

***20th* Annual Report**
2011-2012

SNS TEXTILES LIMITED

Annual Report 2011-2012

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Members,

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

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

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

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

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

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BOARD OF DIRECTORS

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

AUDITORS

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

INTERNAL AUDITORS

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

REGISTERED OFFICE & WORKS

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

COMPANY LAW CONSULTANTS

M/s. Kashyap R. Mehta & Associates,
Company Secretaries,
Ahmedabad

**REGISTRAR & TRANSFER
AGENTS**

Link Intime India Pvt. Ltd.
Unit No 303, 3rd floor Shoppers Plaza V,
Opp. Municipal Market, Behind Shoppers Plaza II,
Off C. G. Road, Ahmedabad – 380 009.
Tele No. 91-79-26465179 Fax No. 91-79-26465179

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NOTICE

NOTICE is hereby given that the **20TH ANNUAL GENERAL MEETING of the Members of SNS TEXTILES LIMITED** will be held as scheduled below:

Date : 29th September, 2012

Day : Saturday

Time : 11.30 A.M.

Place : At the Registered Office of the Company at:

Plot No.330- A, GIDC, Opp. Atul Products Ltd, Ankleshwar, Dist: Bharuch, Gujarat-393 002

to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt Audited Statement of Profit and Loss for the year ended 31st March, 2012 and the Balance Sheet as on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Dinesh K. Patel, who retires by rotation and, being eligible, offers himself for re appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Regd Office :

Plot No. 330- A, Opp. Atul Products Ltd.,
G.I.D.C., Ankleshwar - 393 002.
Dist : Bharuch (Gujarat)
Place : Ankleshwar
Date : 30th July, 2012

By order of the Board

Mansukh K. Patel
Wholetime Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing proxy in order to be effective must be deposited at Registered Office of the Company not less than 48 hours before the time for holding the meeting.
3. Members/Proxies should bring their attendance slip duly filed in for attending the meeting.
4. The Register of Members and Share Transfer Book of the Company will be closed from Saturday, the 8th September, 2012 to Saturday, the 29th September, 2012(both days inclusive).
5. Shareholders seeking any information with regard to accounts are requested to write to the Company early so as to enable the management to keep the information ready.
6. The Equity Shares of the Company are available for dematerialisation, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN of the Equity Shares is INE979D01011.

DIRECTORS' REPORT

Your Directors present the 20th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS:		
	(Rs in Lacs)	
Particulars	2011-2012	2010-2011
Profit before Depreciation	22.32	5.93
Less: Depreciation	49.86	49.85
(Loss) after depreciation	(27.54)	(43.92)
Add/(Less): Prior period adjustments	5.00	(3.13)
(Loss) before tax	(22.54)	(47.05)
Less: Deferred Taxation (Liabilities)	(57.91)	(13.92)
Less: Provision for tax	-	-
(Loss) for the year	(80.45)	(60.97)
Opening (debit) balance of Profit & Loss Account	(2083.66)	(2022.69)
(Loss) carried forward to Balance sheet	(2164.11)	(2083.66)

2. OPERATIONS:

During the year under review the sales comprised from the own production of furnishing fabrics of Rs. 14.78 Lacs as compared to Rs.54.23 Lacs during the previous year. The Company has earned job work income of Rs.105.18 Lacs from furnishing of fabrics during the year under review.

During the year under review the total income (including other income and job work income) was Rs.143.32 Lacs as against Rs. 131.49 Lacs in the previous financial year. The Company has incurred loss before tax of Rs.22.54 lacs during the year under review compared to loss of Rs. 47.05 lacs during the year 2010-11.

After providing for deferred tax liability of Rs.57.91 lacs (previous year for Rs. 13.92 lacs) the loss for the year stood at Rs. 80.45 lacs compared to loss of Rs.60.97 lacs during the year 2010-11.

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

3. FUTURE OUT LOOK:

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

4. FINANCE:

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

5. MANAGEMENT DISCUSSION AND ANALYSIS:

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

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

6. DIVIDEND:

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

7. DIRECTORS:

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

8. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at 31st March, 2012 and loss of the company for the year.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing/detecting frauds and other irregularities.
- (iv) That the Directors have prepared the Annual Accounts on a going concern basis.

9. DEMATERIALISATION OF EQUITY SHARES:

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

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10. COST AUDITORS:

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

11. CORPORATE GOVERNANCE:

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

12. FIXED DEPOSITS:

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

13. PARTICULARS OF EMPLOYEE:

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

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

(a) Conservation of Energy:

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

(b) Power and Fuel Consumption:

Sr. No.	Particulars	2011-2012	2010-2011
1.	Electricity		
	- Purchase units (KWH)	425417	343844
	- Total Amount (Rs. in Lacs)	21.79	17.40
	- Rate/Unit (Rs.)	5.12	5.06
2.	Oil (LDO)/Diesel		
	- Qty. in Liters	800	400
	- Total Amount (Rs. in Lacs)	0.37	0.17
	- Rate/Per Liters (Rs.)	46.26	42.17

(c) Technology Absorption:

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

(d) Foreign Exchange Earning & Outgo

Sr. No.	Particulars	2011-2012	2010-2011
	Total Foreign Exchanges used and Earned		
(a)	Total Foreign Exchange used	1.29	-
(b)	Total Foreign Exchange earned	-	2.51

15. RESEARCH & DEVELOPMENT:

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

16. AUDITORS:

- M/s Natvarlal Vepari & Co. Chartered Accountants, Surat will retire as Auditors at the ensuing Annual General Meeting and are eligible for re-appointment.
- The comments and remarks of the Auditors are self explanatory and have been duly replied elsewhere appropriately.
- The net worth of the Company is eroded by more than 100% and thus the Company has become 'Sick Company'.
- The amount of Rs. 3,50,00,000/- brought in by erstwhile Promotes as Share Application money to repay the dues of financial institutions has been transferred to Long Term Liability Account in the current year.

17. LISTING:

The Equity Shares continue to be listed on Bombay, Saurashtra-Kutch and Chennai Stock Exchanges. The Company has applied for Delisting of Equity Share from Saurashtra-Kutch and Chennai Stock Exchanges. The Company has paid listing fees to Bombay Stock Exchange Limited up to the year 2012-13.

18. ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Place : Ankleshwar
Date : 30th July, 2012

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

REPORT ON CORPORATE GOVERNANCE

ANNEXURE TO DIRECTORS' REPORT

1. Corporate Governance Philosophy

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

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

2. Board of Directors:

- a. The Board of Directors consists of five Directors as on 31st March, 2012 as well as on the date of Report.
- b. Composition, Attendance, Category etc.

Sr. No.	Name	Category	No. of Other Directorships held *	Committee /Chairmanship held in other Companies	No. of Board Meetings Attended	Attendance at the AGM held on 23-09-2011
1	Shri Mansukh K. Patel	Executive	-	-	4	Yes
2	Shri Ranjitsinh A. Parmar	Independent	14	-	4	No
3	Shri Priyesh G. Shah	Non-Executive	-	-	4	Yes
4	Shri Satish V. Batavia	Independent	-	-	-	No
5	Shri Dineshchandra K. Patel	Non-Executive	-	-	4	Yes

*Private Companies excluded

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

Name	Shri Dinesh K. Patel
Date of Birth	13-05-1958
Date of Appointment	14-03-2009
Nature of Expertise	Marketing & Administration
List of Public Limited Companies in which Directorship held	-
Chairman/Member of the Committees of the Board of Directors of the Company	-
Chairman/Member of the Committees of Directors of other Companies	-

- d. Board Procedures:

The Board of Directors meets at least once in a quarter to review the performance of the Company and Financial Results. All the major decisions / approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, Statutory Compliance etc. The Board meetings were held during the period 01-04-2011 to 31-03-2012 on (1) 30-05-2011, (2) 05-08-2011, (3) 11-11-2011, (4) 13-02-2012.

3. Audit Committee

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

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

The meetings of the committee were held during the period 01-04-2011 to 31-03-2012 on (1) 30-05-2011, (2) 05-08-2011, (3) 11-11-2011, (4) 13-02-2012.

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

4. Remuneration Committee

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

5. Shareholders / Investors Grievance Committee

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

The Company has received no complaints during the year and all were resolved to the satisfaction of shareholders. There is no pending complaint as on 31st March, 2012.

6. Details of Annual General Meetings

Information about last three Annual General Meetings.

Year	Location	Date	Time
2008-09	Plot No.330-A, GIDC, Opp. Atul Products Ltd, Ankleshwar, Dist. Bharuch, Gujarat – 393 002.	25-09-2009	11.30 a.m.
2009-10	Plot No.330-A, GIDC, Opp. Atul Products Ltd, Ankleshwar, Dist. Bharuch, Gujarat – 393 002.	23-09-2010	11.30 a.m.
2010-11	Plot No.330-A, GIDC, Opp. Atul Products Ltd, Ankleshwar, Dist. Bharuch, Gujarat – 393 002.	23-09-2011	11.30 a.m.

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

7. Disclosures:

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

8. Means of Communication

- In compliance with the requirements of the Listing Agreement, the Company is regularly intimates Unaudited/Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati). Results are not displayed on Website and are not sent individually to the shareholders.
- During the year ended 31st March, 2012 no presentation were made to Institutional Investors or analyst or any other enterprise.
- Management Discussions and analysis form part of the Directors' Report.

9. General Shareholders Information:

- Registered Office : Plot No. 330-A G.I.D.C. Estate, Opp. Atul Products, Ankleshwar - 393 002, Dist : Bharuch (Gujarat)
- Annual General Meeting : Day : Saturday
Date : 29th September, 2012
Time : 11.30 a.m.
Venue : Plot No.330-A, GIDC Estate, Opp. Atul Products Ltd, Ankleshwar – 393 002, Dist : Bharuch, Gujarat
- Financial Calendar :
1st Quarter Results : 1st /2nd week –August, 2012
Half yearly Results : 1st /2nd week – November, 2012
3rd Quarter Results : 1st /2nd week – February, 2013
Audited yearly Results : End – May, 2013
- Book Closure Dates : **From** **To**
Saturday, the 8th September, 2012 Saturday, the 29th September, 2012. (Both days inclusive).

SNS Textiles Limited

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

M/s. Link Intime India Pvt. Ltd.

Unit No 303 , 3rd floor Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C.G. Road, Ahmedabad – 380 009
Tel. No: 079-26465179 Fax: 079-26465179
Email: ahmedabad@linkintime.co.in

f ISIN : INE979D01011

g Dividend Payment Date : The Company has not declared Dividend

h Stock Exchange Code : Stock Exchange Code
Bombay Stock Exchange Limited 514240
Saurashtra-Kutch Stock Exchange Ltd. —
Chennai Stock Exchange Ltd. —

i Distribution of Shareholding:

Distribution of Shareholding as on 31st March, 2012:

No. of Equity Shares held	Number of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	3645	76.03	952611	6.25
501-1000	555	11.58	501424	3.29
1001-2000	260	5.42	433471	2.85
2001-3000	90	1.87	232770	1.52
3001-4000	36	0.75	128483	0.84
4001-5000	53	1.11	260268	1.70
5001-10000	56	1.18	439410	2.88
10001 & above	99	2.06	12301563	80.67
Total	4794	100.00	15250000	100.00

j **Shareholding Pattern:**

Shareholding pattern as on 31st March, 2012.

Category	No. of Shares held	% of Shareholding
Promoters (Directors & Relatives)	9415279	61.74
Financial Institutions/Banks/Mutual Funds/ UTI	15000	0.10
Central/ State Government	409000	2.68
Bodies Corporate	422701	2.77
Indian Public	4165722	27.32
NRIs, Trust, CM & CH	822298	5.39
Total	15250000	100.00

k **Share Transfer System:**

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

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

l **Dematerialization of shares:**

Total 9427650 Equity shares of the Company have been dematerialized up to 31st March, 2012 which forms 62% of the share capital of the Company.

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m Stock Market Data:

Monthly high and low prices of equity shares of the company during the year 2011-12:

Month & Year	BSE		Share Traded
	High (in Rs.)	Low (in Rs.)	
April 2011	3.18	2.58	33254
May 2011	3.00	2.57	26425
June 2011	3.17	2.59	81973
July 2011	2.93	2.31	36102
August 2011	3.00	1.94	26809
September 2011	2.58	1.72	40081
October 2011	2.15	1.81	11342
November 2011	2.30	1.76	28211
December 2011	2.57	1.75	25271
January 2012	2.58	2.03	19150
February 2012	2.60	2.12	69535
March 2012	2.26	1.91	19379

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

10. Plant Locations :

Unit – I : Plot No. 330-A, GIDC, Opp. Atul Products Limited, Ankleshwar – 393 002

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

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

M/s. Link Intime India Pvt. Ltd.

Unit No 303, 3rd floor Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad – 380 009

Tel. No: 079-26465179 Fax: 079-26465179 Email: ahmedabad@linkintime.co.in

12. Compliance Officer :

Shri Mansukh K. Patel, Whole time Director

For and on behalf of the Board

Place : Ankleshwar
Date : 30th July, 2012

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

COMPLIANCE CERTIFICATE

TO THE MEMBERS OF SNS TEXTILES LIMITED

We have examined the compliances of condition of Corporate Governance by SNS TEXTILES LIMITED ("The Company") for the year ended 31st March 2012, as stipulated in Clause 49 of Listing Agreement entered into with the Stock Exchanges.

The compliances of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliances of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We have conducted our review on the basis of the relevant records and documents furnished to us for the review and the information and explanations given to us by the Company.

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

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

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

Place : Surat
Date : 30th July, 2012

R. N. Vepari
Partner
Membership No. : 006728

AUDITORS' REPORT

To,
The Members,
SNS Textiles Limited.
Ankleshwar

1. We have audited the attached Balance Sheet of **SNS TEXTILES LIMITED** as at 31st March, 2012 the statement of Profit and Loss and the Cash Flow statement of the Company for the year ended on that date attached hereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principle used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to in Para 3 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c. The Balance Sheet and Statement of Profit and Loss dealt with by the report are in agreement with the books of accounts;
 - d. In our opinion, the Statement of Profit and Loss and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the Directors of the Company as at March 31, 2012 and taken on record by the Board of Directors, we report that no Director is disqualified from being appointed as Director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f. Subject to matters referred to above, in our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in accordance with the Generally Accepted Accounting Principles in India:
 - 1) in the case of the Balance Sheet of the Company of the *state of affairs* of the Company as at 31st March, 2012,
 - 2) In the case of the statement of Profit and Loss of the **LOSS** of the company for the year ended on that date and
 - 3) In the case of the Cash Flow Statement of the company the cash flows for the year ended on that date.

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

Place : Surat
Date : 30th July, 2012

R. N. Vepari
Partner
Membership No. : 006728

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ANNEXURE TO THE AUDITORS' REPORT

(Statement referred to in Paragraph 3 of the Auditors' Report of even date to the Members of SNS Textiles Limited on the Accounts for the year ended 31st March, 2012)

- (1) In respect of its fixed assets:
 - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - c) During the year, the Company has not disposed off any fixed assets that would affect the going concern.
- (2) In respect of its Inventories:
 - a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.
- (3) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) The Company has not granted loans, secured or unsecured to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act. Hence sub clause (a), (b), (c), and (d) of clause (iii) of the order are not applicable to the company.
 - b) The Company has not taken loans during the financial year from the parties listed in the register maintained under section 301 of the Companies Act, 1956. Loan exists from the parties listed in the register maintained under section 301 of the Companies Act, 1956. The year end balance of this loan aggregate to Rs. 95.00 lacs.
 - c) As per information and explanations given to us, these are interest free loans and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - d) In respect of loans taken, the principal amount is repayable on demand.
 - e) Since the loans are repayable on demand, the question of overdue amount, if any, does not arise.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to the purchase of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, we have not come across any major weaknesses in internal control system of the company.
- (5) In respect of transactions covered under Section 301 of the Companies Act, 1956:
 - a) According to information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at price which are reasonable having regard to the prevailing market prices at the relevant time except where because of the unique and specialized nature of the items and services involved and in absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (6) As explained to us the Company has not accepted deposits from the public within the meaning of Section 58A, 58AA or any other relevant Provision of the Companies Act, 1956 and the rules framed there under. Therefore, the provisions of Clause 4(vi) of the Order are not applicable. ***During the year, the company has transferred share subscription money pending allotment into Non Current liability. In respect of such transfer of amounts, the Company has not complied with various provisions of the Companies Act, 1956 & the rules framed there under.***
- (7) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- (8) We have been informed by the management that maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, in respect of the company has applied for withdrawal.

SNS Textiles Limited

(9) In respect of statutory dues:

- a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess have been regularly deposited by the Company with appropriate authorities in all cases during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, custom duty and excise duty were outstanding, at the year end for a period more than six months from the date they became payable.
- b) According to the records of the Company and the information and explanations given to us, the disputed statutory dues (provided/considered as contingent liability, as appropriate) on account of sales tax, custom duty, Income tax, excise duty, and cess that have not been deposited on account of matters pending before appropriate authorities are as follows:

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

(10) According to the Financial Statement, the Company shows a position where accumulated losses exceeded 50% of its net worth at the end of the Current Year as well as Preceding Year.

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

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

R. N. Vepari
 Partner
 Membership No. : 006728

Place : Surat
 Date : 30th July, 2012

Annual Report 2011-2012

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No	As at 31st March 2012 Rs	As at 31st March 2011 Rs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	148,467,810	148,467,810
(b) Reserves and Surplus	2	(171,198,891)	(163,153,785)
		(22,731,081)	(14,685,975)
(2) Share Application Money Pending Allotment			
		-	35,000,000
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	3	169,250,000	134,250,000
(b) Other Long Term Liabilities	4	4,303,473	5,454,068
(c) Long-Term Provisions	5	635,650	312,886
		174,189,123	140,016,954
(4) Current Liabilities			
(a) Other Current Liabilities	6	567,235	532,558
(b) Short-Term Provisions	7	845,545	1,701,681
		1,412,780	2,234,239
Total		152,870,822	162,565,218
II. Assets			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	39,701,419	44,186,067
(b) Non-Current Investments	9	175,900	175,900
(c) Deferred Tax Assets (Net)	10	73,741,280	79,532,238
(d) Long Term Loans and Advances	11	5,221,733	5,283,522
(e) Other Non-current Assets	12	552,984	266,261
		119,393,316	129,443,989
(2) Current Assets			
(a) Inventories	13	8,271,636	8,951,110
(b) Trade Receivables	14	2,820,335	3,832,976
(c) Cash and Cash Equivalents	15	19,388,467	16,736,108
(d) Short-Term Loans and Advances	16	2,997,068	3,601,036
		33,477,506	33,121,230
Total		152,870,822	162,565,218

Notes forming part of Financial Statements 1 to 25

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

R. N. Vepari
Partner
Mem. No. : 006728
Place : Surat
Date : 30th July, 2012

For and on behalf of the Board

Mansukh K. Patel
Wholetime Director

Dinesh K. Patel
Director

Place : Ankleshwar
Date : 30th July, 2012

SNS Textiles Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No	As at 31st March 2012 Rs	As at 31st March 2011 Rs
Revenue from Operations	17	11,996,210	11,857,814
Other Income	18	2,335,996	1,291,338
Total Revenue		14,332,206	13,149,152
<i>Expenses :</i>			
Cost of Materials Consumed	19	566,165	1,088,627
Changes in Inventories of Finished Goods	20	535,664	366,113
Employee Benefit Expense	21	4,618,739	3,921,313
Financial Costs	22	2,862	11,607
Depreciation and Amortization Expense	23	4,986,306	4,985,065
Other Expenses	24	5,876,618	7,480,990
Total Expenses		16,586,354	17,853,715
Profit Before Exceptional and Extraordinary Items and Tax		(2,254,148)	(4,704,563)
Profit Before Extraordinary Items and Tax		(2,254,148)	(4,704,563)
Profit Before Tax		(2,254,148)	(4,704,563)
<i>Tax Expense :</i>			
(1) Current Tax		-	-
(2) Deferred Tax		5,790,958	1,392,145
Loss After Tax for the Period from Continuing Operations		(8,045,106)	(6,096,708)
Loss for the Period		(8,045,106)	(6,096,708)
Notes forming part of Financial Statements	1 to 25		

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

R. N. Vepari
Partner
Mem. No. : 006728
Place : Surat
Date : 30th July, 2012

For and on behalf of the Board

Mansukh K. Patel
Wholetime Director

Dinesh K. Patel
Director

Place : Ankleshwar
Date : 30th July, 2012

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-2012		2010-2011	
	Rs.	Rs.	Rs.	Rs.
(A) Cash Flow from Operating Activities:				
Net profit/ (loss) before prior period Adjustment & Taxation		(2,254,148)		(4,392,139)
Adjustments for:				
Depreciation & Amortisation Expenses	4,986,306		4,985,067	
Interest/Dividend (Net) Income	(1,298,920)		(971,679)	
Finance Cost	2,862		11,607	
Doubtful & Bad Debts	411,385	4,101,632	-	4,024,995
Operating Profit (Loss) before Working Capital Changes		1,847,484		(367,144)
Adjustments for:				
Loans & Advances	379,034		(890,618)	
Accounts Receivables	1,012,641		1,049,902	
Inventories	679,474		214,373	
Trade Payables, Provisions & Liabilities	(1,649,290)	421,859	1,349,601	1,723,258
Cash Generated from Operations..		2,269,343		1,356,114
Bank Charges paid on operations	(2,862)		(11,607)	
Cash Flow before prior period Adjustment	2,266,482		1,344,507	
Prior Period Adjustments	(501,658)		(312,424)	
Bad Debts and other balances written off	(411,385)		-	
<i>Net Cash from Operating Activities</i>		<u>1,353,439</u>		<u>1,032,083</u>
(B) Cash Flow From Investing Activities:				
Purchase of Fixed Assets	-		(79,500)	
Interest Received	1,276,855		963,644	
Dividend Received	22,066	1,298,920	8,035	892,179
<i>Net Cash used in Investing Activities</i>		<u>1,298,920</u>		<u>892,179</u>
(C) Cash Flow from Financing Activities:				
Intercompany Deposits			-	
Proceeds/(Repayment) from Long & Short Term Borrowings(Net)	-		-	
<i>Net Cash used in Financing Activities:</i>				
		<u>2,652,359</u>		<u>1,924,262</u>
Net Increase in Cash and Cash Equivalents		2,652,359		1,924,262
Cash and Cash Equivalents as on 1st April, 2011		16,736,108		14,811,846
Cash and Cash Equivalents as on 31st March, 2012		19,388,467		16,736,108

As per our report of even date

For **Natvarlal Vepari & Co.**

Chartered Accountants

Firm Mem. No. : 123626W

R. N. Vepari

Partner

Mem. No. : 006728

Place : Surat

Date : 30th July, 2012

For and on behalf of the Board

Mansukh K. Patel

Wholetime Director

Dinesh K. Patel

Director

Place : Ankleshwar

Date : 30th July, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Share Capital

Particulars	As at 31st March 2012		As at 31st March 2011	
	No. of shares	Rs.	No. of shares	Rs.
Authorised Share capital				
Equity Shares of Rs. 10/- each	25,000,000	250,000,000	25,000,000	250,000,000
	25,000,000	250,000,000	25,000,000	250,000,000
Issued, Subscribed and Paid up Share Capital				
Equity Shares of Rs. 10/- each fully paid up	15,250,000	152,500,000	15,250,000	152,500,000
Less: Calls in arrears		4,032,190		4,032,190
Total	15,250,000	148,467,810	15,250,000	148,467,810

Out of above issued, subscribed and paid up share capital 27,00,000 Equity shares of Rs. 10/- each fully paid were issued for consideration otherwise than in Cash.

1.1 The reconciliation of the numbers of shares outstanding

	As at 31st March 2012	As at 31st March 2011
Equity Shares at the beginning of the year	15,250,000	15,250,000
Add: Equity Share Issue	-	-
Less: Equity Share bought back	-	-
Equity Shares at the end of the year	15,250,000	15,250,000

1.2 Shares held by each shareholder holding more than 5 % shares specifying the number of shares held

	No. of shares	%	No. of shares	%
Dinesh Virani	821,500	5.39	821,500	5.39
Jay Virani	1,250,300	8.20	1,250,300	8.20
Kush Sysnthetic Private Limited	910,200	5.97	910,200	5.97
Prashant Virani	1,264,196	8.29	1,264,196	8.29
Rasila Virani	1,238,092	8.12	1,238,092	8.12
Kiranben M. Patel	1,178,791	7.73	1,178,791	7.73
Vibha Patel	1,011,700	6.63	1,011,700	6.63
Mansukh K. Patel	1,010,700	6.63	1,010,700	6.63

2 Reserves and Surplus

	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
Capital Reserves	6,871,400	6,871,400
Securities Premium Reserves	38,340,304	38,340,304
Surplus/(deficit)	(216,410,595)	(208,365,489)
Total	(171,198,891)	(163,153,785)

2.1 Profit and Loss Account

Particulars	As at 31st March 2012		As at 31st March 2011	
	Rs.	Rs.	Rs.	Rs.
As per last Balance Sheet	(208,365,489)		(202,268,781)	
Profit/(Loss) for the Period	(8,045,106)		(6,096,708)	
		(216,410,595)		(208,365,489)
Total		(216,410,595)		(208,365,489)

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3 Long-term borrowings

	As at 31st March 2012 Non- Current Rs.	As at 31st March 2011 Non- Current Rs.
Inter corporate deposits from Companies	133,250,000	133,250,000
From Promoters Group	35,000,000	-
From Partnership Firm	1,000,000	1,000,000
Total	169,250,000	134,250,000

During the year, the Company has transferred amount lying as share application money pending allotment of prior years into Long-term Borrowings. The Company is of the view that since no shares are required to be allotted against such share application money, the same are transferred.

4 Other Long-term liabilities

	As at 31st March 2012 Non- Current Rs.	As at 31st March 2011 Non- Current Rs.
Others		
Payables for Expenses	325,637	246,001
Payables for Capital Goods	492,935	492,935
Other Payable	847,249	847,249
Advance received from customer	2,637,652	3,867,883
Total	4,303,473	5,454,068

5 Long-term Provisions

	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
Provision for employee benefits		
Retirement benefits	635,650	312,886
Total	635,650	312,886

6 Other Current Liabilities

	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
Others		
Payables for Expenses	343,872	346,644
Other payables comprise:*		
Statutory Liabilities	54,192	63,272
Bonus Payable	169,171	122,642
	223,363	185,914
Total	567,235	532,558

*Includes statutory dues, security deposit and advances from customers

7 Short-term Provision

Provision for employee benefits		
Retirement benefits	320,928	370,856
Provision for Expenses	524,617	1,100,964
Provision for Wages	-	229,861
Total	845,545	1,701,681

SNS Textiles Limited

8 Fixed Assets

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 1-4-2011	Addition during the Year	Adjustment Rs. 31-3-2012	As on 1-4-2011 Rs.	Up to the Year Rs.	For Adjustment Rs.	As on 31-3-2012 Rs.	As on 31-3-2012 Rs.	As on 31-3-2011	
Tangible Assets										
LAND	4,098,938	-	-	4,098,938	-	-	-	-	4,098,938	4,098,938
BUILDING	87,042	-	-	87,042	24,452	1,419	-	25,871	61,171	62,590
FACTORY BUILDING	21,848,285	-	-	21,848,285	12,603,371	729,733	-	13,333,104	8,515,181	9,244,914
FURNITURE & FIXTURES	660,827	-	-	660,827	660,827	-	-	660,827	-	-
PLANT & MACHINERY	86,577,126	-	-	86,577,126	56,004,303	4,191,967	501,658	59,694,612	26,882,514	30,572,823
OFFICE EQUIPMENTS	908,473	-	-	908,473	726,936	57,506	-	784,442	124,031	181,537
VEHICLES	573,727	-	-	573,727	548,462	5,681	-	554,143	19,584	25,265
Total	114,754,418	-	-	114,754,418	70,568,351	4,986,306	501,658	75,052,999	39,701,419	44,186,067
Grand Total	114,754,418	-	-	114,754,418	70,568,351	4,986,306	501,658	75,052,999	39,701,419	44,186,067
Previous Year	114,674,918	79,500	-	114,754,418	65,583,283	4,985,065	-	70,568,348	44,186,070	49,091,635

Note: Adjustment in Plant & Machinery is on account of excess depreciation charged in Preceding Years now rectified.

	As at	As at
	31st March 2012	31st March 2011
	Rs.	Rs.

9 Non-Current Investments

Investment in Equity instrument - Tarde Quoted

4375 (PY 4375) Equity Shares of Rs. 10 each of Overseas Synthetics Ltd. (Fully paid up)	75,000	75,000
2700 (PY 2700) Equity Shares of Rs. 10 each of Fairdeal Filaments Ltd. (fully Paid Up)	40,500	40,500

Investment in Equity instrument - NonTarde quoted

500 (PY 500) Equity Shares of Rs. 10 each of Gujarat Narmada Knitwear Ltd (Partly Paid Up)	2,500	2,500
100 (PY 100) Equity Shares of Rs. 10 each of Oriental Bank of Commerce Ltd (Fully Paid Up)	6,000	6,000
3900 (PY 3900) Shares of Rs. 10 each of Shri Bhagawati Bright Bars Ltd (Fully Paid Up)	39,000	39,000

Investment Others- Tarde Non quoted

129 (PY 129) Shares of Rs. 100 each of Surat People's Co. Op. Bank Ltd	12,900	12,900
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Total	175,900	175,900
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Aggregate market value of quoted investment Rs. 2,93,695 (PY Rs. 4,35,735). Information is given only in cases where shares prices are available on BSE

10 Deferred Tax Assets (Net)

Deferred Tax Assets (Net)	73,741,280	79,532,238
Total	73,741,280	79,532,238

11 Long-term Loans and Advances

Unsecured considered good

Capital Advances	580,496	630,981
Security Deposits	1,111,681	1,050,525
Advances for Goods	1,340,385	1,340,385
Advances for Current Assets (LIC)	833,122	833,122
Advances to Staff	76,000	-
Other Loans and Advances		
Advance tax	1,280,050	1,428,510
Total	5,221,733	5,283,522

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	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
12 Other Non Current Assets		
Interest Accrued on Fixed Deposit	552,984	266,261
Total	552,984	266,261
13 Inventories (at lower of cost & net realisable value)		
Raw-Materials	3,752,479	3,976,016
Work-in-progress	747,107	667,380
Finished goods	3,772,050	4,307,714
Total	8,271,636	8,951,110
14 Trade Receivables (Unsecured and Considered Good)		
Over Six months	7,220,269	7,065,970
Less: Provision for doubtful receivables	4,909,165	4,900,754
	2,311,104	2,165,216
Others	509,231	1,667,760
Total	2,820,335	3,832,976
15 Cash and Cash equivalents		
Balance with Banks	3,861,951	2,001,488
Cash on hand	102,756	97,826
Fixed deposits with banks	15,423,760	14,636,794
Total	19,388,467	16,736,108
16 Short-term Loans and Advances		
Advances to Staff	147,500	81,250
Balance with Customs, Central Excise Authorities, etc	2,780,000	3,462,478
Pre Paid Expenses	69,568	57,308
Total	2,997,068	3,601,036
17 Revenue from Operation		
Revenue from Operations		
Revenue from - Sale of Products	1,478,354	5,422,580
Revenue from - Sale of Services/Jobwork	10,517,856	6,435,234
Total	11,996,210	11,857,814
18 Other Income		
Interest income	1,276,855	963,644
Dividend income	22,066	8,035
Trade Payables written back	45,067	293
Other non-operating income	492,208	631,790
Prior Period Income/(Expense) (Net off)	499,800	(312,424)
Total	2,335,996	1,291,338
19 Cost of Material Consumed		
Opening Stock of Raw Material	3,976,016	3,693,660
Opening Stock of Work in progress	667,380	797,997
Add: Purchases during the year	422,355	1,240,366
	5,065,751	5,732,023
Less: Closing Stock of Raw Material	3,752,479	3,976,016
Less: Closing Stock of Work in progress	747,107	566,165
Total	566,165	1,088,627

SNS Textiles Limited

	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
20 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Changes in inventories of Finished Goods	535,664	366,113
Total	535,664	366,113
21 Employee Benefit Expense	Rs.	Rs.
Salaries and wages	3,737,945	3,139,449
Contribution to Provident and other funds	270,110	204,072
Staff Welfare expenses	24,452	26,439
Leave wages	64,647	34,049
Staff Ex-Gratia	29,989	22,035
Bonus expense	170,668	124,413
Gratuity Expenses	320,928	370,856
Total	4,618,739	3,921,313
22 Financial Cost	Rs.	Rs.
Interest expenses	2,862	11,607
Total	2,862	11,607
23 Depreciation and Amortization Expense	Rs.	Rs.
Depreciation and Amortization Expense	4,986,306	4,985,065
Total	4,986,306	4,985,065
24 Other Expenses	Rs.	Rs.
Consumption of stores and spare parts	1,082,071	1,875,223
Power and fuel	2,217,977	1,757,742
Land Revenue Charges	-	460,188
Insurance	204,120	211,421
Rates and Taxes, excluding taxes on income	4,758	3,804
Miscellaneous expenses	2,367,692	3,172,612
Total	5,876,618	7,480,990
Other Expenses- Miscellaneous expenses		
Manufacturing and other expenses		
- Beam Pieceing Exp.	53,363	37,858
- Dyeing labour charges	75,800	229,732
- Factory Expenses	80,554	73,818
- Freight	37,939	41,465
- Job charges (Manufacturing)	36,173	209,658
- Repairs & Maintenance - Others (Factory)	411,805	724,585
- Security Expenses (Factory)	-	304,429
- Water charges (Factory)	45,298	36,971
Total	740,932	1,658,516

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	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
Administrative and other expenses		
- Angadia Exps.	10,802	7,798
- Audit Fees	56,180	110,300
- Books and periodicals	3,399	4,318
- Canteen expenses	81,287	68,585
- Consultancy Charges	297,657	270,736
- Conveyance Expense	72,246	61,744
- Legal and Professional Charges	114,636	121,510
- Membership Fee	8,604	62,618
- Notified Area Tax	218,219	211,840
- Office Expenses	11,301	15,791
- Postage Expense	35,725	35,925
- Professional Tax	1,000	1,000
- Stationery and Printing Expense	72,404	43,884
- Telephone Expense	33,621	25,644
- Travelling Expense	1,030	6,504
- Vehicle Repairs	17,044	18,006
- Interest on Income Tax	-	2,441
Total	1,035,155	1,068,644
Selling and distribution expenses		
- Advertisement Expense	36,848	33,660
- Bad Debts Written off	411,385	-
- Brokerage	57,417	239,668
- Discount & Rebate Expense	4	57
- Freight and forwarding charges	635	7,265
- Packing Expense (Other than Basic Packing)	27,269	119,828
- Sales Promotion expense	52,138	42,374
- Sample Testing expense	5,909	2,600
Total	591,605	445,452

NOTES FORMING PART OF THE ACCOUNTS: Notes - 25

(1) Significant Accounting Policies:

(i) Basis of accounting:

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

(ii) Fixed Assets:

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

(iii) Depreciation:

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

(iv) Impairment:

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

(v) Investments:

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

(vi) Inventories:

Inventories are valued at lower of cost and net realizable value using FIFO method.

(vii) Borrowing Costs:

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

(viii) Revenue Recognition:

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

i) Sale of Goods:

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

ii) Interest:

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

iii) Dividends:

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

(ix) Foreign Currency Transactions:

i) Export sales are recorded at Invoice value actually realized.

ii) Other transactions are recorded at the rate of exchange in force at the time transactions are affected.

iii) Realized gains and losses on foreign exchange transactions other than those relating to fixed assets are recognized in the Statement of Profit and Loss.

(x) Employee Benefits:

i) Short term Employee Benefits: All employee benefits falling due within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, bonus, leave salary, ex-gratia are recognized in the period in which employee renders the related services.

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- ii) Post Employment Plans:
- a) Defined Contribution Plan: Provident fund and pension scheme are the defined contribution plan in the company. The contribution paid /payable under the scheme is recognized during the period in which the employee renders the related services.
- b) Defined Benefit Plans: Employee Gratuity fund scheme is the defined benefit plan. The Company makes annual contributions for gratuities to funds administered by trustees and managed by insurance company for amounts notified by the said insurance company. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary.

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

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

(2) **Disclosure as required by AS 29 "Provisions, Contingent Liability and contingent Assets" in respect of provisions as at 31st March, 2012:**

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

(3) Additional information pursuant to Revised Schedule VI to the Companies Act, 1956:

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

Particulars	Consumption	
	2011-2012	2010-2011
Raw Materials	566,165	1,088,627

(Amount In Rs.)

Particulars	Closing Inventory	Opening Inventory
Raw Material	3,752,479	3,976,016
Work in progress	747,107	667,380

Particulars	Sales Value		Closing Inventory	Opening Inventory
	2011-2012	2010-2011		
Manufactured Goods	1,478,354	5,422,580	3,772,050	4,307,714
Job Work	10,517,856	6,435,234	-	-

- (b) Imported and Indigenous Consumption:

	2011-2012		2010-2011	
	Rs.(In Lacs)	%	Rs.(In Lacs)	%
(i) Raw Materials:				
Imported:	-	-	-	-
Indigenous	05.66	100	10.89	100
Total	05.66	100	10.89	100
(ii) Consumable Stores :				
Imported	01.29	11.92	00.00	-
Indigenous	09.53	88.08	18.75	100
Total	10.82	100	18.75	100

SNS Textiles Limited

	2011-2012 (Rs. in lacs)	2010-2011 (Rs. in lacs)
(c) Value of direct Imports on CIF basis: Components, spare parts & Chemicals	01.29	00.00
(d) Expenditure in foreign currency:		
[i] Travelling :	-	-
[ii] Sales commission	-	-
(e) Earning in foreign currency:		
Export of goods on FOB Basis	-	-
Commission	00.00	02.51
(f) Auditors' Remuneration:	(In Rs.)	(In Rs.)
(a) As Auditors for Audit Fee	56,180	110,300
(b) As Advisor or in any other Capacity in respect of:		
(i) Company law matter	—	—
(ii) Taxation matter	—	—
(iii) Management services	—	—
(iv) In any other manner	—	—
(4) Earning Per Share (Basic & Diluted):		
	2011-2012	2010-2011
Amount used as a numerator (Rs. In 000's)		
Profit/(Loss) after Prior Period Adjustment	(8045.11)	(6096.71)
Number of Shares [Face Value Rs. 10/- per share]	148,46,881	148,46,781
Earning per share (Basic & Diluted)	(0.54)	(0.41)
(5) Employee Benefits: (Details are given to the extent available)		
Gratuity:		
The employee gratuity fund is managed by "Life Insurance Corporation of India". The Present value of obligation is determined based on actuarial valuation. The liability is fully funded.		
	Amount (Rs)	Amount (Rs)
a. Present Value of Defined Benefit Obligation		
- Wholly Funded	-	-
- Wholly Unfunded	401,017	533,350
Less: Fair Value of Plan Assets		
Amount to be recognized as Liability or (Assets)	401,017	533,350
Amount Reflected in Balance Sheet		
- Liability	956,578	683,742
b. Amounts recognized in Profit & Loss Account:		
1. Current Service Cost	64,901	52,416
2. Interest Cost	33,605	27,012
3. Expected Return on Plan Assets	(47,655)	(24,001)
4. Actuarial Losses/(Gains)	138,830	(4,942)
Total included in "Payments to and Provision for Employees"	189,681	50,485
c. Changes in present value of defined benefit obligation representing reconciliation of opening & closing balances thereof are as follows:		
Opening value of present value of defined benefit obligation	401,017	322,336
Add: Current Service Cost	64,901	52,416
Add: Interest cost	33,605	27,012
Add: Contribution made	-	-
Actuarial Losses (gains)	3,235	8,703
Less: Benefits paid	(57,436)	(9,450)
Closing value of present value of defined benefit obligation	445,322	401,017
d. Principal Actuarial Assumptions at the Balance Sheet Date (expressed as Weighted Averages):		
Discount Rate (p. a.)	8.75%	8.38%
Expected Rate of Return on Assets (p. a.)	8.75%	9.00%
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-
* The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as supply of and demand in the market.		
e. Movement in Net Liability recognized in Balance Sheet:		
Net opening liability	(132,333)	3,22,336
P & L Charge	189,681	50,485
Benefits paid	(57,436)	(5,05,154)
Closing net liability	(88)	(132,333)

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

(7) **Related Party Disclosures:**

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

List of related parties where control exists and related parties with whom transactions have taken place and relationship.

Name of Related Party	Relationship along with	Nature of Transactions Relationship	2011-2012		2010-2011	
			Amount in (Rs.)	Year end Balance	Amount in (Rs.)	Year end Balance
- Suzlon Infrastructure Service Ltd.	Associate Company	Service Charges	55,154	315,702 Cr.	55,154	261,651 Cr.
- Suzlon Energy Ltd.		Rent Income	396,000	2,640 Cr.	378,000	41,286 Dr.
- Amubhai A. Parmar	Relatives	Unsecured Loan	335,000	335,000	-	-
- Balrajsinh A. Parmar	of Key	Unsecured Loan	2,060,000	2,060,000	-	-
- Kirtsinh A. Parmar	Managerial	Unsecured Loan	950,000	950,000	-	-
- Naliniben R. Parmar	Personnel	Unsecured Loan	1,290,000	1,290,000	-	-
- Ranjitsinh A. Parmar		Unsecured Loan	1,990,000	1,990,000	-	-
- Sheelaben B. Parmar		Unsecured Loan	2,665,000	2,665,000	-	-
- Vasantiben A. Parmar		Unsecured Loan	210,000	210,000	-	-

(8) Sundry debtors and Sundry creditors are subject to Confirmations and reconciliation, if any.

(9) There are no small-scale Industrial undertaking creditors, which are outstanding for more than 30 days.

(10) Provision for taxation for the year under review has not been made in view of unabsorbed depreciation/Business losses brought forward from previous years.

(11) In the previous years, the Company had undertaken the analysis to determine impairment of assets. Accordingly, the Company already has provided for the impairment of assets in terms of para 112, 114 and 115 of the Accounting Standard 28 in the previous years. Company is of the opinion that there are no further assets that needs to be provided for, in respect of impairment during the year.

(12) In accordance with the Accounting Standard – 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India ('ICAI'), deferred tax resulting from timing differences between book and tax profits is accounted for, at the current rate of tax, the resultant deferred tax asset has been recognized as under:

	As at 31 st March, 2012	As at 31 st March, 2011
(a) Deferred Tax Liability:		
On account of Depreciation differential between tax laws and books	21,984,815	24,812,486
Total	21,984,815	24,812,486
(b) Deferred Tax Asset:		
Effect of Section 43B of the Income Tax Act, 1961	169,171	122,642
Carried Forward of Unabsorbed Depreciation and Losses	261,472,054	264,110,652
Total	261,641,225	264,233,294
Deferred Tax Asset (Net) (a-b)	239,656,410	239,420,808
Current Year (Credit) / Charge	73,741,280	79,535,592

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

Signature to Notes 1 to 25

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

For and on behalf of the Board

Mansukh K. Patel
Wholetime Director

R. N. Vepari
Partner
Mem. No. : 006728
Place : Surat
Date : 30th July, 2012

Dinesh K. Patel
Director

Place : Ankleshwar
Date : 30th July, 2012

SNS TEXTILES LIMITED

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

ATTENDANCE SLIP

20th Annual General meeting

Date : Saturday, the 29th September, 2012 at 11.30 a.m.

Place : Registered Office of the Company at :

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

DP ID _____

Folio No. / Client ID _____

Full Name of the shareholder/proxy attending the meeting

(First Name) (Second Name) (Surname)

FIRST HOLDER/JOINT HOLDER/PROXY

(Strike out whichever is not applicable)

Full Name of First Holder _____

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

Signature of Member / Proxy : _____

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

SNS TEXTILES LIMITED

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

FORM OF PROXY

DP ID _____

Folio No. / Client ID _____

I/We _____

of _____ in the district of _____ being

member of the above named Company hereby appoint _____ of

_____ in the district of _____ or

failing him _____ of _____ in the

district of _____ as my / our Proxy to attend and

vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company, to be held on

Saturday, the 29th September, 2012 and at any adjournment thereof.

Signed the _____ day of _____ 2012.

Signature _____

Affix
Revenue
Stamp

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

BOOK-POST

TO

If undelivered please return to :

SNS TEXTILES LIMITED.

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

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

Dist : Bharuch (Gujarat).