the coming year and hope to provide booming results in the forth coming years. The Company has made sustained efforts to increase its presence in the International Market. Total export of the Company for the year 2010-11 was Rs.1852.75 Lacs.

### C. RISK AND CONCERNS:

Risk taking is intrinsic to business growth. All business organisation face risks either from internal environment or from external environment. The base of any business is a healthy appetite for risk. This is why one of the greatest and most important challenges for an organisation is to define the optimal risk level for its business to ensure that its activities produce risk adjusted returns.

The risks for the Company is high cost of major input, viz. POY and intense competition in domestic and export markets due to large scale over capacity. Continuous weakening and volatility in the Indian Rupees against the US dollar has impacted to the cost of Exports etc. As the business of the Company is spread across the world, any change in policy of various governments, business legislation, grant of visas could have some impact on future of the Company. Continuity volatility on the exchanged flaunts would pose additional changes.

### D. INTERNAL CONTROL SYSTEM:

Our Company has well defined and institutionalized business process with effective control systems to ensure that assets and interest of the Company are safeguarded. The system is designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls and compliance with applicable laws and regulations.

### E. FINANCIAL & OPERATIONAL PERFORMANCE:

During the year under review, the operations of the Company remained excellent. The total sale of the Company was Rs. 14823.46 Lacs as against Rs. 8937.30 Lacs during the last Year. The Company has achieved a Profit after Tax of Rs.354.16 Lacs in the current year as compared to Rs. 220.77 Lacs in the previous year.

### F. HUMAN RESOURCE MANAGEMENT AND INDUSTRIAL RELATIONS:

The Company continued to enjoy harmonious and cordial relations amongst its entire employees. The key to the success of the Company lies in its people whose skills, expertise, and talent help the Company to achieve and sustain its market position. It is the people's commitment, technical know-how, innovative ability and performance driven mindset that enable to react swiftly and creatively to the evolving customer and market needs.

Human resources continue to be an invaluable and intangible asset and key success factor for the Company to grow and sustain its market position in a highly competitive and challenging environment. Your Company firmly believes that people are the pivotal force behind the growth and excellence in business operations. The overall performance and the market position of the Company are the result of the aggregate strength of its people. Focus on developing leadership skills and building talent for the future and the process of improving organizational and human capability through competency mapping of managerial positions in all areas of the Company's operations, continued as a major initiative. The Company is committed to provide the right environment to its employees to work and to inculcate a sense of ownership and pride.

### G. CAUTIONARY STATEMENT:

Statements in this Report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will, expect and other similar expressions are intended to identify such forward looking statements. The Company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of subsequent developments, information or events.

## REPORT ON CORPORATE GOVERNANCE

Corporate Governance pertains to system, by which companies are directed and controlled, keeping in mind long-term interest of stakeholders. Corporate governance is an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability and integrity. Corporate Governance is a journey for improving sustainable value creation. Sound Corporate governance is reliant on external marketplace commitment and legislation, plus a healthy board culture which safeguards policies and processes. The positive effect of Corporate governance on different stakeholders ultimately is a strengthened economy, and hence good Corporate governance is a tool for socio-economic development.

Corporate Governance is the application of best management practice, compliance of laws, rules and regulations to achieve the objective of the Company & maximize shareholders value. Key elements of good Corporate governance principles include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and commitment to the organization. Corporate Governance encompasses commitment to values and to ethical business conduct to maximize shareholder values on a sustainable basis, while ensuring fairness to all stakeholders including customers, employees, investors, vendors, Government and society at large. Corporate Governance is the system by which companies are directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed and how performance is optimized. Sound Corporate Governance is therefore critical to enhance and retain investors' trust.

The essence of Corporate Governance is a framework of effective accountability to all stakeholders. In its widest sense, Corporate Governance is almost akin to a trusteeship. It is about creating an outperforming organisation, which leads to increasing customer satisfaction and shareholder value.

### CORPORATE GOVERNANCE AT SHEKHAWATI POLY-YARN LIMITED:

The Companies basis philosophy on Corporate Governance is to achieve the highest level of transparency, accountability and integrity, honesty, ethical behavior. Your Company is committed to meeting the aspiration of all of its shareholders, lenders, employees and other stakeholders. It is always ensured that the practice being followed by the Company is in alignment with its philosophy towards Corporate Governance. Your Company believes that for a Company to be successful it must maintain global standards of Corporate conduct towards its stakeholders. The Company believes that it is rewarding to be better managed and governed and to identify its activities with national interest.

It is not merely compliance and simply a matter of creating checks and balances; it is an ongoing measure of superior delivery of Company's objectives with a view to translate opportunities into reality. It involves leveraging its resources and aligning its activities to national need, shareholders benefit and employee growth, thereby delighting all its stakeholders, while minimizing the risks. Corporate Governance means being responsive for aspirations of all our shareholders, employees, and all other stake holders and also fulfilling the expectations of the society.

#### 1. BOARD OF DIRECTORS:

##### i) Composition of Board

The Board of Directors (the 'Board') of the Company represents an optimum mix of persons with experience and expertise in their respective fields. As at March 31, 2011, the Board of the Company consisted of six Directors, of which one is Executive Director, Two Non-Executive Director and Three are Non-Executive Independent Directors. None of the Directors of the Company is a member of the Board of more than 15 companies, in terms of section 275 of the Companies Act, 1956, and a member of more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement). The Board is primarily responsible for the overall management of the Company's business.

## REPORT ON CORPORATE GOVERNANCE

The composition of Board as on 31st March 2011 is as under :

Sr. No.	Name of the Directors	Nature of Directorship	Number of Directorship's of other public companies	Membership in other Board Committees	Chairmanship in other Board Committees
1	Mr.Ramniranjan Ruia	Chairman (Non-Executive)	-	-	-
2	Mr.Mukesh Ruia	Managing Director	-	-	-
3	Mr.Sanjay Jogi	Director (Non-Executive)	-	-	-
4	Mr. Sanjay Kumar Churiwala	Independent Director	1	-	-
5	Dr.Satish Chandra Kulhari	Independent Director	1	-	-
6	Mr.Rohit Chandgothia	Independent Director	1	-	-

### ii) Board Meetings:

The Company prepares the schedule of the Board Meeting in advance to assist the Directors in scheduling their program. The agenda of the meeting is circulated to the members of the Board well in advance along with necessary papers, reports, recommendations and supporting documents, so that each Board member can actively participate on agenda items during the meeting. During the year 31st March, 2011 Board Meeting were held respectively on 17/04/2010,20/04/2010, 26/04/2010,04/05/2010,07/05/2010,10/05/2010,14/05/2010,17/05/2010, 21/05/2010, 05/07/2010, 19/05/2010, 03/09/2010, 03/10/2010, 15/10/2010, 30/11/2010, 03/12/2010, 07/12/2010, 16/12/2010, 07/01/2011, 14/02/2011, 03/03/2011, 21/03/2011. The details of meetings held and attended by respective board members are as under:

Sr. No.	Name of Directors	No. of Board Meetings held	No. of Meetings attended	Last AGM attended
1	Mr. Ramniranjan Ruia	22	21	Yes
2	Mr. Mukesh Ruia	22	22	Yes
3	Mr. Sanjay Jogi	22	22	Yes
4	Mr. Sanjay Kumar Churiwala	22	8	Yes
5	Dr. Satish Chandra Kulhari	22	3	Yes
6	Mr. Debkumar Goswami	22	6	Yes
7	Mr. Rohit Chandgothia	22	1	--

4 Mr. Sanjay Churiwala has resigned from the Board of Directors of the Company w.e.f. 6th August,2011.

5 Dr. Satish Chandra Kulhari has resigned from the Board of the Directors of the Company w.e.f. 27th July,2011.

6 Mr. Debkumar Goswami has resigned from the Board of Director of the Company w.e.f. 16th March, 2011.

7 Rohit Chandgothia, was appointed as Additional Director of the Company w.e.f. 18th March, 2011.

Mr. Sushil Poddar was appointed as Additional Director of the Company w.e.f. 6th August, 2011 .

None of the Directors on the Board is a member of more than 10 committee and Chairman of more than 5 Committees (as per Clause 49(I)(C)(ii)) across all the Public Limited Companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other Public Limited Companies.

## REPORT ON CORPORATE GOVERNANCE

### iii) Director seeking appointments/reappointments

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Sanjay Jogi shall retire by rotation at the forthcoming Annual General Meeting.

## 2. BOARD COMMITTEES

For effective and efficient functioning of the Company, the Board has formed the following Committees:

- Audit Committee
- Remuneration Committee
- Shareholders/Investors' Grievance Committee

### a. Audit Committee

The Audit Committee consists with Independent Directors & Non-Executive Director having knowledge of Finance, Accounts and Company Law. The composition of the Audit Committee as on 31st March 2011 is as under :

Sr. No	Name of the Member	Designation	Category
1.	Mr. Sanjay Churiwala	Chairman	Independent Director
2.	Mr. Rohit Chandgothia	Member	Independent Director
3.	Mr. Sanjay Jogi	Member	Non-Executive Director

Mr. Sanjay Churiwala, Chairman is a Non-Executive and Independent Director as per the Listing Agreement. The constitution of audit committee also meets with the requirements under section 292A of the Companies Act, 1956. The Company Secretary of the Company acts as the Secretary to the Committee.

During the financial year 2010-11, the committee met Four times on 18 th July, 2010, 29th September, 2010, 14th February, 2011 and 31st March, 2011. The details of attendance of the members are as follows:

Sr. No.	Name of the Member	Designation	No. of Meetings	
			Held	Attended
1	Mr. Sanjay Churiwala	Chairman	4	4
2	Mr. Rohit Chandgothia	Member	4	1
3	Mr. Sanjay Jogi	Member	4	4
4	Mr. Debkumar Goswami	Member	4	3

1 Mr. Sanjay Churiwala has resigned from the Chairmanship w.e.f from 25th May, 2011 and resigned as a director of the company w.e.f 6th August, 2011 and consequently ceased to be a member of the committee.

2 Mr. Rohit Chandgothia was inducted as a member of the Audit Committee w.e.f 31st March, 2011 and was appointed as Chairman w.e.f. 25th May, 2011.

4 Mr. Debkumar Goswami has resigned as a director of the company w.e.f 16th March, 2011 and consequently ceased to be a member of the committee.

**The term of reference stipulated by the Board to the Audit Committee are, as contained in clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956 major terms of reference, inter alia as follows:**

1. Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management the annual financial statements before submission to the board for approval, with particulars reference to:

## REPORT ON CORPORATE GOVERNANCE

- a. Matters required to be included in the Directors Responsibility Statement to be included in the Board Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b. Changes, if any in accounting policies and practices and reason for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions, and
  - g. Qualifications in the draft audit report.
5. 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.
  6. Carrying out any other functions as is mentioned in the terms of reference of the audit committee.

### b. Remuneration Committee :

As a concern of good Corporate Governance the Board has constituted Remuneration Committee and modified its constitute time to time. The Remuneration Committee of the Board comprises of the Two Independent & Non Executive Directors and One Non Executive Director. The composition of the Remuneration Committee as on 31st March 2011 is as under :

Sr. No	Name of the Member	Designation	Category
1	Mr. Sanjay Churiwala	Chairman	Independent Director
2	Dr. Satish Kulhari	Member	Independent Director
3	Mr. Sanjay Jogi	Member	Non-Executive Director

The committee met on one occasion viz 17th may, 2010 during the financial year 2010-11. The attendance of the members at the meetings of the Remuneration Committee is as follows:

Sr. No.	Name of the Member	Position	No. of Meetings	
			Held	Attended
1	Mr. Sanjay Churiwala	Chairman	1	1
2	Dr. Satish Kulhari	Member	1	1
3	Mr. Sanjay Jogi	Member	1	1

- 1 Mr. Sanjay Churiwala has resigned from the Chairmanship w.e.f from 25th May, 2011 and resigned as a director of the company w.e.f 6th August, 2011 and consequently ceased to be a member of the committee.
- 2 Mr. Rohit Chandgothia was inducted has a member of the Remuneration Committee w.e.f 31st March, 2011 and was appointed as Chairman w.e.f. 25th May, 2011.
- 4 Dr. Satish Kulhari has resigned as a director of the company w.e.f 27th July, 2011 and consequently ceased to be a member of the committee.

### Role and Functions of Remuneration/Compensation Committee

The committee has been constituted to look into all matters pertaining to remuneration of directors and the administration of the employee stock option scheme.

The scope of Remuneration committee includes fixation of suitable remuneration package of all the executive directors determination of the fixed component and performance linked incentives alongwith performance criteria to the directors of our Company approve security contracts, notice period, severance fees of directors, determining a suitable remuneration policy of the managing director/ officers and appointee. The committee is formed to take decision on the increments in the remuneration of the directors and officers and to formulate appropriate remuneration policy.

## REPORT ON CORPORATE GOVERNANCE

The quorum for the meeting is the presence of two members. The Company Secretary acts as the Secretary to the Committee.

### Details of Remuneration to the directors:

The aggregate value of salary paid for the year ended 31st March 2011 to Mr. Mukesh Ruia Managing Director was Rs.18 Lac p.a.

### c. Shareholders'/Investors' Grievance Committee:

The Board has constitute the Shareholders'/Investors' Grievance Committee in accordance with the requirement of the Clause 49 of the Listing Agreement. The objective of the Company is to attend to the investors' complaints pertaining to transfer/transmission/demat/remat of shares, on the receipt of dividend warrant/shares certificates etc. and any other matter related thereto.

The Shareholders'/Investors' Grievance Committee of the Board comprises of the Two Independent & Non Executive Directors and One Executive Director. The composition of the Shareholders'/Investors' Grievance Committee as on 31st March, 2011 is as under :

Sr. No	Name of the Member	Designation	Category
1.	Mr. Sanjay Churiwala	Chairman	Independent Director
2.	Mr. Rohit Chandgothia	Member	Independent Director
3	Mr. Mukesh Ruia	Member	Managing Director

The committee functions under the chairmanship of Mr. Sanjay Churiwala. The other members are Mr. Sanjay Jogi and Mr. Rohit Chandgothia. During the financial year 2010-11, the Shareholders'/Investors Grievance Committee met four times on 31st October, 2010, 31st December, 2010, 14th February, 2011 and 31st March, 2011. The details of attendance of the members are as follows:

Sr. No.	Name of the Member	Position	No. of Meetings	
			Held	Attended
1	Mr. Sanjay Churiwala	Chairman	4	4
2	Mr. Rohit Chandgothia	Member	4	1
3	Mr. Mukesh Ruia	Member	4	4
4	Mr. Debkumar Goswami	Member	4	3

1 Mr. Sanjay Churiwala has resigned from the Chairmanship w.e.f from 25th May, 2011 and resigned as a director of the company w.e.f 6th August, 2011 and consequently ceased to be a member of the committee.

2 Mr. Rohit Chandgothia was inducted as a member of the Remuneration Committee w.e.f 31st March, 2011 and was appointed as Chairman w.e.f 25th May, 2011.

4 Mr. Debkumar Goswami has resigned as a director of the company w.e.f 16th March, 2011 and consequently ceased to be a member of the committee.

### Role and Responsibilities of Shareholders'/Investors Grievance Committee

The committee is responsible for approving transfer of shares including transmission, splitting of shares into marketable lots, changing joint holding into single holding and vice versa and also for issuing duplicate certificates in lieu of those torn, destroyed, lost or defaced or where the cases in the reverse for recording transfers have been duly utilized. It is also responsible for reviewing the process and mechanism of redressal of investor complaints and suggesting measures of improving the existing system of Redressal of Investor Grievances.

Also the shareholders'/investors grievances committee is responsible for resolving various complaints of shareholders about transfer of shares, non receipt of balance sheet, non-receipt of interest/ dividend payments, non- receipts of duplicate share certificates, any other grievance of the members/ investors with Company or any officer of our Company

## REPORT ON CORPORATE GOVERNANCE

in performing his official duty; any other task assigned by the board from time to time. The committee will also oversee the performance of the registrars transfer agents and the depository related services. The committee also oversees the implementation and compliance of the code of conduct adopted by our Company for prevention of insider trading for listed companies as specified in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.

- **Status of the Shareholders' Complaints:**

The Company address all the complaints, suggestions and grievance expeditiously. The details of complaints received and resolved during the year as follows:

Sr. No.	Nature of Complaints	Opening balance	Complaints Received	Complaints Redressed	Pending as on 31st March 2011
1	Non Receipt of Refund order & Shares	0	6	6	Nil
2	Non registration of change of address	0	1	1	Nil
3	Total	0	7	7	Nil

**d. Compliance Officer:**

The Company has appointed Mr. Shivratn Agarwal, as a Compliance officer of the Company.

**3. Disclosures:**

**Related Party Transaction:**

Other than transactions entered into in the normal course of business for which necessary approvals are taken and disclosures made, the Company has not entered into any materially significant related party transactions (i.e. transactions of the Company of material nature) with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. However, the Company has annexed to the accounts a list of related parties as per Accounting Standard 18 and the transactions entered into with them.

**Accounting Treatment:**

The Company has followed accounting treatment as prescribed in Accounting Standard applicable to the Company.

**Compliances by the Company**

The Equity Shares of the Company were listed on the Bombay Stock Exchange Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai, for the entire year and there were no penalties or restrictions imposed on the Company by any Stock Exchanges or SEBI for any matter.

**Details of compliance with mandatory requirements and adoption of non-mandatory requirements of clause 49 of the Listing Agreement:**

The Company has complied with all the mandatory requirements as stipulated under Clause 49 of the Listing Agreement. A Certificate from the statutory auditors of the Company to this effect has been included in this report. Besides mandatory requirements, the Company has constituted a Remuneration Committee to consider and recommend the remuneration of the Directors and senior management officials. The Company has not complied with the other non-mandatory disclosures stipulated in the Listing Agreement for time being.

**4. Means of Communication**

- **Website:** The Company's website [www.shekhawatiyarn.com](http://www.shekhawatiyarn.com) contains separate section as "Investor Relation" where shareholder information is available. Full Annual Report is also available on the website in the user friendly and downloadable form. Apart from this, official news releases etc. are also displays in the website.



## REPORT ON CORPORATE GOVERNANCE

- **Financial Results:** The Annual, half yearly and quarterly results are regularly uploaded by the company on the website. These are also submitted to the Stock Exchanges in accordance with Listing Agreement and publish in Business Standard in English and Mumbai-Lakshadweep in Marathi Language News Papers.
- **Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Director's Report, Auditor's Report and other important information is circulated to the members and others details thereto.
- **Management Discussion and Analysis:**  
Annual Report contains detailed information on Management Discussion and Analysis.
- **Risk Management**  
The policy, principle and safety management standards are used consistently in implementing safety management across the Company. These are underpinned with a system of proactive hazard identification, risk management, controls, training and continuous improvement.

### 5. General Body Meetings

- **Annual General Meetings:**

Details of the location, date & time of the previous three AGMs and the details of the Special Resolutions passed as under:

a. Particulars of previous three Annual General Meetings:

Meeting	Year	Venue	Date	Time
AGM	2010	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai – 400002	23rd August, 2010	11.00 A.M.
AGM	2009	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai – 400002	29th September, 2009	11.00 A.M.
AGM	2008	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai – 400002	24th September, 2008	11.00 A.M.

b. No Resolution has been placed for shareholder's approval at the meeting.

- **Extra Ordinary General Meetings in 2010-2011:**

Date	Venue	Time	Purpose
17th April, 2010	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai – 400002	2.00 P.M.	• Issue and allotment of Shares of the Company by way of further issue of Shares.
14th May, 2010	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai – 400002	2.00 P.M.	• Issue and allotment of Shares of the Company by way of further issue of Shares. • Replacing the existing clause no.138 with New Clause no.138 of Article of Association.
11th June, 2010	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai – 400002	2.00 P.M.	• To increase the Authorised share capital from Rs.1100 lacs to Rs. 2500 lacs. • Alteration of Memorandum of Association in clause V(A). • Alteration of Article of Association in clause 2(a).
11th September, 2010	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai – 400002	2.00 P.M.	• To increase in Borrowing powers.

## REPORT ON CORPORATE GOVERNANCE

- **Special Resolution passed through Postal Ballot**

One Special Resolution were passed on 18th April, 2011 through postal ballot, pursuant to section 192A of the Companies Act 1956 and with the Companies (Passing of Resolution any Postal Ballot) Rules 2001, in respect of the following items:

1. Ordinary Resolution for authorization to Board of Directors for sell/Transfer, Dispose off Dadra and Nagar Haveli Unit I under Section 293 (1) (a) of the Companies Act, 1956

Mr. Vishal Manseta , a Practicing Company Secretary was appointed as the Scrutinizer to conduct the postal ballot process.

The Notice dated 13th February, 2011 was sent to the members and the last date for the receipt of postal ballot was 14th April, 2011. Based on the Scrutinizer's report, the resolution was passed with the requisite majority. The result of the postal ballot was declared on 18th April, 2011.

- 6. **General Shareholder Information**

- **Annual General Meeting:**

Day & Date : Friday, 30th September, 2011

Time : 12.30 P.M.

Venue : Lalit Restaurant Hall, Near Rly. Station, Goregaon (West), Mumbai 400 062

- Financial Calendar (tentative and subject to change)

Financial year : 1st April, 2011 to 31st March, 2012 for the Financial Year 2011-2012, quarterly un-audited/annual audited results will be announced by:

First quarter : Second week of August 2011

Second quarter : Last week of October 2011

Third quarter : Last week of January 2012

Fourth quarter : Mid of May 2012

Annual Audited : August 2012

- Book Closure Dates on account of Annual General Meeting:

Tuesday 20th September, 2011 to Friday 30th September, 2011 (Both day inclusive)

- **Listing on Stock Exchanges:**

The Equity Shares of the Company are listed with the Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE).

Exchange	Code/trading symbol	ISIN
BSE	533301	INE268L01012
NSE	SYPL	

- **Payment of Listing Fees:**

Listing fees for the financial Year 2011-2012 have been paid, within the stipulated time to the above to stock Exchanges where the Company's Equity Shares are listed.

- **CEO/CFO Certification:**

As required under clause 49 V of the Listing Agreement with the Stock Exchanges, the Managing Director and Chief Financial Officer of the Company have certified the regarding financial statements for the year ended 31st March, 2011.

## REPORT ON CORPORATE GOVERNANCE

- **Certificate of Corporate Governance**

A Certificate from Singrodia Goyal & Co. Chartered Accountants, confirming compliance with the conditions of Corporate Governance in terms of Clause 49 of the Listing Agreement form part of this Report.

- **Code of Conduct**

All the directors and senior management personnel have affirmed compliance with the code of conduct/ethics as approved and adopted by the Board of Directors and a declaration to that effect signed by Managing Director is attached and from of this report. These codes have posted on the company's Website [www.shekhawatiyam.com](http://www.shekhawatiyam.com)

- **Share Transfer System**

The Board of Directors has delegated the power of share transfer to the M/s Sharex Dynamic (India) Pvt. Ltd., Registrar and Share Transfer Agent (RTA) of the Company. Share Transfer Agent attends to share transfer formalities once in a fortnight.

- **Investor Services and Investor Grievance Handling Mechanism**

All share related transactions viz. transfer, transmission, transposition, nomination, dividend, change of name/address/signature, registration of mandate/power of attorney, replacement/split/ consolidation of share certificates/demat/remat of shares, issue of duplicate share certificates etc. are being handled by the RTA which discharges its functions effectively, efficiently and expeditiously.

Investors are requested to correspond directly on all share related matters with RTA i.e. Sharex Dynamic Pvt. Ltd., Unit-1, Luthra Industrial Premises, 1st floor, 44-E, M - Vasanti Marg, Andheri- Kurla Rd. Safed Pool, Andheri (E), Mumbai – 400078 and for any other query to the Company Secretary & Compliance Officer at Corporate Office of the Company at Express Zone, 'A' Wing, Unit No. 1102/1103 Patel Vatika, off Western Express Highway, Malad (East), Mumbai- 400 097, Maharashtra, India

- **Investor Relations**

There were seven complaints received during the year and all were attended by the Company. Therefore no complaints were pending as at March 31, 2011.

- **Distribution of Share holding as on 31st March, 2011**

Slab of shares	Number of shareholders	Percentage of shareholders	Total Number of Shares	Percentage of shareholdings
1 -5000	2364	75.82	373516	01.70
5001 -10000	326	10.46	270639	01.23
10001-20000	127	04.07	203458	00.92
20001-30000	65	02.08	172781	00.78
30001-40000	34	01.09	122223	00.56
40001-50000	35	01.12	164410	00.75
50001-10000	69	02.21	526446	02.39
Above 10000	98	03.15	20177594	91.67
<b>Total</b>	<b>3118</b>	<b>100.00</b>	<b>22011067</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE

- **Shareholding Pattern as on 31st March, 2011**

Category	No. of Shareholders	No. of Shares Held	% Equity
(A) Promoters Shareholding and Promoter Group			
1. Individuals / Hindu Undivided Family	6	45,93,801	20.87
2. Bodies Corporate	5	54,08,380	24.57
Sub Total	11	1,00,02,181	45.44
(B) Public Shareholding			
1. Institutions	-	-	-
2. Non-Institutions			
Bodies Corporate	286	31,38,206	14.26
Individuals	2,757	88,28,359	40.11
Clearing Members	47	37,535	0.17
Non Resident Indians	17	4,786	0.02
Sub Total	31.07	1,20,08,886	54.56
<b>Total (A)+(B)</b>	<b>3,118</b>	<b>2,20,11,067</b>	<b>100.00</b>

- **Shareholding Pattern of Non Executive Director as on 31st March, 2011**

Sr. No.	Name of Non-Executive Directors	No. of Shares
1	Mr. Ramniranjan Ruia	14,62,500
2	Mr. Sanjay Jogi	333

- **Details of Shares held in suspense Account:-**

The disclosure under clause 5A of the Listing Agreement is as under:

Sr. No.	Particulars	No. of Share Holders	No. of Shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	Nil	Nil
2	Number of shareholders who approached issuer for transfer of shares from suspense account during the year	Nil	Nil
3	Number of shareholders to whom shares were transferred from suspense account during the year	Nil	Nil
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	Nil	Nil
5	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

- **Change of Address**

- 1) Shareholders are required to inform the Company in writing of any change in their address, quoting their folio number for shares in physical form, if any
- 2) Change of address is effected only when the signature of the first registered holder on the request letter matches with the specimen signature recorded with the Company.
- 3) Change of address for shares held in demat form should be notified only to the concerned Depository Participant (DP).
- 4) Requests for change of address should be accompanied by any address proof like electricity bill, telephone bill, bank statement, driving license, voter ID card etc.
- 5) There can be only one Registered Address for one folio.

- **Compulsory De-materialized Trading**

As the shareholders are aware, the Securities and Exchange Board of India (SEBI), has included equity shares of the Company for compulsory dematerialised trading for all investors with effect from July 24, 2000. The Company has already entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable members of the Company to select the depository of their choice for holding and dealing in shares in electronic form. The shareholders may also note that 89.49% holding of the Company is in demat form.

- **Price Data**

Our company was listed on Stock Exchange on 12th January, 2011. The details of Monthly high and low quotation of shares traded on Bombay Stock Exchange Limited and National Stock Exchange India Limited during the period From 12th January, 2011 to 31st March, 2011 are as under:

Month	Share Prices - BSE		Share Prices - NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January -11	69.00	22.25	69.70	22.25
February-11	34.00	20.95	34.45	20.05
March -11	34.15	26.00	34.45	26.65

- **Liquidity:**

Shares of the Company are actively traded on the NSE and the BSE. as is evident from the volume of shares indicated in the table containing stock market data and hence ensure good liquidity of the investors.

- **Dematerialisation of shares:**

Approx 89.49% of the Equity Shares of the Company have been dematerialised and only 10.51% shares are in physical form as at March 31, 2011.

- **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity:**

The Company has not issued any GDRs/ADRs/Partly Paid or any Convertible Instruments. No amounts were outstanding on account of the same as at the date of the Balance Sheet.

- **Locations of manufacturing plants:-**

**Unit III**

Plot no.185/1, Naroli Village, Near Kanadi Phatak,  
Dadra & Nagar Haveli - 396 235 (Union Territory), India



**Unit II**

Plot no. 44 Government Industrial Estate, Masat, Samarvani,  
Dadra & Nagar Haveli –396230 (Union Territory), India

• **Registrars & Share Transfer Agents:-**

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares contact:

**Sharex Dynamic Pvt. Ltd.,**

Unit-1, Luthra Industrial Premises,  
1st floor, 44-E, M Vasanti Marg,  
Andheri- Kurla Rd. Safed Pool, Andheri (E),  
Mumbai – 400078.

Contact Person: Mr. K.C. Ajitkuamr

Tel. No.: 022-28515606, Fax No. 022-2

E-mail: info@sharexindia.com

Website: www.sharexindia.com

**For Shekhawati Poly-Yarn Limited**

Sd/-

**Mukesh Ruia**

Managing Director

Place:-Mumbai

Date:- 25th May, 2011

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**Declaration regarding compliance by Board Members and Senior Management  
Personnel with the Company's Code of Conduct**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Board Members. I, confirm that the Company has in respect of the Financial Year ended March 31, 2011 received from the senior Management Team of the Company a declaration of compliance with the Code of Conduct as applicable to them. For the purpose of this declaration, senior management team means employees in the Executive Manager cadre as at March 31, 2011.

**For Shekhawati Poly-Yarn Limited**

Sd/-

**Mukesh Ruia**

Managing Director

Place:-Mumbai

Date:- 25th May, 2011



## CHIEF EXECUTIVE OFFICER (CEO)/ CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,  
The Board of Directors  
Shekhawati Poly-Yarn Ltd.

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Shekhawati Poly-Yarn Limited ("The Company") to best of our knowledge and belief certify that:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2011 and that:
  - 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) to the best of my knowledge and belief, no transactions entered into by the Company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditor any
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they 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 over financial reporting.

Place : Mumbai  
Date : 25th May, 2011

**Mukesh Ruia**  
Managing Director

**Shivratan Agarwal**  
Chief Financial Officer



## AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of  
Shekhawati Poly-Yarn Limited  
Mumbai-400 002

We have examined the compliance of Corporate Governance by Shekhawati Poly-Yarn Limited for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure 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 complied with condition of corporate governance as stipulated in the above mentioned Listing Agreements.

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

For **Singrodia Goyal & Co.**  
Chartered Accountants  
(Firm Registration No. 112081W)

(Suresh Murarka)  
Partner  
Mem. No. 044739

Place : Mumbai  
Date : 31st August, 2011.



## AUDITRS REPORT

To,  
The Members of Shekhawati Poly- Yarn Limited,

We have audited the attached Balance Sheet of Shekhawati Poly-Yarn Limited as at 31st March, 2011 and Profit and Loss Account for the year ended on that date and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

- 1 We conducted our audit in accordance with the 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.
2. As required by the Companies (Auditors Report) Order, 2003 (as amended thereto) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we Report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company as it appears from our examination of those books.
  - c) The said Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
  - e) We draw attention to note no 6 of Schedule "21" to the accounts regarding balances of Sundry Debtors, Sundry Creditors, Advance to Creditors, Other Loans and Advances, Deposits and Other Liabilities which are subject to confirmations and reconciliations
  - f) On the basis of written representations received from the Directors as on 31st March, 2011 and taken on records by the Board, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
  - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011, and
  - ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
  - iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : Mumbai  
Date : 25th May, 2011

For **Singrodia Goyal & Co.**  
Chartered Accountants  
Firm Reg. No.: 112081W  
Suresh Murarka  
Partner  
Mem. No. : 44739

## ANNEXURE TO AUDITORS REPORT

Annexure referred to in Paragraph 2 of the Auditors Report to the members of Shekhawati Poly-Yarn Limited for the year ended 31st March 2011.

As required by the Companies (Auditors Report) Order, 2003 (as amended thereto) and according to the information and explanations given to us during the course of the Audit and on the basis of such checks of the books and records as were considered appropriate we report that:

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets till the 30th September, 2011. However the Company is in the process of updating the fixed assets records in respect of the additions to fixed assets made subsequent to that date.
- b) The scope of annual physical verification of fixed assets conducted by the management has been limited to all the tangible fixed assets other than furniture and fixtures. In our opinion the interval of physical verification is reasonable. Since the fixed assets register is in the process of updation, we are unable to comment on the discrepancy noticed on physical verification, if any.
- c) The Company has not disposed off any fixed assets during the year.
- (ii) a) The inventories have been physically verified by the management at reasonable intervals during the year.
- b) The procedures of Physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared to book records.
- (iii) a) The Company has neither granted nor taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence clauses 4 (iii) (b) (c) (d) (f) and (g) of the said Order are not applicable to the Company.
- (iv) There are adequate Internal Control systems to commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods and services. During the course of our audit no major weaknesses has been observed in the Internal Control System.
- (v) a) During the year, the Company has not entered into any transactions that need to be entered in the register in pursuance of Section 301 of the Companies Act, 1956
- b) In view of our comments in para (v) (a) above, clause 4 (v) (b) of the said Order are not applicable to the Company.
- (vi) The Company has not accepted any deposits from the Public.
- (vii) The Company does not have a formal Internal Audit System to commensurate with its size and natures of its business but its financial and other internal checks, ensures proper recording of the financial transactions.
- (viii) The Central Government has prescribed the maintenance of cost records under clause (d) of subsection (1) of Section 209 of the Act. We have not reviewed the cost records maintained by the Company but based on the information submitted by the Company we are of the view that such accounts and records have been made and duly maintained.
- (ix) a) Accordingly to the records of the Company, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty, Cess have regularly deposited with the appropriate authorities though there has been some

## ANNEXURE TO AUDITORS REPORT

delay in few cases of TDS. There are no undisputed amount payable in respect of such statutory dues which have remained outstanding as at 31st March, 2011 for a period more than six months from the date they became payable.

- b) There are no amount in respect of any disputed Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in such financial year and in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of its dues to banks and financial institutions.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) The Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) The Company has applied the term loans during the year for the purpose they were obtained.
- (xvii) On an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long term investments.
- (xviii) The Company has made preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 at the price which is not prejudicial to the interest of the Company
- (xix) The Company has not issued any debentures during the year.
- (xx) The end use of money raised by public issue during the year has been disclosed in the notes to its financial statements and the same is verified by us.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year.

Place : Mumbai  
Date : 25th May, 2011

For **Singrodia Goyal & Co.**  
Chartered Accountants  
Firm Reg. No.: 112081W  
Suresh Murarka  
Partner  
Mem. No. : 44739

**BALANCE SHEET AS AT 31ST MARCH 2011**

	Schedule	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
Shareholders Funds			
Share Capital	1	220,110,670	16,491,900
Share Application Money (Pending allotment/refund)		-	77,425,000
Reserves & Surplus	2	356,258,044	112,838,594
<b>Loan Funds</b>			
Secured Loans	3	626,530,904	399,046,797
Unsecured Loans	4	25,922,476	41,500,000
Deferred Tax Liabilities (Net)		29,407,671	18,366,751
		<b>1,258,229,766</b>	<b>665,669,043</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	640,619,157	441,251,347
Less : Depreciation		95,859,317	60,658,030
Net Block		<b>544,759,840</b>	<b>380,593,318</b>
Capital Work in Progress (including Capital Advances) (Refer Note No. 8 of Schedule 21)		204,706,510	27,461,253
<b>Investments</b>	6	500,000	502,600
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	102,084,321	29,811,332
Sundry Debtors	8	275,063,149	176,070,659
Cash & Bank Balances	9	32,156,096	4,089,984
Loans & Advances	10	100,485,812	68,951,318
Other Current Assets	11	50,759,833	16,251,962
		<b>560,549,212</b>	<b>295,175,254</b>
<b>Less : Current Liabilities &amp; Provisions</b>	12	52,285,796	38,063,382
<b>Net Current Assets</b>		<b>508,263,416</b>	<b>257,111,872</b>
		<b>1,258,229,766</b>	<b>665,669,043</b>
Significant Accounting Policies & Notes on Accounts	21		

As per our report of even date  
For Singrodia Goyal & Co.  
Chartered Accountants

For **Shekhawati Poly-Yarn Ltd**

Sd/-  
**Mukesh Ruia**  
Managing Director

Sd/-  
**Ramniranjan Ruia**  
Chairman

**Suresh Murarka**  
Partner  
Mem. No. 044739  
Place : Mumbai  
Date : 25th May, 2011

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

Schedule		As at 31.03.2011	As at 31.03.2010
<b>INCOME</b>			
Income from Operations	13	1,482,346,389	893,710,932
Other Income	14	2,231,736	364,394
Increase/(Decrease) in Stocks	15	30,653,352	1,028,755
		<b>1,515,231,477</b>	<b>895,104,081</b>
<b>EXPENDITURE</b>			
Material Costs	16	1,225,099,896	724,922,429
Manufacturing Expenses	17	108,460,170	73,517,597
Personnel Costs	18	12,334,427	6,474,539
Administrative, Selling and Other Expenses	19	25,158,848	7,421,536
Interest and Financial Charges	20	55,682,551	26,260,084
Depreciation		35,228,319	21,808,832
		<b>1,461,964,211</b>	<b>860,405,017</b>
<b>Profit before Taxation</b>		53,267,266	34,699,064
<b>(Add)/Less : Provision for Taxation</b>			
- Current Tax		11,186,554	6,386,982
- Minimum Alternate Tax Credit Entitlement		4,368,893	990,327
- Deferred Tax Liability/(Assets)		11,040,920	7,212,744
- Taxation of earlier years		7,136	12,702
<b>Profit after Taxation</b>		35,401,548	22,076,963
<b>Add/(Less): Prior Period Adjustments(Net) (Refer Note No 21 of Schedule 21)</b>		451,125	-
Profit after tax available for appropriation		<b>35,852,673</b>	22,076,963
-Proposed Dividend		-	989,514
-Tax on Dividend		-	164,358
Balance as per last year		48,109,199	27,186,108
Balance transferred to Balance Sheet		<b>83,961,872</b>	48,109,199
EPS of Share of Rs.10/-each			
Basic		2.83	2.97
Diluted		2.83	2.31
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	<b>21</b>		

As per our report of even date

For Singrodia Goyal & Co.  
Chartered Accountants

For Shekhawati Poly -Yarn Ltd

Sd/-  
**Mukesh Ruia**  
Managing DirectorSd/-  
**Ramniranjan Ruia**  
Chairman

**Suresh Murarka**  
Partner  
Mem. No. 044739  
Place : Mumbai  
Date : 25th May, 2011

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

Particulars	(Amount in Rs.)	
	Year ended 31.03.11	Year ended 31.03.10
<b>A Cash Flow from Operating Activities:</b>		
Net Profit before tax and before extraordinary items	53,267,266	34,699,064
Adjustments for :		
Depreciation	35,228,319	21,808,832
Financing Charges (Net)	55,682,551	26,260,084
Provision for Doubtful Advance	703,015	-
Loss on discard of Fixed Assets	-	57,035
Dividends	(39,971)	-
Interest received	(1,420,392)	(219,402)
<b>Operating profit before working capital changes</b>	<b>143,420,788</b>	<b>82,605,613</b>
Adjustments for :		
Trade and Other Receivables	(98,992,490)	(36,236,779)
Inventories	(72,272,990)	(1,035,435)
Trade Payables	17,312,733	24,147,863
Loans and Advances	(27,868,617)	(31,569,551)
Other Current Assets	(34,086,071)	(4,225,183)
<b>Cash (Outflow) from Operations</b>	<b>(72,486,646)</b>	<b>33,686,528</b>
Direct Tax paid	(13,130,137)	(2,585,261)
Cash (Outflow) before Prior Period Adjustments	(85,616,783)	31,101,267
Prior Period Adjustments(Net)	424,093	-
<b>Net Cash from operating activities</b>	<b><u>(85,192,690)</u></b>	<b><u>31,101,267</u></b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(199,789,610)	(215,761,896)
Purchase of Shares	-	(502,600)
Refund of Investment	2,600	-
Capital Work in Progress	(177,245,257)	(47,614,058)
Sale of fixed assets	-	200,000
Dividends	39,971	-
Interest received	1,420,392	219,402
<b>Net Cash used in investment activities</b>	<b><u>(375,571,904)</u></b>	<b><u>(263,459,151)</u></b>
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from Share Application Money	(77,425,000)	52,325,000
Proceeds from Borrowings	211,906,583	180,982,473
Increase in Share Capital	145,897,120	-
Increase in Securities Premium	291,794,240	-
Expenses relating to Initial Public Offer(IPO)	(26,505,813)	-



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

Financing Charges	(55,682,551)	(26,260,084)
Dividend Paid including tax thereon	(1,153,872)	(578,841)
<b>Net Cash used from financing activities</b>	<b>488,830,707</b>	<b>206,468,548</b>
<b>Net increase in cash and cash equivalents</b>	<b>28,066,112</b>	<b>713,468</b>
<b>Cash and Cash equivalents (Opening)</b>	<b>4,089,984</b>	<b>3,376,516</b>
<b>Cash and Cash equivalents (Closing)</b>	<b>32,156,096</b>	<b>4,089,984</b>

### Note :

- The above cash flow statement has been prepared under the "indirect Method" as set out in the Accounting Standard - 3 on cash flow statement notified by the Companies (Accounting Standard) Rule 2006.
- Cash and cash equivalent at the end of the year consist of cash in hand and balances with banks as follows :

Particulars	As at 31.03.2011	As at 31.03.2010
Cash in hand	363,070	991,557
Balances with Bank	31,793,027	3,098,427
	32,156,096	4,089,984

### As per our report of even date

For Singrodia Goyal & Co.  
Chartered Accountants

For **Shekhawati Poly -Yarn Ltd**

Sd/-  
**Mukesh Ruia**  
Managing Director

Sd/-  
**Ramniranjan Ruia**  
Chairman

### Suresh Murarka

Partner  
Mem. No. 044739  
Place : Mumbai  
Date : 25th May, 2011

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
AS AT 31ST MARCH, 2011**

Particulars	As at 31.03.2011	As at 31.03.2010
<b>Schedule "1" :- Share Capital</b>		
<b>Authorised</b>		
250,00,000 (P.Y. 110,00,000) Equity Shares of Rs. 10/- each (Refer Note No 23 of Schedule 21)	250,000,000	110,000,000
	<b>250,000,000</b>	<b>110,000,000</b>
<b>Issued,Subscribed &amp; Paid Up</b>		
2,20,11,067 (P.Y.16,49,190) Equity Shares of Rs.10/- each fully Paid up (Of the above, 57,72,165 (P.Y. Nil) Equity Shares have been issued as fully-paid up bonus shares by way of Capitalisation of Securities Premium )	220,110,670	16,491,900
	<b>220,110,670</b>	<b>16,491,900</b>
<b>Schedule "2" :- Reserves &amp; Surplus</b>		
<b>Securities Premium Account</b>		
Opening Balance	63,810,000	63,810,000
Add:- On further issue of shares	291,794,240	-
	355,604,240	63,810,000
Less:- Capitalisation of reserves (Refer Note No 24 of Schedule 21)	57,721,650	-
Less:- Expenses relating to Initial Public Offer(IPO)	26,505,813	-
	271,376,777	63,810,000
<b>General Reserve</b>		
Opening Balance	919,395	919,395
Balance in Profit & Loss Account	83,961,872	48,109,199
	<b>356,258,044</b>	<b>112,838,594</b>
<b>Schedule "3" :- Secured Loans</b>		
<b>Term Loans</b>		
(Refer Note No 9 of Schedule 21)		
Term Loan From Banks	333,581,129	278,643,776
Interest Accured & Due	1,890,575	-
	287,351,115	120,403,021
Working Capital Loans from Banks	3,708,085	-
Vehicle Loans	<b>626,530,904</b>	<b>399,046,797</b>
<b>Schedule "4" :- Unsecured Loans</b>		
Intercorporate Deposits (Refer Note No 10 of schedule 21)	25,922,476	41,500,000
	<b>25,922,476</b>	<b>41,500,000</b>



### SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011

Schedule "5" :- Fixed Assets (At Cost less Depreciation)

Description of Assets	Gross Block			Depreciation			Net Block			
	As on 1st April, 2010	Additions during the Year	Deduction during the Year	As on 31stMar., 2011	Up to 31stMar., 2011	Adjustments	Provided for the Year	Upto 31stMar., 2011	As at 31stMar., 2011	As at 31stMar., 2010
<b>Tangible Assets:</b>										
Freehold Land	37,011,616	436,260	-	37,447,876	-	-	-	-	37,447,876	37,011,616
Leasehold Land	3,535,053	-	-	3,535,053	122,796	-	44,542	167,338	3,367,715	3,412,257
Factory Buildings	127,293,258	58,875,502	-	186,168,760	4,972,023	-4,038	4,579,669	9,555,729	176,613,031	122,321,236
Plant & Machinery	232,969,497	125,360,903	-	358,330,400	51,306,311	-	27,987,536	79,293,846	279,036,553	181,663,186
Electric Installations	35,973,814	9,342,533	*421800	44,894,547	2,560,956	31,070	1,777,484	4,307,370	40,587,177	33,412,858
Furnitures & Fixtures	1,325,672	178,818	-	1,504,490	209,467	-	87,452	296,919	1,207,571	1,116,205
Motor Vehicles	1,569,700	4,703,450	-	6,273,150	465,243	-	409,873	875,116	5,398,034	1,104,457
Office Equipments	22,049	114,717	-	136,766	22,049	-	6,430	28,479	108,287	-
Computers	1,550,688	529,252	-	2,079,940	999,184	-	310,517	1,309,702	770,239	551,504
<b>Intangible Assets:</b>										
Accounting Software	-	248,175	-	248,175	-	-	24,818	24,818	223,358	-
<b>Total</b>	<b>441,251,347</b>	<b>199,789,610</b>	<b>421,800</b>	<b>640,619,157</b>	<b>60,658,030</b>	<b>27,032</b>	<b>35,228,319</b>	<b>95,859,317</b>	<b>544,759,840</b>	<b>380,593,318</b>
<b>Previous Year</b>	<b>225,887,104</b>	<b>215,761,896</b>	<b>397,652</b>	<b>441,251,347</b>	<b>38,989,815</b>	<b>140,617</b>	<b>21,808,832</b>	<b>60,658,030</b>	<b>380,593,318</b>	<b>186,897,288</b>

\* Terminal Excise Duty inadvertently capitalised during the earlier years now rectified



**SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011**

**Schedule "6" :- Investments (Long Term, Non Trade, Unquoted)**

Shamrao Vithal Co-op Bank Ltd.

20000 Equity Shares of Rs. 25/- each fully paid up

500,000

502,600

**500,000**

**502,600**

**Schedule "7" :- Inventories**

(As taken, valued & certified by the Management)

Raw Materials

50,996,195

12,857,427

Work in Process

10,815,435

6,734,086

Finished Goods

34,608,813

8,101,459

Yarn Scrap

72,136

7,487

Packing Materials

3,747,069

1,913,984

Stores & Spares

1,844,674

196,889

**102,084,321**

**29,811,332**

**Schedule "8" :- Sundry Debtors**

(Unsecured, Considered Good)

Debts due for more than six months

976,342

3,586,164

Others debts

274,086,807

172,484,495

**275,063,149**

**176,070,659**

**Schedule "9" :- Cash & Bank Balances**

Cash in hand

363,070

991,557

Balances with Scheduled Banks

- In Current Account

144,133

5,000

- In Fixed Deposit Account

31,648,894

3,093,427

(Including FDR of Rs. 25000/- (P.Y. Rs. 25,000/-)pledged with Sales Tax Department)

**32,156,096**

**4,089,984**

**Schedule "10" :- Loans & Advances (Unsecured)**

Considered Good

Advance recoverable in cash or kind or for value to be received

90,038,395

62,738,861

Loans

-

708,932

Deposits

2,051,500

1,476,500

Minimum Alternate Tax Credit Entitlement

8,395,917

4,027,024

**100,485,812**

**68,951,318**

Considered Doubtful

Advance recoverable in cash or kind or for value to be received

703,015

-

Less: Provision for Doubtful Advances

703,015

-

-

-

**100,485,812**

**68,951,318**

**Schedule "11" :- Other Current Assets**

Excise Cenvat Credit Receivable

2,151,845

1,778,265

Export Incentives Receivable

24,873,412

5,135,997

VAT Receivable

8,768,403

2,130,119

Tuff Subsidy Receivable

13,737,344

7,046,350

Other Receivable

-

161,231

Terminal Excise Duty Refund Receivable

1,228,829

-

**50,759,833**

**16,251,962**

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

### Schedule "12" :- Current Liabilities & Provisions

#### Current Liabilities

##### Sundry Creditors

Due to Micro, Small and Medium Enterprises (Refer Note No.7 of Schedule 21)	-	-
Due to Others	445,041	25,354
Due for Capital Goods	23,740,171	25,463,629
Other Liabilities (Refer Note No. 16 of Schedule 21)	23,863,765	5,586,222
Provisions		
Provision for Tax (Net of Advance Taxes)	3,897,858	5,834,305
Provision for Gratuity	338,961	-
Provision for Dividend	-	989,514
Provision for Dividend Distribution Tax	-	164,358
	<b>52,285,796</b>	<b>38,063,382</b>

### Schedule "13" :- Income from Operations

Sales	1,473,161,885	892,126,554
Export Incentives Received	9,184,504	1,584,378
	<b>1,482,346,389</b>	<b>893,710,932</b>

### Schedule "14" :- Other Income

Sundry Balances Written Back	21,374	125,992
Rent received (TDS Rs. 15,000/-, P.Y. Rs.NIL)	750,000	-
Interest Received (TDS Rs. 2,51,317/- , P.Y. Rs. 10,529)	1,420,392	219,402
Miscellaneous Income	-	19,000
Dividend Income	39,971	-
	<b>2,231,736</b>	<b>364,394</b>

### Schedule "15" :- (Increase/Decrease) in Stocks

Finished Goods		
Opening Stock	8,101,459	8,038,250
Less : Closing Stock	34,608,813	8,101,459
	(26,507,354)	(63,209)

#### Work in Process

Opening Stock	6,734,086	5,776,027
Less : Closing Stock	10,815,435	6,734,086
	(4,081,349)	(958,059)

#### Yarn Scrap

Opening Stock	7,487	-
Less : Closing Stock	72,136	7,487
	(64,649)	(7,487)

	<b>(30,653,352)</b>	<b>(1,028,755)</b>
--	---------------------	--------------------

### Schedule "16" :- Materials Costs

Opening Stock	12,857,427	14,238,234
Add : Purchases	1,263,238,664	723,541,622
	1,276,096,091	737,779,856
Less : Closing Stock	50,996,195	12,857,427
	<b>1,225,099,896</b>	<b>724,922,429</b>

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

### Schedule "17" :- Manufacturing Expenses

Power & Fuel	60,900,694	45,147,260
Packing Materials Consumed	41,488,121	24,162,241
Stores & Spares Consumed	2,289,256	2,667,935
Security Charges	1,097,601	664,423
Repairs & Maintenance - Machinery	1,577,545	119,125
Loading & Unloading Charges	1,106,953	756,613
	<b>108,460,170</b>	<b>73,517,597</b>

### Schedule '18" :- Personnel Costs

Salaries, Wages & Bonus	11,743,008	6,192,437
Contribution to PF & Other Funds	451,043	178,139
Workmen & Staff Welfare	140,376	103,963
	<b>12,334,427</b>	<b>6,474,539</b>

### Schedule "19" :- Administrative, Selling and Other Expenses

Rent	331,708	315,000
Electricity Charges	134,450	81,940
Printing & Stationery	953,609	420,789
Communication Costs	355,978	184,596
Insurance Charges	443,519	183,453
Legal and Professional Fees	2,323,794	693,267
Repairs & Maintenance -		
-Building	464,196	21,365
-Others	127,385	183,319
Travelling & Conveyance	90,310	1,106,224
Vehicle Expenses	147,742	111,784
Director Remuneration	1,800,000	900,000
Auditors Remuneration	382,741	133,351
Preliminary Expenses W/off	-	798,500
Provision for Doubtful Advances	703,015	-
Commission on Sales	168,036	373,545
Export Shipping Expenses	13,592,777	852,862
Foreign Exchange Fluctuation (Net)	1,151,039	574,034
Loss on Sale of Fixed Assets	-	57,035
Miscellaneous Expenses (Refer Note No 14 and 15 of Schedule 21)	1,988,549	430,472
	<b>25,158,848</b>	<b>7,421,536</b>

### Schedule "20" :- Interest and Financial Charges

Interest on Fixed Loans	59,410,981	37,525,540
Interest to Other Loans	4,172,014	1,392,597
Bank Commission and Bank Charges	9,628,321	436,636
	73,211,316	39,354,773
Less : Tuff Credit Received/Receivable	15,050,009	8,206,353
Less : Interest Capitalised	2,478,756	4,888,335
	<b>55,682,551</b>	<b>26,260,084</b>

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

### Schedule "21"

#### Significant Accounting Policies & Notes on Accounts

#### A. Significant Accounting Policies

##### 1) Basis of Accounting

- i) The financial statements have been prepared in compliance with the Accounting Standards notified by Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956 in all material aspects.
- ii) Financial Statements are based on historical cost convention and are prepared on accrual basis.

##### 2) Recognition of Revenue & Expenditure

- i) Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.
- ii) Sales are recognised when all significant risks and rewards of ownership of the goods are passed on to the buyer.
- iii) Revenue in respect of export sales is recognised on shipment of products.
- iv) Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- v) Dividend income is recognised when the right to receive payment is established.

##### 3) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the financial statements and the reported amounts of revenues and expenses during the reporting period.

Difference between actual results and estimates are recognized in the periods in which the results are known/ materialize.

##### 4) Fixed Assets

All Fixed Assets are stated at cost of acquisition/installation as reduced by accumulated Depreciation/ amortisation. Cost of Asset includes direct/indirect and incidental cost incurred to bring such assets into its present location and working condition for its intended use.

##### 5) Impairment of Fixed Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

##### 6) Depreciation

##### a) Tangible Assets :

- i) No depreciation is charged on Freehold Land.
- ii) Leasehold Land is amortised over the remaining period of lease.

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

- iii) Depreciation on Other Fixed Assets has been provided on 'Straight Line Method' on triple shift basis wherever applicable as per the rates and in the manner specified in Scheduled XIV of the Companies Act, 1956.
- iv) Mobile Instruments (reflected under Office Equipments) are fully depreciated in the year of purchase.

### b) Intangible Asset:

- i) Accounting Software is amortised on Straight Line Method over a period of ten years

### 7) Borrowing Costs

Borrowing costs are recognized as an expenses in the period in which they are incurred except the borrowing cost attributable to be acquisition/ construction of qualifying assets which are capitalized as a part of the cost of the fixed assets, up to the date, the assets are ready for its intended use.

### 8) Valuation of Inventories

- i) Raw Materials, Work-in-Process, Stores & Spares and Packing Materials are valued at lower of cost or net realisable value.
- ii) Finished Goods and Yarn Scrap are valued at lower of cost or net realisable value.

### 9) Investments:

Investments that is intended to be held for more than a year from the date of acquisition are classified as long term investments and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

### 10) Employee Benefits:

- i) Company's contribution to Provident Fund and other Funds for the year is accounted on accrual basis and charged to the Profit & Loss Account for the year..
- ii) Retirement benefits in the form of Gratuity are considered as defined benefit obligations and are provided on the basis of the actuarial valuation, using the projected unit credit method as at the date of the Balance Sheet.

### 11) Expenditure during Construction Period:

- i) Expenditure of capital nature incurred during construction period in respect of a project being executed by the Company is grouped under Capital work in progress. Such Expenditure is capitalized upon the commencement of commercial operations of the project.
- ii) Pre operative expenses pending allocation included in capital work in progress represents expenditure incurred in connection with the project which is intended to be capitalized to the project.

### 12) Excise Duty

Excise duty on manufactured goods is accounted for at the time of their clearance from the Factory.

### 13) Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

will not, requires an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

### 14) Taxes on Income

#### Current Taxes

Provision for current Income-tax is recognized in accordance with the provisions of Indian Income- tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

#### Deferred Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for Income tax and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the Balance Sheet date. Deferred tax Assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future. Deferred Tax Assets are reviewed as at each Balance Sheet date.

### 15) Foreign Currency Transaction

- i) The transactions in foreign currencies on revenue accounts are stated at the rate of exchange prevailing on the date of transaction.
- ii) The difference on account of fluctuation in the rate of exchange prevailing on the date of transaction and the date of realisation is treated as revenue.
- iii) Differences on translation of Current Assets and Current Liabilities remaining unsettled at the year end are recognised in the Profit and Loss Account.

### B. Notes on Accounts

1. During the year, in order to comply with Accounting Standard (AS) 15 (Revised 2005) "Employee Benefits" as notified by the Companies Accounts Standard, Rule 2006, the method of accounting of Gratuity and Bonus has been changed from cash basis to accrual basis of accounting and accordingly provision has been made as on 31st March 2011. Gratuity has been provided on the basis of actuarial valuation. Due to change in this accounting policy, the profit for the year is lower by Rs. 13.58 Lacs having consequential effect on the Reserves and Surplus and Current Liabilities.
2. The Company is consistently following the accounting of excise duty on closing stock of finished goods on clearance of finished goods from the factory and such treatment has no impact on Profit & Loss for the year.
3. Purchases are inclusive of Cenvat after deducting purchase returns, discounts, rebates and incentives, if any.
4. Sales are exclusive of Excise Duty after deducting sales returns and discounts if any.
5. In the opinion of the Board the Current Assets, Loans & Advances (other than those doubtful & provided for) are approximately of the value stated and realizable in the ordinary course of business. The Provisions of all known liabilities is adequate and not in excess of the amount reasonably necessary.
6. Few of the balances appearing under the head Sundry Debtors, Sundry Creditors, Advances to Creditors, Other Loans and Advances, Deposits and Other Liabilities are subject to confirmation and reconciliation. Consequential adjustment thereof, if any, will be given effect into the books of accounts in the year of such adjustment. The management, however, does not expect any material adjustment.

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

7. There are no dues to the Micro, Small and Medium Enterprises which are outstanding as at the Balance Sheet Date. The information regarding Micro Small and Medium Enterprises has been determined on the basis of information available with the Company.
8. Capital Work In Progress including Capital advances amounting to Rs. 2047.06 lacs (PY. Rs. 274.61 lacs) consists of the following :

( Rs. in Lacs)

Particulars	For the year ended 31st March, 2011	For the ended 31st March, 2010
Administrative Office-Factory	181.07	NIL
Corporate Office	398.99	NIL
Factory Building	628.34	NIL
Plant & Machinery	247.80	NIL
Electrical Installations	165.32	8.58
Pre operative expenses	37.50	NIL
Advances against Fixed Assets for New Projects-3	57.41	266.03
Advances against Fixed Assets for New Projects-4	330.63	NIL
<b>Total</b>	<b>2047.06</b>	<b>274.61</b>

### 9. Secured Loans:

i. Term Loan From Banks:

Rs.3,354.71 lacs (PY Rs.2,786.44 lacs) Secured by mortgage of land and building, plant & machinery, furniture & fixtures (to be acquired for the new project) situated at Plot No.20,Sheetal Industrial Estate, Demini Road, dadra & Nagar Haveli which is further collaterally secured by entire stocks of imported/indigenous raw materials, finished goods, stock in process, and other current assets of the company and Personal Guarantee of Promoter Directors.

ii. Working Capital Loans From Banks:

Rs.2,873.51 lacs (PY Rs.1,204.03 lacs) First Hypothecation charge over Company's entire stocks of Imported/ Indigenous raw materials, finished goods, stock-in- process and other current assets and Second charge on pari passu with other lenders on the proposed Land & building, Plant & machinery, Office Equipments, and all other fixed assets and Personal Guarantee of Promoter Directors.

iii. Vehicle Loans:

Rs.37.08 Lacs(PY Rs.Nil) Secured by specific asset financed.(Vehicles)

10. **Unsecured Loan in Schedule "4" includes Interest free loan from Alidhra Machines Private Limited amounting to Rs. 175 lacs (PY. Rs. Nil).**



## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

### 11. Contingent Liabilities not provided for:

- Outstanding Bank Guarantee Rs. 79.15 lacs (Previous year Rs. 49.55 lacs).
- Estimated amount of Contracts remaining to be executed on Capital account Rs. 224.06 lacs (Net of Advances) (Previous Year Rs. 791.44 lacs).
- The Company has purchased Machinery under the EPCG Scheme whereby it has obligation of exporting goods on FOB basis amounting to 8 times the Import duty saved within a period of 8 years. The amount of duty saved till 31st March, 2011 is Rs.705.91 lacs (P.Y. Rs. 593.36 lacs). Accordingly, the Company has exported goods amounting to Rs. 1899.55 lacs ( P.Y. 236.02 lacs) on FOB Basis and export obligations as on 31st March 2011 is Rs.3747.69 lacs (P.Y.Rs. 4510.89 lacs).

### 12. Directors' Remuneration

(Rs. in Lacs)

Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Directors Remuneration	18.00	9.00
Total	18.00	9.00

### 13. Auditors' Remuneration:

(Rs. in Lacs)

Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Audit Fees	2.50	0.96
Taxation Matters	Nil	0.16
Other Services	1.33	0.21
Total	3.83	1.33

14. Miscellaneous Expenses in Schedule "19" include Donation amounting to Rs.1 lacs (PY Rs. Nil) given to Bhartiya Janta Party.(Polital Party)

15. Miscellaneous Expenses in Schedule "19" includes Excise Duty Receivable of Rs. 0.13 lacs on and Excise Duty Receivable of Rs. 10.95 lacs on Raw Material and Packing material relating to Unit I written off during the year as the balances are no more recoverable as the Company has surrendered the Excise Registration certificate on 19th October,2010.

16. Other Liabilities in Schedule "12" includes Rent Deposit (Interest free) against Factory Premises of Unit I amounting to Rs. 150 lacs (PY Rs. Nil).

### 17. Taxes on Income

Provision for taxation for the accounting year has been computed on the basis of Minimum Alternate Tax (MAT) in accordance with section 115 JB of the Income Tax Act, 1961. Considering the future profitability and taxable positions in the subsequent years, the Company has recognized "MAT credit entitlement "of Rs.40.15 lacs (P.Y. Rs. 9.90 lacs) as an assets by crediting to the Profit and Loss Account an equivalent amount and included under

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

“Loans and Advances “ in accordance with the Guidance Note on “Accounting for credit available in respect of Minimum Alternate Tax under Income Tax Act, 1961” issued by the Institute of Chartered Accountants of India In terms of Accounting Standard on “Accounting for Taxes on Income” (AS 22) the Company has recognized Deferred Tax Liability (net) amounting to Rs. 110.41 lacs (P.Y. Rs. 72.13 lacs) for the year ended on 31st March, 2011 in the Profit & Loss Account.

The accumulated balance in Net Deferred Tax Liability/ (Assets) as on 31st March, 2011 comprises of:

Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Difference between book & tax depreciation	300.99	183.67
Preliminary Expenses	(0.07)	Nil
Provision for Gratuity	(1.13)	Nil
Provision for Bonus	(3.38)	Nil
Provision for Doubtful Advances	(2.34)	Nil
Deferred Tax Liability / (Assets) (Net)	294.07	183.67

### 18. Disclosure as per AS 15 Revised

The principal assumptions used in the actuarial valuation of Gratuity are as follows.

Discount rate	8.25%
Attrition rate	2.00%
Expected rate of future salary increase	6.00%

Table showing change in present value of defined benefit obligation:

		(Rs. In Lacs)
Present value of obligation as at 01.04.2010	3.01	
Interest Cost	0.24	
Current Service Cost	1.36	
Benefits paid	-	
Actuarial loss on obligations	(1.22)	
Present Value of obligation as at 30.09.2010	3.39	

Amount recognized in the Balance Sheet:

		(Rs. In Lacs)
Present value of obligation as at 31.03.2011	3.39	
Fair Value of plan assets as at the end of the year		-
Funded status	(3.39)	
Unrecognized Past Service Cost as at 31.03.2011		-
Unrecognized Transitional Liability as at 31.03.2011		-
Net (Assets)/ Liability recognized in the Balance Sheet		3.39
Expenses recognized in the Profit and Loss Account		

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. In Lacs)

Current Service Cost	1.36
Past Service Cost	-
Interest Cost	0.24
Expected return on plan assets	-
Net Actuarial (Gain)/ loss recognized during the year	(1.22)
Total Expenses recognized in the Profit and Loss account	0.38

### Balance Sheet Reconciliation:

	(Rs. In Lacs)
Opening Net Liability	3.01
Expenses as above	0.38
Net Transfer In	-
(Net Transfer Out)	-
Employer's Contribution	-
Net Liability Recognised in the Balance Sheet	3.39

### 19. Earnings Per Share (as per AS- 20)

In accordance with Accounting Standard 20- Earnings Per Share prescribed by The Institute of Chartered Accountants of India, the computation of earnings per share is set out below:

Particulars	For theyear ended 31st March, 2011	For theyear ended 31st March, 2010
i) Weighted average number of Equity Shares of Rs. 10/- each		
a) Number of shares at the beginning of the year	16.49	16.49
b) Number of shares at the end of the year	220.11	16.49
c) Weighted average number of shares outstanding during the year	*126.53	*74.21
d) Weighted average number of Shares for Diluted EPS	126.53	*95.54
ii) Net Profit/ (Loss) after tax available for equity shareholders	358.53	220.77
iii) Basic Earnings Per Share (In Rs.)	2.83	2.97
iv) Diluted Earnings Per Share	2.83	2.31

\* Includes 57.72 lacs Bonus shares issued on 17th April,2010.

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

### 20. Related Party Disclosures

As required under Accounting Standard 18 "Related Party Disclosure" (AS-18), following are details of transactions during the year with the related parties of the Company as defined in AS 18:

i) For the year ended 31st March, 2011

a) Key Management Personnels :

Shri Ramniranjan Ruia Chairman  
Shri Mukesh Ruia Managing Director

b) Relative of Director and Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the company has entered into transactions during the period.

SKI Buildcon Pvt. Ltd.  
Sanjay Jogi.

Following are the Transactions with the related parties as mentioned above:

Nature of Transactions	(Rs. in Lacs)	
	In relation to (a) above	In relation to (b) above
Directors Remuneration	18.00	Nil
Allotment of Shares	Nil	80.10

Note: Related Parties are as disclosed by the Management and relied upon by the auditors.

There is no amount written off / written back due from / to related parties.

ii) For the year ended 31st March, 2010

**a) Key Management Personnels and their Relatives :**

Shri Ramniranjan Ruia Chairman  
Shri Mukesh Ruia Managing Director

b) Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transactions during the year.

Ruia Rayons Private Limited

**Following are the Transactions with the related parties as mentioned above:**

Nature of Transactions	(Rs. in Lacs)	
	In relation to (a) above	In relation to (b) above
Directors Remuneration	9.00	Nil
Advance Towards Remuneration	0.84	Nil
Unsecured Loans Given	Nil	10.00
Loan Given Received back	Nil	10.00
Amount outstanding as on 31st March, 2010		
Advance recoverable in cash or in kind	0.84	Nil

## 21. Prior Period Items includes

Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Preliminary expenses excess accounted in earlier years	-2.1	Nil
Depreciation excess provided in earlier years	-0.26	Nil
Interest excess provided on Unsecured Loans	-4.71	Nil
Bank charges wrongly capitalised as capital WIP	2.55	Nil
Loss on sale of DEPB license not accounted for	0.01	Nil
Total	-4.51	Nil

22. During the year the Company has been converted into a Public Limited Company and accordingly the name of the Company has been changed to Shekhawati Poly-Yarn Limited from Shekhawati Poly-Yarn Private Limited and fresh certificate of incorporation dated 19th April, 2010 has been received from Registrar of Companies, Maharashtra.
23. During the year, the Authorized Share Capital has been increased to Rs.2500 lacs divided into 2,50,00,000 equity share of Rs.10/- each from Rs.1100 lacs divided into 1,10,00,000 equity shares of Rs. 10/- each vide resolution passed in Extra Ordinary General Meeting held on 11th June,2010.
24. The Company has allotted 57,72,165 equity shares of Rs. 10/- each as bonus shares in the ratio of 7 equity shares for every 2 equity shares held as per the resolution passed at the Meeting of Board of Directors held on 17th April, 2010.
25. The Company has raised Rs. 3602.67 lacs through a public issue of equity shares during the year. Out of the said proceeds an amount of Rs.3302.67 lacs is deployed partly in expansion of factory building, corporate office building, plant & machinery, working capital requirements, meeting IPO expenses and the balance of Rs. 300 lacs have been temporarily invested in fixed deposits with banks.
26. Segmental Information:  
In accordance with the requirements of Accounting Standard 17 "Segmental Reporting", the Company's business consist of one reportable segment of textile business, hence no separate disclosure pertaining to attributable Revenues, Profits, Assets, Liabilities, Capital employed are given.
27. Additional Information Pursuant to the Provision of Part II of the Schedule VI of the Companies Act 1956 are given in Annexure 'A'.
28. Previous year's figures have been regrouped, reclassified and rearranged wherever considered necessary.

For **Singrodia Goyal & Co.**  
Chartered Accountants

For **Shekhawati Poly -Yarn Ltd**

**Suresh Murarka**  
Partner  
Mem. No. 044739  
Place : Mumbai  
Date : 25th May, 2011

Sd/-  
**Mukesh Ruia**  
Managing Director

Sd/-  
**Ramniranjan Ruia**  
Chairman

**Annexure 'A'**

Additional Information Pursuant to the Provision of Part II of the Schedule VI of the Companies Act 1956.

- i) Installed Capacity Texturised 6552 Spindles (P.Y. 4200 Spindles)  
 Installed Capacity Of TFO 8856 Spindles (P.Y. 1920 Spindles)
- ii) Opening Stock, Production, Sales and Closing Stock of Finished Goods: -

Rs. (in Lacs)

Item	Year	Opening Stock		Production		Purchases		Captive Consumption	Sales		Closing Stock	
		Qty	Amt	Qty		Qty	Amt		Qty	Amt	Qty	Amt
Text. Yarn (MT)	C.Y	105.47	79.56	15,135.55	NIL	64.97	58.72	436.70	14,587.74	14350.38	281.56	254.65
	P.Y	105.73	78.66	10587.67	NIL	NIL	NIL	592.64	9995.29	8320.22	105.47	79.56
Twisted Yarn (MT)	C.Y	1.75	1.45	421.07	NIL	NIL	NIL	NIL	328.98	375.59	93.84	91.44
	P.Y	2.14	1.72	598.96	NIL	NIL	NIL	NIL	599.35	598.53	1.75	1.45

Production excludes 117.52 tonnes (P.Y.53.31) and Sales of Yarn excludes 106.03 tonnes Rs. 5.65 lacs (Previous year 51.99 tonnes Rs.2.71 lacs) wastages.

**iii) Raw Material Consumed**

POY	Year	Qty.	Value	POY	Year	Qty.	Value
		(MT)				(MT)	
Opening Stock	C.Y.	141.97	115.7	Opening Stock	C.Y.	141.97	115.7
	P.Y.	219.09	138.2		P.Y.	219.09	138.2
Purchases	C.Y.	14,997.47	12,115.87	Purchases	C.Y.	14,997.47	12,115.87
	P.Y.	10,079.79	6,956.57		P.Y.	10,079.79	6,956.57
Consumption	C.Y.	14,699.76	11,768.53	Consumption	C.Y.	14,699.76	11,768.53
	P.Y.	10,156.91	6,979.07		P.Y.	10,156.91	6,979.07
Closing Stock	C.Y.	439.68	463.04	Closing Stock	C.Y.	439.68	463.04
	P.Y.	141.97	115.7		P.Y.	141.97	115.7

**iv) Work in Process Rs. (in lacs)**

POY & Yarn Oil	Year	Qty.	Value
		(Mtr)	
Opening Stock	C.Y.	83.08	67.34
	P.Y.	90.68	57.76
Closing Stock	C.Y.	100.78	108.15
	P.Y.	83.08	67.34

**Notes:**

- 1) Licensed capacity is not applicable
- 2) All capacities are expressed on triple shift basis
- 3) The installed capacities are as per the certificate given by the Directors on which the Auditors have relied, being a technical matter

## v) Details of Consumption

Rs. (in Lacs)

Particulars	For the Year ended 31st March, 2011	For the Year ended 31st March, 2010
Raw Material- Imported	----	----
- Indigenous	12,251.00	7,249.22
Stores & Spares- Imported	----	----
- Indigenous	22.89	26.68

## vi) Expenditure &amp; Earnings in Foreign Currency:

Rs. (in Lacs)

Particulars	For the Year ended 31st March, 2011	For the Year ended 31st March, 2010
Expenditure in Foreign Currency		
Travelling Expenses	Nil	1.08
CIF Value of Import	82.26	Nil
Earnings in Foreign Currency		
Export Sales-FOB Value	1,530.75	146.81

## Schedules Forming Parts of Accounts for the year ended 31st March, 2011

### Balance Sheet Abstract and Company's General Business Profile

#### I. Registration Details

Registration No. :	11 – 58818	State Code	:	11
Balance Sheet Date :	31	3	2011	
	Date	Month	Year	

#### II. Capital raised during the year (Rs. in Thousands)

Public Issue	12009	Rights Issue	Nil
Bonus Issue	5772	Private Placement/Promoter's Contribution	Nil
Share Application Money	0		

#### III. Position of Mobilization and Deployment of Funds (Rs. in Thousands)

Total Liabilities	1258230	Total Assets	1258230
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##### Source of Funds:

Paid-up Capital	220111	Reserve and Surplus	356258
Secured Loans	626531	Unsecured Loans	25922
Share Application Money	0	Deferred Tax Liability	29408

##### Application of Funds :

Net Fixed Assets	749466	Investments	500
Net Current Assets	508263	Misc. Expenditure	-

#### IV. Performance of Company. (Rs. in Thousands)

Turnover and Income	1515231	Total Expenditure	1461964
Profit/Loss Before Tax + -	53267	Profit/Loss After Tax + -	35402
Earning Per Share in (Rs.)		Dividend Rate %	
Basic	2.83		Nil
Diluted	2.83		

#### V. Generic Names of Three Principal Products/Services of Company (As Per monetary Terms)

Item Code No. (ITC Code)	120
Product Description	--

**For and on behalf of the Board.**

Mukesh Ruia  
Managing Director

Ramniranjan Ruia  
Chairman

Company Secretary

Place: Mumbai  
Date : 25th May, 2011



## E-COMMUNICATION REGISTRATION FORM

To,

**Sharex Dynamics (India) Pvt. Ltd.**

Unit: Shekhawati Poly Yarn Ltd.

Unit 1, Luthra Industrial Premises, Safed Pool,

Andheri – Kurla Road, Andheri (E),

Mumbai - 400072

Dear Sir/Madam,

### Re.: Green Initiative in Corporate Governance

I agree to receive all communication from the company in electronic mode. Please register my email id in your records for sending communication through email.

Folio No : \_\_\_\_\_

DP ID : \_\_\_\_\_

Client ID : \_\_\_\_\_

PAN : \_\_\_\_\_

Name of 1<sup>st</sup> Registered Holder : \_\_\_\_\_

Name of Joint Holder (s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_

Date : \_\_\_\_\_ signature of first holder : \_\_\_\_\_

### Important Notes:

1. On registration, all communication will be sent to the email id registered in the folio/DP ID & Client ID
2. The form is also available on [www.shekhawatiyarn.com](http://www.shekhawatiyarn.com)
3. Shareholders are requested to keep the company informed as and when there is any change in the e-mail address. Unless the e-mail id is changed by you by sending another communication in writing, the company will continue to send notices/documents to you on the above mentioned email id.

# SHEKHAWATI POLY-YARN LIMITED

Regd. Office: - 2<sup>nd</sup> Anantwadi, 1<sup>st</sup> Floor, Vaidya Bhawan, Bhuleshwar, Mumbai – 400002

## ATTENDANCE SLIP

Client ID	
DP ID	
No. of Shares	

Ledger Folio No	
No. of Shares	

I/We hereby record my presence at the 20th Annual General Meeting of the Company held at Lalit Restaurant Hall, Near Rly. Station, Goregaon (West), Mumbai – 400062 on 28th September, 2011 at 11.30 a.m.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

.....

(Member's / Proxy's name (in Block Letters)

Member's/

proxy's Signature)

Note: - Shareholder/proxies are requested to bring the duly completed Attendance Slip with them, and hand it over at the entrance, affixing their signature on the slip.

# SHEKHAWATI POLY-YARN LIMITED

Regd. Office: - 2<sup>nd</sup> Anantwadi, 1<sup>st</sup> Floor, Vaidya Bhawan, Bhuleshwar, Mumbai – 400002

## PROXY FORM

Client ID	
DP ID	
No. of Shares	

Ledger Folio No	
No. of Shares	

I/We \_\_\_\_\_ of \_\_\_\_\_ a member/  
members of Shekhawati Poly-Yarn Limited hereby appoint Mr./Mrs./

Ms \_\_\_\_\_ of \_\_\_\_\_ or

failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy, to  
attend and vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held at Lalit  
Restaurant Hall, Near Rly. Station, Goregaon (West), Mumbai – 400062 on 28th September, 2011 at 11.30 a.m. or at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Place: \_\_\_\_\_

Signature: \_\_\_\_\_

Note: -

1. Proxy need not be a member.
2. Proxy Form, complete in all respects should reach the Company's registered office at 2nd Anantwadi, 1st Floor, Vaidya Bhawan, Bhuleshwar, Mumbai – 400002, not less than 48 hours before the schedules time of the meeting

**Affix  
Revenue  
Stamp**





# SHEKHAWATI<sup>TM</sup> POLY-YARN LIMITED

[ An ISO 9001 : 2008 Certified Company ]

## **Registered Office**

2 Anantwadi  
Vaidya Bhawan, 1<sup>st</sup> Floor  
Bhuleshwar  
Mumbai – 400 002

## **Corporate Office**

Atlanta Estate, Unit no. 210  
Near Virwani Industrial Estate,  
Vitt Bhatti, Goregaon (East),  
Mumbai - 400063.

## **Major Plant Locations**

### **Unit III**

Plot no.185/1, Naroli Village,  
Near Kanadi Phatak  
Dadra & Nagar Haveli - 396 235  
(Union Territory), India

### **Unit II**

Plot no. 44 Government Industrial Estate,  
Masat, Samarvani,  
Dadra & Nagar Haveli – 396 230  
(Union Territory), India

### **Unit I**

Plot no. 20, Sheetal Industrial Estate,  
Demeni Road, Dadra,  
Dadra & Nagar Haveli – 396 191  
(Union Territory), India