



# **21<sup>st</sup> Annual Report 2011-2012**



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## CORPORATE INFORMATION

An ISO 14001:2004 Certified Company  
An ISO 9001:2008 Certified Company

### Board of Directors

- |  |   |
|--|---|
| <p><b>1. Mr. Ramniranjan Ruia</b><br/>Chairman (Non Executive)</p> <p><b>3. Mr. Rohit Chandgothia</b><br/>(appointed w.e.f. August 13, 2011)<br/>Independent Director</p> <p><b>5. Mr. Sanjay Jogi</b><br/>(resigned w.e.f. March 27, 2012)<br/>Director (Non Executive)</p> | <p><b>2. Mr. Mukesh Ruia</b><br/>Managing Director</p> <p><b>4. Mr. Sushil Kumar Poddar</b><br/>(appointed w.e.f. August 13, 2011)<br/>Independent Director</p> |
|--|---|

### Chief Financial Officer

Mr. Shivratna Agarwal

### Company Secretary & Compliance Officer

Mr. Subodh Kumar Soni

### Registered Office

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

### Statutory Auditors

M/s. Singrodia Goyal & Co.

### Bankers

State Bank of India  
Axis Bank Ltd

### Registrar & Transfer Agent

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

### 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

### 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 Shareowners

Greetings!

First of all, I express my sincere gratitude to all the members of this organization for their co-operation and having faith & trust in me and congratulation on yet another successful year of growth and achievements of the company. I am happy to inform you that your company has achieved the growth of 41.40 % over the previous year and will continue this trend with all sincerity in the current year as well and we are consistently moving forward towards grater heights. The company's turnover has increased to the tune of Rs. 6097.53 lacs which shows that the market has well accepted our quality products. Our mission is to expand geographical reach by introducing new & innovative products and forward integration by Twisted Yarn and Knitted Fabric.



Dear Friends, a year has passed very rapidly, leaving a great impact on the activities of your company. You will be happy to observe that after the successful launch of public issue, the company has started manufacturing in full swing of Texturised Yarn, Twisted Yarn and Knitted Fabric with installation of 24, 48 & 50 machines under the Brand name "Polysoft". Presently the Company is exporting in 10 countries of different qualities of Yarn.

Your Company continued to progress in utilising all the opportunities during 2011-12.

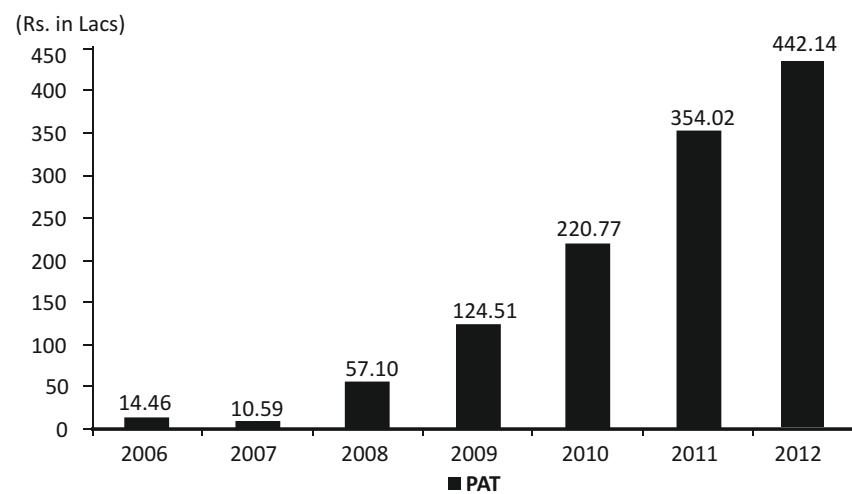
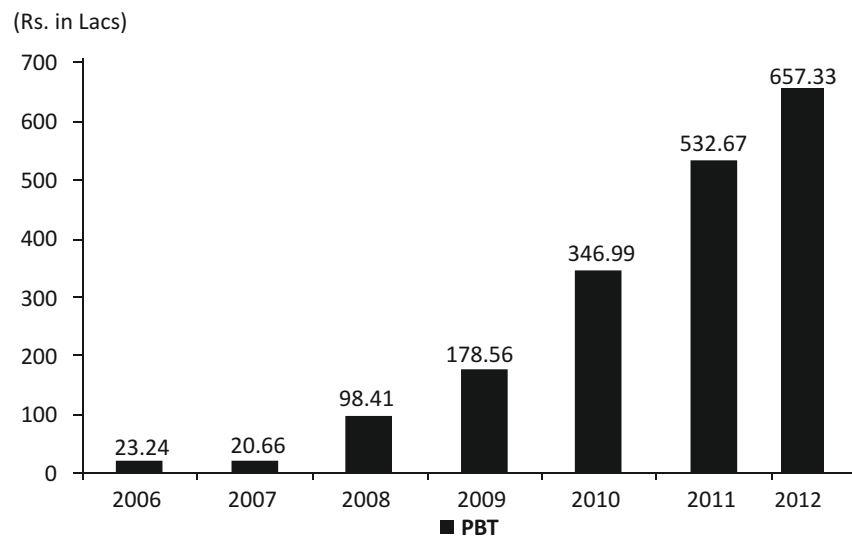
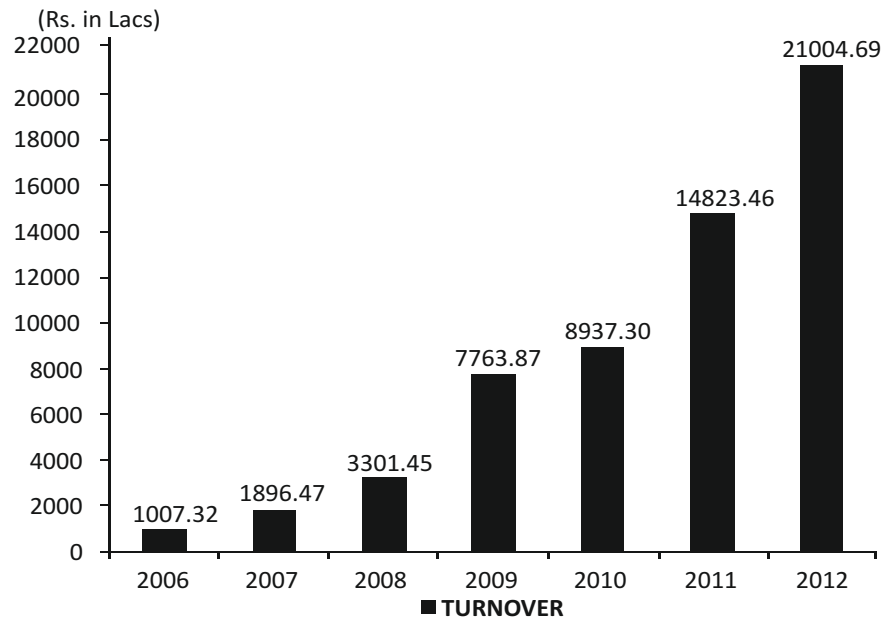
- **Net Sales** increased from Rs. 14727.50 lacs in 2010-11 to Rs. 20825.03 lacs in 2011-12.
- **Profit After Tax (PAT)** increased from Rs. 358.53 lacs in 2010-11 to Rs. 442.14 lacs in 2011-12

It would have not been possible for Shekhawati to be where we are today without the support of our various stakeholders. I would like to end our financial year 2011-12 with a vote of thanks to our shareholders, valued customers and business associates for their unwavering support and trust in us, as well as the Board of Directors and staff for their contribution and commitment.

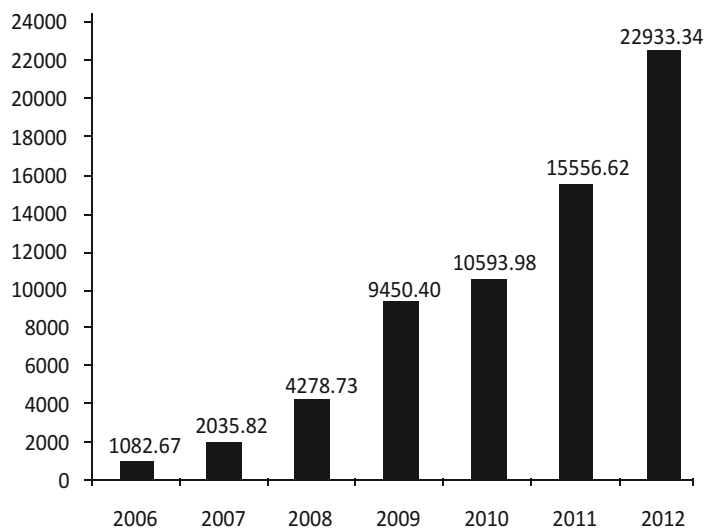
With Best Wishes,  
Sincerely,

Sd/-  
**Mukesh Ruia**  
Managing Director

## Performance at Glance

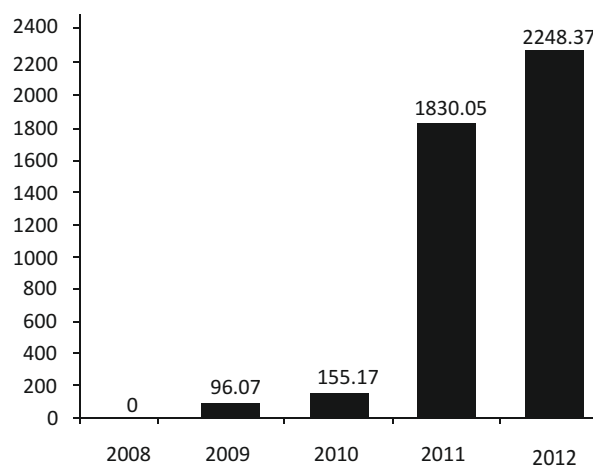


(QTY in MTS)



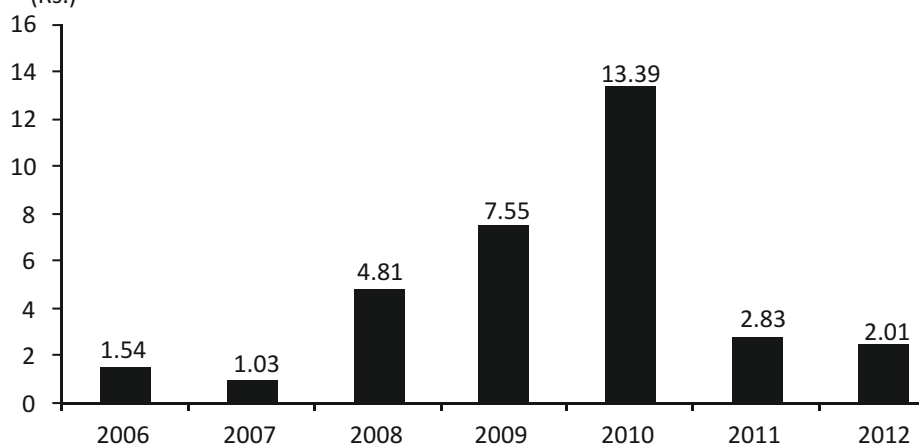
■ PRODUCTIONS

(Rs. in Lacs)



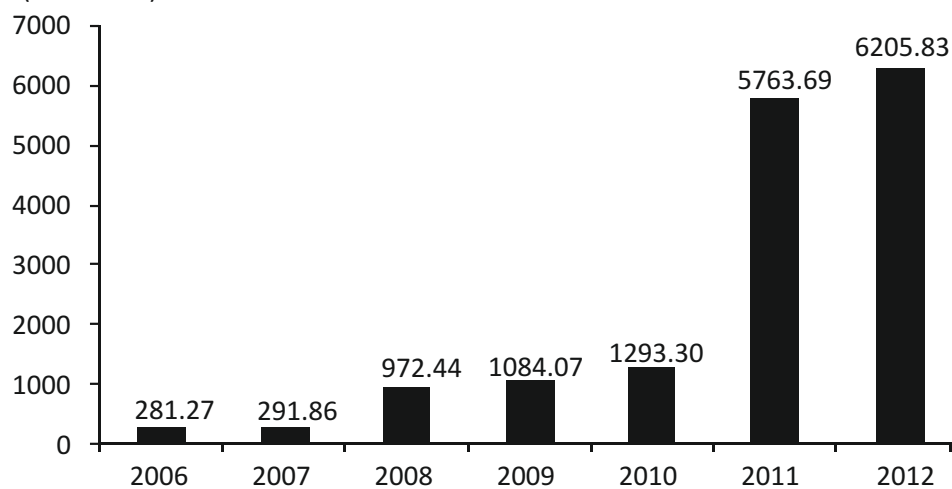
■ EXPORTS

(Rs.)



■ EPS

(Rs. in Lacs)



■ NETWORTH

## **NOTICE**

**Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the members of Shekhawati Poly-Yarn Limited will be held on Friday 28<sup>th</sup> September, 2012 at 11.30 A.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 March 31, 2012, and Profit and Loss Account for the year ended as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ramniranjan Ruia, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To reappoint M/s. Singrodia Goyal & Co., Chartered Accountants having firm Registration No. 112081W 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.

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

Sd/-

**Subodh Kumar Soni**  
Company Secretary

Place: Mumbai  
Dated: 31st August, 2012

Registered Office:-  
Express Zone, "A" Wing,  
Unit no.1102 & 1103,  
11th Floor, Patel Vatika,  
Off Western Express Highway,  
Malad (East), Mumbai- 400 097  
Maharashtra, 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 Thursday 20<sup>th</sup> September, 2012 to Friday 28<sup>th</sup> September, 2012 (both days inclusive).
3. Members are requested to:
  - i) Intimate immediately any change in their address to Company's Registrar and Share Transfer Agents M/s Sharex Dynamic (India) Private Limited, Unit No.1 Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E) Mumbai-400 072 Tel 2851 5644 Fax No. 28512855. Members holding shares in the electronic form are advised to inform change in address directly to their respective depository participants.
  - ii) Quote their Folio No./Client ID No. in their correspondence with the Company/Registrar and Share Transfer Agents.
  - iii) Send their queries atleast 10 days in advance so that the required information can be made available at the meeting.

- iv) Bring their copies of Annual Report and Attendance slip with them at the meeting.
- v) Intimate Registrar and Share Transfer Agent M/s Sharex Dynamic (India) Private Limited for consolidation of their folios, in case they are having more than one folio.

#### 4. 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 21st April, 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 of the Company to contribute to the Corporate Social Responsibility initiative of the Company.

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

Equity Shareholders holding physical mode. They should download the form from the Company's website ([www.shekhawatiyarn.com](http://www.shekhawatiyarn.com)) and forward the same to Company's Registrar and transfer agents i.e. Sharex Dynamic (India) Private Limited, Unit No.1 Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E) Mumbai-400 072 Tel 2851 5644 Fax No. 28512855. The Shareholders holding shares in demat mode can register their email address with their Depository participant, in the event the have not done so earlier for receiving notices/documents through Electronic mode

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

Sd/-

**Subodh Kumar Soni**  
Company Secretary

Place: Mumbai  
Dated: 31st August, 2012

Registered Office:-  
Express Zone, "A" Wing,  
Unit no.1102 & 1103,  
11th Floor, Patel Vatika,  
Off Western Express Highway,  
Malad (East), Mumbai- 400 097  
Maharashtra, India.

### **Details of Director seeking Re-appointment at the forthcoming Annual General Meeting**

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 reappointment at the Annual General Meeting:

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

##### **Mr. Ramniranjan Ruia**

Name	: Mr. Ramniranjan Ruia
Age	: 64 Years (04.11.1948)
Date of Appointment	: 26/05/1993
Qualification	: S.S.C.
Other Directorship	: 1. Ruia Rayons Pvt. Ltd. 2. Ruia Silk & Synthetics Pvt. Ltd. 3. Aisha Mercantile Pvt. Ltd.
Shareholding in the Company	: 1462500 Equity Shares
Committee Members	: Nil
Experience in Specific Function area	: Mr. Ramniranjan Ruia has a rich experience of over 41 Years in the Textile industries.

## DIRECTOR'S REPORT

### TOTHE MEMBERS

Yours Directors take the pleasure in presenting the 21<sup>st</sup> Annual Report of the Company together with the Audited Statements of Accounts for the Financial Year Ended on 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS

The Financial Performance of the Company for the Year Ended 31<sup>st</sup> March, 2012 is summarized below:

(Rs. In Lacs)

Particulars	2011-12	2010-11
<b>Operational Income</b>	<b>21,004.69</b>	14,823.46
Profit/ (Loss) before Depreciation & Interest	<b>2,125.43</b>	1,441.86
Less: Interest & Financial Charges	<b>883.10</b>	556.90
Less: Deprecation	<b>597.10</b>	352.28
<b>Profit/ (Loss)</b>	<b>645.23</b>	532.67
Add/ (Less): Provision for Taxation		
-Current	<b>129.10</b>	111.87
-Mat credit entitlement	<b>(129.10)</b>	(43.69)
-Deferred Tax Liabilities/ (Assets)	<b>215.19</b>	110.41
-For earlier years	-	0.07
<b>Profit/ (Loss) after Tax for the year</b>	<b>430.04</b>	354.01
Prior Period Adjustment	<b>12.11</b>	4.51
<b>Balance carried to Balance Sheet</b>	<b>442.15</b>	358.52

### 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. 20825.03 Lacs as compared to Rs. 14727.50 Lacs in the previous year. Profit after Tax was Rs. 442.14 Lacs in the current year as compared to Rs. 358.53 Lacs in the previous year.

### EXPORTS

Your Company's performance on export front has improved tremendously since the year 2008-09. The company has shown consistent growth every year and in the year 2011-12 the total export turnover has grown to Rs. 2248.37 Lacs from 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 expected 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 2011-2012.

#### **DIRECTOR**

As per the Provision of the Companies Act, 1956 and in term of the Articles of Association of the Company, Mr. Ramniranjan Ruia, Director of the Company retire by rotation and being eligible, offer himself for reappointment.

#### **REGISTERED OFFICE**

During the year Company has shifted their registered office from 2nd Anandwadi, 1st Floor, Vaidya Bhawan, Bhuleshwar, Mumbai-400 002 to Express Zone, "A" Wing, Unit No. 1102 & 1103, 11th Floor, Patel Vatika, Off Western Express Highway, Malad (E), Mumbai-400 097, Maharashtra, India.

#### **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 also has not accepted any deposit in past.

#### **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.

#### **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.

#### **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 of affairs of the Company as at March 31, 2012 and of the Profit for the year ended March 31, 2012.
- 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**

Your Company has complied with the requirements of clause 49 of the Listing Agreement regarding Corporate Governance. A report on the Corporate Governance practices and the Auditors certificate is given as an 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: 28th May, 2012

Sd/-  
**Mukesh Ruia**  
Managing Director

Sd/-  
**Ramniranjan Ruia**  
Chairman

## ANNEXURE TO DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure in particulars in the Report of Board of Directors), Rules, 1988

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

Particulars	2011-2012	2010-2011
<b>Power and Fuel Consumption</b>		
<b>Electricity</b>		
Purchased Units (KWH)	<b>20,022,160</b>	14,771,234
Total Amount (Rs.)	<b>100,696,598</b>	60,900,688
Average rate per unit (Rs.)	<b>5.03</b>	4.12

### RESEARCH AND DEVELOPMENT

**a. Specific areas in which R & D was carried out by the Company.**

The Company is actively engaged in product up gradation and development.

**b. Benefits derived as a result of the above R & D**

Improved product designs resulted in higher value added products and better realisations.

**c. Future plan of action**

Emphasis on the different variety of products for better margin.

**d. Expenditure on R & D**

Since the expenditure incurred on research and development activities were not substantial, no separate account for the same were being maintained.

### B. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange earnings by way of Exports were Rs. 2034.73 lacs and the Foreign exchange outgo were Rs 742.79 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.

The Indian Textile industries have an overwhelming presence in economic life of 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 textile sector 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. Its contributes about 14% to Industrial production, 4% to the GDP and 17% to the country Export earning.

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 2011-2012 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 products 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. However, due to the global slowdown, the industry suffered heavily with reduced exports and domestic demand.

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 works hard to meet the competition as well as to enable to maintain long standing business relationship.

Export of the Company has gained momentum as compared to the last year. Our major export markets in the world are as follows :

<b>Argentina</b>	<b>Egypt</b>	<b>Kenya</b>
<b>Brazil</b>	<b>Israel</b>	<b>Mexico</b>
<b>Canada</b>	<b>Jordan</b>	<b>Morocco</b>
<b>Thailand</b>		

### B. OPPORTUNITY ANDTHREATS:

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 2011-12 was Rs.2248.37 Lacs.

### **C. RISK AND CONCERNS:**

Risk taking is intrinsic to business growth. All business organisation face risks either from internal operations 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. 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 sales of the Company was Rs. 20825.03 Lacs as against Rs. 14727.50 Lacs during the last Year. The Company has achieved a Profit after Tax of Rs. 442.14 Lacs in the current year as compared to Rs. 358.53 Lacs in the previous year.

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

The Company continued to enjoy harmonious and cordial relations amongst its entire employee. 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:

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 philosophy on Corporate Governance is to achieve the highest level of transparency, accountability and integrity, honesty, ethical behavior. Your Company is committed to meet 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, 2012, the Board of the Company consisted of four Members, with a Non-Executive Chairman, a Executive Director, and 2 Non-Executive Independent Director. 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. The composition of Board as on 31st March 2012 is as under :

## REPORT ON CORPORATE GOVERNANCE

Sr. No.	Name of the Directors	Name 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. Rohit Chandgothia	Independent Director	2	-	-
4	Mr. Sushil Kumar Poddar	Independent Director	-	-	-

### 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 on 31st March, 2012 Board Meeting were held respectively on 23rd May, 2011, 25th May, 2011, 30th May 2011, 13th August, 2011, 31st August, 2011, 08th October, 2011, 14th October, 2011, 14th November, 2011, 13th February, 2012, 29th March 2012. The details of attendance of the directors are as follows.

Sr. No.	Name of Directors	No. of Board Meetings held	No. of Meetings attended	Last AGM attended
1	Mr. Ramniranjan Ruia	10	10	Yes
2	Mr. Mukesh Ruia	10	10	Yes
3	Mr. Rohit Chandgothia	10	10	Yes
4	Mr. Suhsil Kumar Poddar	10	6	Yes
5	Mr. Sanjay Jogi	10	9	Yes
6	Mr. Sanjay Kumar Churiwala	10	2	No
7	Dr. Satish Chandra Kulhari	10	-	No

4. Mr. Sushil Kumar Poddar was appointed as Additional Director of the Company w.e.f. 6th August, 2011 and regularized in AGM dt. 30th September, 2011
5. Mr. Sanjay Jogi has resigned from the Board of Directors of the Company w.e.f. 27th March, 2012.
6. Mr. Sanjay Churiwala has resigned from the Board of Directors of the Company w.e.f. 6th August, 2011.
7. Dr. Satish Chandra Kulhari has resigned from the Board of the Directors of the Company w.e.f. 27th July, 2011.

All the Directors have made the requisite disclosures regarding Committee positions held by them in other Public Limited Companies.

### iii) Director seeking appointments/reappointments:

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Ramniranjan Ruia shall retire by rotation at the forthcoming Annual General Meeting and being eligible will offer himself for reappointment.

## 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

## REPORT ON CORPORATE GOVERNANCE

### a. Audit Committee:

The Audit Committee consists with Two Independent Non-Executive Directors and One Executive Director having knowledge of Finance, Accounts and Company Law. The composition of the Audit Committee as on 31st March 2012 is as under :

Sr. No	Name of the Member	Designation	Category
1.	Mr. Sushil Kumar Poddar	Chairman	Independent Director
2.	Mr. Rohit Chandgothia	Member	Independent Director
3.	Mr. Mukesh Ruia	Member	Executive Director

Mr. Sushil Kumar Poddar, Chairman is a Non-Executive 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.

During the year under review, the committee met Four times on 25th May, 2011, 13th August, 2011, 14th November, 2011 and 13th February, 2012. The details of attendance of the members are as follows:

Sr. No.	Name of the Member	Designation	No. of Meetings	
			Held	Attended
1.	Mr. Sushil Kumar Poddar	Chairman	4	2
2.	Mr. Rohit Chandgothia	Member	4	4
3.	Mr. Sanjay Jogi	Member	4	4
4.	Mr. Sanjay Churiwala	Member	4	1
5.	Mr. Mukesh Ruia	Member	-	-

- 1 Mr. Sushil Kumar Poddar was inducted as a member of the Audit Committee w.e.f. 13th August, 2011 and was appointed as Chairman w.e.f. 29th March, 2012.
- 2 Mr. Rohit Chandgothia was inducted as a member of the Audit Committee w.e.f. 21st March, 2011 and was appointed as Chairman w.e.f. 23rd May, 2011 and resignation from Chairmanship w.e.f. 29th March, 2012.
- 3 Mr. Sanjay Jogi has resigned as a director of the company w.e.f. 27th March, 2012 and consequently ceased to be a member of the committee.
- 4 Mr. Sanjay Churiwala has resigned from the Chairmanship w.e.f. from 23rd 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.
- 5 Mr. Mukesh Ruia has appointed as a Member of the committee w.e.f. 29th March, 2012.
- 6 Mr. Subodh Kumar Soni, Company Secretary of the Company, acts as the Secretary to 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 constitution time to time. The Remuneration Committee comprises of the Two Independent Non Executive Directors and One Executive Director. The following Directors are members of the Committee:

Sr. No	Name of the Member	Designation	Category
1.	Mr. Sushil Kumar Poddar	Chairman	Independent Director
2.	Mr. Rohit Chandgothia	Member	Independent Director
3.	Mr. Mukesh Ruia	Member	Executive Director

The committee met on one occasion viz 13th October, 2011 during the year. The attendance of the members at the meetings of the Remuneration Committee is as follows:

Sr. No.	Name of the Member	Designation	No. of Meetings	
			Held	Attended
1.	Mr. Sushil Kumar Poddar	Chairman	1	1
2.	Mr. Rohit Chandgothia	Member	1	1
3.	Mr. Sanjay Jogi	Member	1	1
4.	Mr. Sanjay Churiwala	Member	1	1
5.	Dr. Satish Kulhari	Member	-	-
6.	Mr. Mukesh Ruia	Member	-	-

1. Mr. Sushil Kumar Poddar was appointed as Chairman w.e.f. 29th March, 2012.
2. Mr. Rohit Chandgothia was appointed as Chairman w.e.f. from 23rd May, 2011 and has resigned from Chairmanship w.e.f. 29th March, 2012.
3. Mr. Sanjay Jogi has resigned as a director of the company w.e.f. 27th March, 2012 and consequently ceased to be a member of the committee.
4. Mr. Sanjay Churiwala has resigned from the Chairmanship w.e.f. from 23rd 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.
5. Mr. 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.
6. Mr. Mukesh Ruia has appointed as a Member of the committee w.e.f. 29th March, 2012.

## REPORT ON CORPORATE GOVERNANCE

### 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.

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

### Directors' Remuneration & Sitting Fee :

- The aggregate value of salary paid for the year ended 31st March 2012 to Mr. Mukesh Ruia Managing Director was Rs.24 Lac p.a.
- The Non-executive directors of the Company are entitled to sitting fees of Rs.500/- for each meeting of Board of Directors attended during the year 2011-12.

### 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, 2012 is as under:

Sr. No	Name of the Member	Designation	Category
1.	Mr. Sushil Kumar Poddar	Chairman	Independent Director
2.	Mr. Rohit Chandgothia	Member	Independent Director
3.	Mr. Mukesh Ruia	Member	Executive Director

The committee functions under the chairmanship of Mr. Sushil Kumar Poddar. The other members are Mukesh Ruia and Mr. Rohit Chandgothia. During the financial year 2011-12, the Shareholders/Investors Grievance Committee met four times on 05th May, 2011, 13th August, 2011, 14th November, 2011 and 13th February, 2012. The details of attendance of the members are as follows:

Sr. No.	Name of the Member	Designation	No. of Meetings	
			Held	Attended
1.	Mr. Sushil Kumar Poddar	Chairman	4	2
2.	Mr. Rohit Chandgothia	Member	4	4
3.	Mr. Mukesh Ruia	Member	4	4
4.	Mr. Sanjay Churiwala	Member	4	1

1 Mr. Sushil Kumar Poddar was appointed as Chairman w.e.f. 29th March, 2012.

2 Mr. Rohit Chandgothia was appointed as Chairman w.e.f. from 23rd May, 2011 and has resigned from Chairmanship w.e.f. 29th March, 2012.

3 Mr. Sanjay Churiwala has resigned from the Chairmanship w.e.f. from 23rd 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.

## REPORT ON CORPORATE GOVERNANCE

### 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 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 addresses 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 2012
1	Non Receipt of Refund order & Shares	0	2	2	Nil
2	Non registration of change of address	0	1	1	Nil
3	<b>Total</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>Nil</b>

### d. Compliance Officer:

The Company has appointed Mr. Subodh Kumar Soni, Company Secretary of the Company as a Compliance officer of the Company w.e.f. 28th May, 2012 in place of Mr. Shivratn Agarwal Chief Financial 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 are 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.

## REPORT ON CORPORATE GOVERNANCE

### 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 Agreements 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.
- **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 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	2011	Lalit Restaurant Hall, Near Rly. Station, Goregaon (West), Mumbai, Mumbai-400 063.	30th September, 2011	12.30 P.M.
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.

- b. Company has increased its Authorised Share Capital from Rs. 25 Crores to Rs. 28 Crores. Therefore, Amendments to Clause V of the Memorandum of Association and Clause 2 (a) Article of Association of the company by Special Resolution passed at the Annual General Meeting held on dt. 30th September, 2011

## REPORT ON CORPORATE GOVERNANCE

### • Extra Ordinary General Meetings

Date	Venue	Time	Purpose
13th September, 2010	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai-400002	2.00 P.M.	<ul style="list-style-type: none"> <li>To increase in Borrowing powers.</li> </ul>
11th June, 2010	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai-400002	2.00 P.M.	<ul style="list-style-type: none"> <li>To increase the Authorised share capital from Rs.1100 lacs to Rs.2500 lacs.</li> <li>Alteration of Memorandum of Association in clause V(A).</li> <li>Alteration of Article of Association in clause 2(a).</li> <li>Consent of Members for Initial Public Offer.</li> </ul>
14th May, 2010	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai-400002	2.00 P.M.	<ul style="list-style-type: none"> <li>Issue and allotment of Shares of the Company by way of further issue of Shares.</li> <li>Replacing the existing clause no.138 with New Clause no.138 of Article of Association.</li> <li>Dematerialization of Shares.</li> </ul>
17th April, 2010	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai-400002	2.00 P.M.	<ul style="list-style-type: none"> <li>Issue and allotment of Shares of the Company by way of further issue of Shares.</li> </ul>
27th February, 2010	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai-400002	11.00 A.M.	<ul style="list-style-type: none"> <li>Conversion of the Company from Private Limited to Public Limited.</li> </ul>
15th January, 2010	2nd Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai-400002	11.00 A.M.	<ul style="list-style-type: none"> <li>To increase the Authorised share capital from Rs.260 lacs to Rs. 1100 lacs.</li> <li>Alteration of Memorandum of Association in clause V(A).</li> <li>Alteration of Article of Association in clause 2(a).</li> </ul>

### • 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:

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, 28th September, 2012  
Time : 11.30 A.M.  
Venue : Lalit Restaurant Hall, Near Rly. Station,  
Goregaon (West), Mumbai 400 062

## REPORT ON CORPORATE GOVERNANCE

- **Financial Calendar (tentative and subject to change):**

Financial year : 1st April, 2012 to 31st March, 2013 for the Financial Year 2012-13, quarterly un-audited/annual audited results will be announced by:

First quarter : Second week of August 2012  
 Second quarter : Last week of October 2012  
 Third quarter : Last week of January 2013  
 Fourth quarter : Mid of May 2013  
 Annual Audited : August 2013

- **Book Closure Dates on account of Annual General Meeting:**

Tuesday 20th September, 2012 to Wednesday 28th September, 2012 (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	SPYL	

- **Payment of Listing Fees:**

Listing fees for the financial Year 2012-2013 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 to the Board regarding financial statements for the year ended 31st March 2012.

- **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.shekhawatiyarn.com](http://www.shekhawatiyarn.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.

## **REPORT ON CORPORATE GOVERNANCE**

- **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 (India) 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 the Registered office address or Investor can also send their queries on [investorgrievance@shekhawatiyarn.com](mailto:investorgrievance@shekhawatiyarn.com)

- **Investor Relations:**

All the complaints have been resolved and as on 31st March, 2012 no complaints from shareholder is pending. At the end of the year, no request for shares transfer was pending for registration

- **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 99.99% holding of the Company is in demat form.

## REPORT ON CORPORATE GOVERNANCE

- Distribution of shareholding as on 31st March, 2012**

Slab of shares	Number of shareholders	Percentage of shareholders	Total Number of Shares	Percentage of shareholdings
1 -5000	1813	72.38	298459	01.36
5001 -10000	266	10.62	224720	01.02
10001-20000	136	05.43	211581	0.96
20001-30000	48	01.92	123114	0.56
30001-40000	36	01.44	129437	0.59
40001-50000	24	00.96	113535	0.52
50001-100000	90	03.59	687833	03.12
Above 100000	92	03.67	20222388	91.87
<b>Total</b>	<b>2505</b>	<b>100</b>	<b>22011067</b>	<b>100.00</b>

- Shareholding Pattern as on 31st March, 2012**

Category	No. of Shareholders	No. of Shares Held	% Equity
<b>(A) Promoters Shareholding and Promoter Group</b>			
1. Individuals / Hindu Undivided Family	8	10752181	24.28
2. Bodies Corporate	4	5408290	24.57
<b>Sub Total</b>	<b>12</b>	<b>10752181</b>	<b>48.85</b>
<b>(B) Public Shareholding</b>			
1. Institutions	-	-	-
2. Non-Institutions			
Bodies Corporate	143	3914965	17.79
Individuals	2318	7167324	32.56
Clearing Members	16	170857	0.78
Non Resident Indians	16	5740	.026
<b>Sub Total</b>	<b>2493</b>		
<b>Total (A)+(B)</b>	<b>2505</b>	<b>22011067</b>	<b>100.00</b>

- Shareholding Pattern of Non Executive Director as on 31st March, 2012**

Non-Executive directors hold shares in the company during the period ended 31st March, 2012.

Sr. No.	Name of Non-Executive Directors	No. of Shares
1	Mr. Ramniranjan Ruia	1462500
2.	Mr. Sushil Kumar Poddar	Nil
3.	Mr. Rohit Chandgothia	Nil

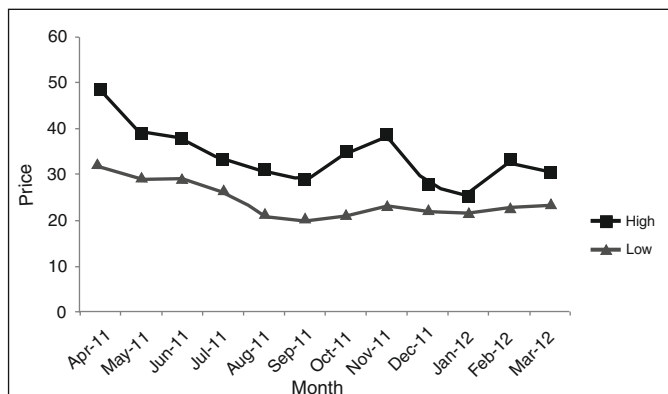
## REPORT ON CORPORATE GOVERNANCE

### • Market Price Data

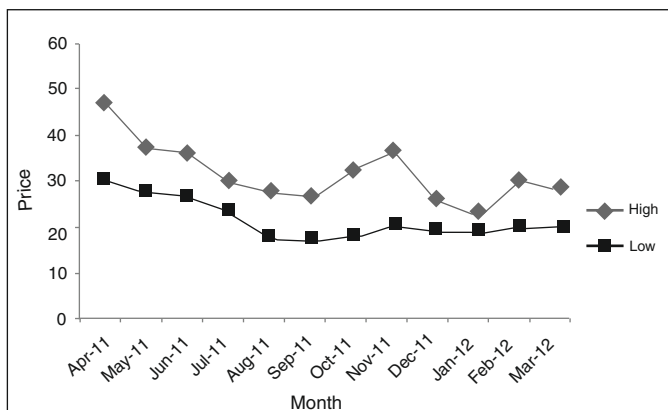
The details of Monthly high and low quotation of shares traded on Bombay Stock Exchange Limited and National Stock Exchange India Limited during the financial year as 2011-2012 were under:

Month	Share Prices - BSE			Share Prices - NSE		
	High (₹)	Low (₹)	Volume (nos)	High (₹)	Low (₹)	Volume (nos)
<b>Apr-11</b>	48.40	32.50	3222948	48.30	32.40	259803
<b>May-11</b>	38.50	29.35	2164960	39.00	30.05	552517
<b>June-11</b>	37.75	29.00	1061641	37.90	29.05	397590
<b>July-11</b>	32.90	26.45	1149535	31.95	6.00	340445
<b>Aug-11</b>	30.90	20.95	800275	29.95	20.50	191282
<b>Sep-11</b>	28.80	20.15	1016818	28.95	20.10	82798
<b>Oct-11</b>	34.70	20.95	308463	34.50	20.85	101307
<b>Nov-11</b>	38.35	23.00	450497	38.40	23.20	242540
<b>Dec-11</b>	27.75	22.05	120204	28.40	22.05	42209
<b>Jan-12</b>	25.10	21.25	137218	25.00	21.90	75142
<b>Feb-12</b>	33.00	22.80	589607	32.50	22.90	129866
<b>March-12</b>	30.20	23.45	709168	30.35	23.00	200550

**BSE**



**NSE**



## REPORT ON CORPORATE GOVERNANCE

- 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 99.99% of the Equity Shares of the Company have been dematerialised and only 10 shares are in physical form as at March 31, 2012.

- 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.

- 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 –396230  
(Union Territory), India

**Unit I**

Plot no. 20,Sheetal Industrial Estate,  
Demeni Road, Dadra,  
Dadra & Nagar Haveli – 396 191  
(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 (India) 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. Ajitkumar  
Tel. No.: 022- 61162500, Fax No. 022- 2875 5522  
E-mail: info@sharexindia.com  
Website: www.sharexindia.com

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

Place: Mumbai  
Date: 28th May, 2012

Sd/-  
**Mukesh Ruia**  
Managing Director

## **REPORT ON CORPORATE GOVERNANCE**

### **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 Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non- Executive Directors.

I confirm that the Company has in respect of the Financial Year ended March 31, 2012 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, 2012.

**For Shekhawati Poly-Yarn Limited**

Place: Mumbai  
Dated: 28th May, 2012

Sd/-  
**Mukesh Ruia**  
Managing Director

## Managing Director / 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, 2012 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  
Dated: 28th May, 2012

**Mukesh Ruia**  
Managing Director

**Shivratan Agarwal**  
Chief Financial Officer

## **CORPORATE GOVERNANCE CERTIFICATE**

To  
The Members,

Shekhawati Poly-Yarn Limited

We have examined the compliance of the conditions of Corporate Governance procedures implemented by Shekhawati Poly-Yarn Limited, for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges of India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certifications of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation on thereof, adopted by the Company for ensuring compliance with the conditions of 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, and the Representations made by the Directors and the Management, we hereby certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement during the year 2011-12.

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

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

(Firm Registration No. 112081W)  
(Suresh Murarka)  
Partner  
Mem. No. 044739

Place : Mumbai  
Date : 28th May, 2012

## Auditors 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, 2012 and Statement of 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 Statement of 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. 33 to the accounts regarding few of the balances of Trade Receivables, Trade Payables and Loans and Advances which are subject to confirmations and reconciliations. Consequential revenue impact of the same which is presently not ascertainable will be considered as and when determined.
  - f) On the basis of written representations received from the Directors as on 31st March, 2012 and taken on records by the Board, we report that none of the Directors is disqualified as on 31st March, 2012 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 subject to our comments in para (e) above 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, 2012, 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.

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

Place : Mumbai  
Date : 28th May, 2012

Suresh Murarka  
**Partner**  
Mem. No. 044739

## 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 2012.

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.
  - b) The scope of annual physical verification of fixed assets conducted by the management has been limited to fixed assets other than Furniture and Fixtures. In our opinion the interval of physical verification is reasonable and no material discrepancies have been noticed on such physical verification.
  - c) The Company has not disposed off substantial part of its 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) 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) to (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 carried out 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 has an adequate internal audit system commensurate with its size and nature of its business.
- (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,

## Annexure to Auditors Report

Cess have regularly deposited with the appropriate authorities though there has been some delay in few cases of TDS and Provident Fund. There are no undisputed amount payable in respect of such statutory dues which have remained outstanding as at 31st March, 2012 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 not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The end use of money raised by public issue during the previous 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.

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

Place : Mumbai  
 Date : 28th May, 2012

Suresh Murarka  
**Partner**  
 Mem. No. 044739

## BALANCE SHEET AS AT 31ST MARCH, 2012

			Amount (Rs.)
	Note No.	As at March 31, 2012	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	220,110,670	220,110,670
Reserves and surplus	4	400,472,502	356,258,044
		<b>620,583,172</b>	<b>576,368,714</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	568,323,433	281,990,967
Deferred tax liabilities (Net)	6	50,926,683	29,407,671
Other Long term Liabilities	7	22,729,922	15,000,000
Long-term provisions	8	508,505	338,961
		<b>642,488,542</b>	<b>326,737,599</b>
<b>Current liabilities</b>			
Short-term borrowings	9	417,417,112	310,773,591
Trade payables	10	18,551,095	445,041
Other current liabilities	11	90,509,095	92,292,757
Short-term provisions	12	4,520,626	3,897,858
		<b>530,997,928</b>	<b>407,409,247</b>
<b>TOTAL</b>		<b>1,794,069,642</b>	<b>1,310,515,563</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible assets	13	946,239,881	544,536,483
Intangible assets	13	198,540	223,358
Capital work-in-progress	14	90,213,328	165,902,506
Intangible Assets under development	14	20,729,597	-
Non-current investments	15	-	500,000
Long-term loans and advances	16	73,345,988	47,061,129
		<b>1,130,727,333</b>	<b>758,223,476</b>
<b>Current Assets</b>			
Inventories	17	108,399,379	102,084,322
Trade receivables	18	342,475,702	275,063,149
Cash and bank balances	19	8,208,130	31,736,442
Short term loans and advances	20	145,759,365	104,377,764
Other Current assets	21	58,499,734	39,030,411
		<b>663,342,309</b>	<b>552,292,087</b>
<b>TOTAL</b>		<b>1,794,069,642</b>	<b>1,310,515,563</b>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date  
**For Singrodia Goyal & Co**  
Chartered Accountants  
Firm Registration No. 112081

For and on behalf of the Board of Directors of  
**Shekhawati Poly- Yarn Limited**

Sd/-  
**Suresh Murarka**  
Partner  
Membership No. 044739

Sd/-  
**Mukesh Ruia**  
Managing Director

Sd/-  
**Ramniranjan Ruia**  
Chairman

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

Place: Mumbai  
Date: 28th May 2012

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

			Amount (Rs.)
	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
<b>Income</b>			
Revenue from operations	22	2,100,468,591	1,482,346,389
Other Income	23	7,998,026	2,231,737
<b>Total Revenue (I)</b>		<b><u>2,108,466,617</u></b>	<b><u>1,484,578,126</u></b>
<b>Expenses</b>			
Cost of materials consumed	24	1,716,794,592	1,225,099,896
Changes in inventories of finished goods, work-in-progress	25	(41,772,179)	(30,653,352)
Employee benefits expenses	26	34,541,915	14,134,427
Finance costs	27	88,310,251	55,690,051
Depreciation and amortization expense		59,710,224	35,228,319
Other expenses	28	186,358,876	131,811,518
<b>Total Expenses (II)</b>		<b><u>2,043,943,679</u></b>	<b><u>1,431,310,861</u></b>
Profit before tax and prior period items (I-II)		<b>64,522,938</b>	<b>53,267,265</b>
Add/(Less): Prior Period Adjustment (Net)	40	1,210,531	451,125
Profit before tax and after prior period items		<b><u>65,733,469</u></b>	<b><u>53,718,390</u></b>
<b>Tax Expenses:</b>			
(1) Current Tax		12,909,589	11,186,554
Less: Minimum Alternate Tax Credit Entitlement	30	(12,909,589)	(4,368,893)
Net Current Tax		-	6,817,661
(2) Deferred Tax Liability/ (Assets) (net)		21,519,011	11,040,920
(3) Taxation of earlier years			7,136
<b>Profit / (Loss) for the year</b>		<b><u>44,214,458</u></b>	<b><u>35,852,673</u></b>
Earnings per equity share:	29		
Basic		2.01	2.83
Diluted		2.01	2.83

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

In terms of our report of even date  
**For Singrodia Goyal & Co**  
 Chartered Accountants  
 Firm Registration No. 112081

For and on behalf of the Board of Directors of  
**Shekhawati Poly- Yarn Limited**

Sd/-  
**Suresh Murarka**  
 Partner  
 Membership No. 044739

Sd/-  
**Mukesh Ruia**  
 Managing Director

Sd/-  
**Ramniranjan Ruia**  
 Chairman

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

Place: Mumbai  
 Date: 28th May 2012

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
		Amount in Rs.
<b>A Cash Flow from Operating Activities:</b>		
Net Profit before taxation	65,733,469	53,718,390
Adjustments for :		
Depreciation	59,710,224	35,228,319
Interest Expense	88,310,251	55,690,051
Provision for Doubtful Debts	-	703,015
Loss on sale of Fixed Assets	7,830	-
Deduct:		
Gain / (Loss) on Foreign Exchange Fluctuations	5,467,388	(1,151,039)
Sundry Balances Written back	2,615	21,374
Dividend Income	60,000	39,971
Rent Income	1,577,677	750,000
Interest Income	890,346	1,420,392
<b>Operating profit before working capital changes</b>	<b>205,763,747</b>	<b>144,259,078</b>
Adjustments for :		
Increase / (Decrease) in Trade Payables	18,108,669	441,061
Increase / (Decrease) in Long Term Provisions	169,544	338,961
Increase / (Decrease) in Other Current Liabilities	(1,783,662)	1,554,084
Increase / (Decrease) in Other Long Term Liabilities	7,729,922	15,000,000
(Increase) / Decrease in Trade Receivables	(61,945,165)	(100,143,529)
(Increase) / Decrease in Inventories	(6,315,058)	(72,272,990)
(Increase) / Decrease in Long Term Loans & Advances	(13,375,270)	1,225,000
(Increase) / Decrease in Short Term Loans & advances	(41,381,601)	(37,563,370)
(Increase) / Decrease in Other Current Assets	(19,469,323)	(26,795,679)
<b>Cash Generated from Operations</b>	<b>87,501,804</b>	<b>(73,957,384)</b>
Income Tax paid	(12,286,821)	(13,130,137)
<b>Cashflow (Outflow) before Prior Period Adjustments</b>	<b>75,214,983</b>	<b>(87,087,521)</b>
Prior Period Adjustments(Net)	(1,210,531)	-
<b>Net Cash from operating activities</b>	<b>74,004,452</b>	<b>(87,087,521)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(310,568,847)	(199,789,610)
Purchase of ITA under Development	(20,729,597)	-
Sale of Investment	500,000	2,600
Changes in Capital Work in Progress	(74,478,077)	(176,854,965)
Sale Proceeds from fixed assets	550,000	394,768
Investment in bank deposits (having original maturity of more than 3 months)	(5,691,761)	1,811,803
Dividend received	60,000	39,971
Interest received	890,346	1,420,392
Rent Income	1,577,677	750,000
<b>Net Cash used in investment activities</b>	<b>(407,890,260)</b>	<b>(372,225,041)</b>

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

	Year ended March 31, 2012	Year ended March 31, 2011
		Amount in Rs.
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from Share Application Money	-	(77,425,000)
Proceeds from Short Term Borrowings	106,643,522	211,906,583
Proceeds from Long Term Borrowings	286,332,466	-
Increase in Share Capital	-	145,897,120
Increase in Securities Premium	-	291,794,240
Expenses relating to Initial Public Offer(IPO)	-	(26,505,813)
Interest expense	(88,310,251)	(55,690,051)
Dividend Paid including tax thereon	-	(1,153,872)
<b>Net Cash from financing activities</b>	<b>304,665,735</b>	<b>488,823,208</b>
<b>Net increase in cash and cash equivalents</b>	<b>(29,220,073)</b>	<b>29,510,646</b>
<b>Cash and Cash equivalents (Opening)</b>	<b>30,507,203</b>	<b>996,557</b>
<b>Cash and Cash equivalents (Closing)</b>	<b>1,287,130</b>	<b>30,507,203</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 March 31, 2012	As at March 31, 2011
Cash in hand	169,321	363,070
Balances with Bank		
With Current Accounts	883,398	144,133
With Original maturity of less than 3 months	234,411	30,000,000
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,287,130</b>	<b>30,507,203</b>

- Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

As per our report of even date attached  
**For Singrodia Goyal & Co**  
 Chartered Accountants  
 Firm Registration No. 112081

For and on behalf of the Board of Directors of  
**Shekhawati Poly- Yarn Limited**

Sd/-  
**Suresh Murarka**  
 Partner  
 Membership No. 044739

Sd/-  
**Mukesh Ruia**  
 Managing Director

Sd/-  
**Ramniranjan Ruia**  
 Chairman

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

Place: Mumbai  
 Date: 28th May 2012

# Notes forming part of Accounts for the year ended 31st March, 2012

## 1. Corporate Information

Shekhawati Poly-Yarn Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of Texturising Yarn, Twisting Yarn and knitted Fabrics. The Company caters to both domestic and international markets.

## 2. Significant Accounting Policies

### a) 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.

### b) 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.
- vi) Export incentives are recognised in the Profit and Loss Account when the right to receive credit as per the terms of the Scheme is established in respect of export made.

### c) 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.

### d) 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.

### e) 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.

### f) Depreciation

#### a) Tangible Assets :

- i) No depreciation is charged on Freehold Land.

## Notes forming part of Accounts for the year ended 31st March, 2012

- ii) Leasehold Land is amortised over the remaining period of lease.
  - ii) 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.
- b) Intangible Asset:
  - i) Accounting Software is amortised on Straight Line Method over a period of ten years
  - ii) Right to receive power is amortised on Straight Line Method over a period of ten years.
- g) 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.
- h) Valuation of Inventories**
  - i) Finished Goods, Work-in-Process, Raw Materials, Stores & Spares and Packing Materials are valued at lower of cost or net realisable value.
  - ii) Yarn Scrap is valued at net realisable value.
- i) 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.
- j) 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.
- k) Expenditure during Construction Period:**

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.

  - l) Purchases are inclusive of Cenvat after deducting purchase returns, discounts, rebates and incentives, if any.
  - m) Sales are inclusive of Excise Duty after deducting sales returns, discounts if any.
- n) Earnings per share:**

Basic Earnings per share are calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in rights issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating Dilutive Earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## **Notes forming part of Accounts for the year ended 31st March, 2012**

### **o) 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 will not, require 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.

### **p) 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.

### **q) 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.

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 3 SHARE CAPITAL

#### a. Details of authorised, issued and subscribed share capital

Amount (in Rs.)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Authorised Capital</b> 280,00,000 (P.Y. 250,00,000) Equity Shares of Rs 10 /- each	280,000,000	250,000,000
<b>Issued, subscribed and fully paid up Capital</b> 2,20,11,067 (P.Y. 2,20,11,067) Equity Shares of Rs 10/- each	220,110,670	220,110,670
<b>Total Issued subscribed and fully paid up capital</b>	<b>220,110,670</b>	<b>220,110,670</b>

#### b. Increase in Authorised Share Capital

During the year, the Authorized Share Capital has been increased to Rs. 28,00,00,000 divided into 2,80,00,000 equity share of Rs.10/- each from Rs. 25,00,00,000 divided into 2,50,00,000 equity shares of Rs.10/- each vide resolution passed in Annual General Meeting held on 30th September 2011

#### c. Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	22,011,067	220,110,670	1,649,190	16,491,900
Shares Issued during the year - preferential basis	-	-	2,580,826	25,808,260
Shares Issued during the year - Bonus issue	-	-	5,772,165	57,721,650
Shares Issued during the year - IPO issue	-	-	12,008,886	120,088,860
<b>Shares outstanding at the end of the year</b>	<b>22,011,067</b>	<b>220,110,670</b>	<b>22,011,067</b>	<b>220,110,670</b>

#### d. Terms/rights attached to equity shares

The Company has one class of equity shares having a par value of Rs.10 per share Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### e. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceeding the reporting date

Particulars	March 31, 2012	March 31, 2011
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	5,772,165	5,772,165
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash	-	-
Equity Shares bought back by the Company	-	-

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### f. Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No of Equity shares held	Percentage	No of Equity shares held	Percentage
Mukesh Ramniranjan Ruia	3,130,560	14.22%	3,130,470	14.22%
SKI Buildcon Pvt. Ltd.	3,094,961	14.06%	3,094,961	14.06%
Altius Buildcon Pvt. Ltd.	1,779,997	8.09%	1,779,997	8.09%
Ramniranjan Ruia	1,462,500	6.64%	1,462,500	6.64%

### 4 RESERVES AND SURPLUS

Amount (in Rs.)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>a. Securities premium account</b>		
Balance as per last financial statements	271,376,777	63,810,000
Add : securities premium credited on Share issue	-	291,794,240
Less : expenses relating to initial public offer	-	26,505,813
amount utilized towards issue of fully paid bonus shares	-	57,721,650
<b>Closing Balance</b>	<b>271,376,777</b>	<b>271,376,777</b>
<b>b. General Reserves</b>		
Balance as per last financial statements	919,395	919,395
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
<b>Closing Balance</b>	<b>919,395</b>	<b>919,395</b>
<b>c. Surplus/ (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	83,961,872	48,109,199
Profit for the year	44,214,458	35,852,673
<b>Closing Balance</b>	<b>128,176,330</b>	<b>83,961,872</b>
<b>GRAND TOTAL</b>	<b>400,472,502</b>	<b>356,258,044</b>

### 5 LONG-TERM BORROWINGS

Amount (in Rs.)

Particulars	As at March 31, 2012	As at March 31, 2011
Term loan from Banks (Secured)	610,500,814	333,581,129
Less: Current maturities	(56,880,000)	(57,078,000)
	<b>553,620,814</b>	<b>276,503,129</b>
Vehicle Loan (Secured)	2,987,838	3,708,085
Less: Current maturities	(785,219)	(720,247)
	<b>2,202,619</b>	<b>2,987,838</b>
Loan from Companies (unsecured)	<b>12,500,000</b>	<b>2,500,000</b>
<b>Total</b>	<b>568,323,433</b>	<b>281,990,967</b>

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- a Term loan from banks amounting to Rs. 4,94,00,000 (P.Y. 6,62,00,000) was taken during the financial year 2007-08 and carries Interest @ Base Rate +5% p.a. The loan is repayable in 81 monthly installments starting from September 2008. The Loan is Secured By 1st equitable mortgage charge on Company's Land admeasuring 3000 sq.mtrs. & Building, Plant & Machinery, Furniture & Fixtures, Office Equipments & all other Fixed assets situated at Plot No 44, Government Industrial Estate Masat Silvassa. 2nd charge on paripassu basis with other Bank on the Land, Building, Plant & Machinery, Office Equipments and all other Fixed Assets situated at plot, Suvery No 185/Padm 47900 sq mtrs village Naroli, Silvassa. 1st Charge on office No 1102 & 1103 (carpet area 115.29 sq.mt each) Express Zone, A wing, Western Express Highway, Goregoan (East) and 2nd charge on parripassu basis with other lenders over the entire current assets of the company.
- b Term Loan from banks amounting to Rs.5,01,33,073 (P.Y. 6,02,13,067) was taken during the financial year 2009-10 and carries interest @ Base rate +5% p.a. The loan is repayable in 78 monthly installments starting from October 2010. The Loan is Secured By 1st Equitable mortgage on pari-passu basis with other Bank on the Land & Building (Ground Floor), Plant & Machinery, Office Equipment (10 texturising machines) and all other Fixed Assets to be situated on ground floor plot, Survey no 185/P adm 47900 sq mtrs, village Naroli Silvassa. 2nd charge on pari passu basis over entire fixed assets land & building at Plot No 44 adm 3000 sqmtrs, Govt Industrial Estate Masat, Silvassa and other location. 1st Charge on office No 1102 & 1103 (carpet area 115.29 sq.mt each) Express Zone, A wing, Western Express Highway, Goregoan (East) and 2nd charge on parripassu basis with other lenders over the entire current assets of the company.
- c Term Loan from banks amounting to Rs.4,76,00,000 was taken during the current year and carries interest @ Base rate +5.65% p.a. The Loan is repayable in 80 monthly installments starting from April 2012. The Loan is secured by 1st equitable charge on Building (1st & 2nd Floor) constructed on Plot No 185/P adm 47900 sqmtrvillage Naroli, Silvassa owned by the company. 2nd charge on paripassu basis with other Bank on the Land, Building, Plant & Machinery, Office Equipments and all other Fixed Assets situated at plot, Suvery No 185/Padm 47900 sq mtrs village Naroli, Silvassa. 2nd parripassu charge with other Bank Ltd on entire fixed assets (other than 1st charge on assets to be created out of TL-IV from SBI) at Plot No 44, Govt Industrial Estate Masat, Silvassa and S.No. 185/P adm 47900 sqmtrs village Naroli Silvassa. 1st Charge on office No 1102 & 1103 (carpet area 115.29 sq.mt each) Express Zone, A wing, Western Express Highway, Goregoan (East) and 2nd charge on parripassu basis with other lenders over the entire current assets of the company.)
- d Term Loan from banks amounting to Rs. 28,18,89,545 was taken during the current year and carries interest @ Base rate +4.50% p.a. The loan is repayable in 76 monthly installments starting from October 2012. However, the Company has approached the bank in May 2012 for the revision of repayment schedule and requested to extend the Commencement of the repayment schedule from April 2013 instead of October 2012. The Loan is secured by 1st hyothecation charge on shed, plant & machinery to be installed on 1st & 2nd Floor, Plot No 185/P, adm 47900 sqmtr, village Naroli, Silvassa owned by the company and extension of 1st charge on Building (1st & 2nd Floor) constructed on Plot No 185/P, Naroli. 2nd charge on paripassu basis with other Bank on the Land, Building, Plant & Machinery, Office Equipments and all other Fixed Assets situated at plot, Suvery No 185/Padm 47900 sq mtrs village Naroli, Silvassa. 2nd parripassu charge with other Bank Ltd on entire fixed assets (other than 1st charge on assets to be created out of TL-IV from SBI) at Plot No 44, Govt Industrial Estate Masat, Silvassa and S.No. 185/P adm 47900 sqmtrs village Naroli Silvassa. 1st Charge on office No 1102 & 1103 (carpet area 115.29 sq.mt each) Express Zone, A wing, Western Express Highway, Goregoan (East) and 2nd charge on parripassu basis with other lenders over the entire current assets of the company.
- e Term Loan from banks amounting to Rs. 12,45,98,196 (P.Y. 15,00,90,062) was taken during the financial year 2010-11 and carries interest @ Base rate +3.50% p.a. The loan is repayable in 78 monthly installments starting from January 2011. The loan is secured by Secured By Equitable mortgage of land and building & hypothecation of Plant & Machinery (both acquired out of TL and installed at S No 185/1, Near Silavassa, D&N Haveli (UT) on parripassu with SBI. Second parripassu charge on entire fixed assets of teh company with SBI (for land & building at plot No 44, Govt Industrial Estate Masat, Silvassa to the extent of Rs.10 Crore). Second parripassu charge on entire current assets of the company with SBI.
- f All the above term loans are guaranteed by both the Chairman & Managing Director of the Company.
- g Vehicle Loan amounting to Rs.22,02,618 (P.Y. Rs 29,87,838) was taken during the fiancial year 2009-10 and

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

carries interest @ 8.67% p.a. The loan is repayable in 60 monthly instalments along with interest starting from Oct 2010. The loan is secured by 1st charge on the vehicle specifically financed out of loan

h Loan from Companies includes

i) Rs.25,00,000 (P.Y Rs.25,00,000 ) taken during the financial year 2010-11 and carries interest @15% p.a..The loan is unsecured and is repayable on demand after a period of one year.

ii) Rs.1,00,00,000 taken during the current year and carries interest @ 18% p.a..The loan is unsecured and is repayable on demand after a period of one year.

### 6 DEFERRED TAX LIABILITY (Net)

Amount (in Rs.)

The major components of deferred tax liability / asset as recognised in the financial statement is as follows:

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Deferred Tax Liability</b>		
Excess of net block of fixed assets as per books of accounts over net block for tax purpose	56,919,482	30,098,839
<b>Deferred Tax Asset</b>	56,919,482	30,098,839
Unabsorbed depreciation	4,837,960	-
Provision for Employee benefits	165,010	112,603
Expenses disallowed under Sec 43B	758,457	338,379
Others	231,373	240,186
	5,992,800	691,168
<b>Net</b>	<b>50,926,683</b>	<b>29,407,671</b>

### 7 OTHER LONG-TERM LIABILITIES

Particulars	As at March 31, 2012	As at March 31, 2011
Rent Deposit	15,000,000	15,000,000
( Interest free Deposit against factory premises of unit I, repayable after a period of 1 year)		
Creditors for capital goods	7,729,922	-
<b>Total</b>	<b>22,729,922</b>	<b>15,000,000</b>

### 8 LONG-TERM PROVISIONS

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Provision for Employee Benefits:</b>		
Gratuity	508,505	338,961
<b>Total</b>	<b>508,505</b>	<b>338,961</b>

### 9 SHORT-TERM BORROWINGS

Particulars	As at March 31, 2012	As at March 31, 2011
Cash credit from banks (secured)	368,480,373	287,351,115
Letter of Credit from banks (secured)	48,936,739	-
Loan from Companies (unsecured)	-	23,422,476
<b>Total</b>	<b>417,417,112</b>	<b>310,773,591</b>

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- a Cash credit and letter of credit from banks amounting to Rs. 39,72,02,878 (P.Y. 26,93,50,315) is secured by 1st Hypothecation charge on entire current assets of the company on parripassu basis. 2nd charge on pari passubasis on Land & Building, Plant & Machinery, Office Equipments and all other Fixed Assets situated at plot, Survey No 185/P adm 47900 sq mtrs village Naroli Silvassa. 2nd charge on pari passu basis over entire fixed assets Land & Building at Plot No 44 adm 3000 sqmtrs, Govt Industrial Estate, Masat, Silvassa and othe location(for land and building to the extent of Rs.10 Crores). 2nd charge on building Shed, Plant & Machinery of Proposed Project at Unit-3 situated at Naroli (under New project) 1st charge in office No 1102 & 1103, situated at Express Zone, A wing, Western Express Highway, Goregoan (East).The cash credit is repayable on demand and carries interest @ Base Rate + 4% p.a.
- b Cash credit from banks amounting to Rs.2,02,14,234 (P.Y. 1,80,00,800) is secured by 1st parripassu charge over entire current assets of the company, present & future. 2nd parripassu charge over the entire fixed assets of the company, present, future (for land & building at Plot No 44, Govt Industrial Estate Masat, Silvassa to the extent of Rs 10 crores. The cash credit is repayable on demand and carries interest @Base Rate + 3.5% p.a.
- c All the above secured short term borrowings are guaranteed by both the Chairman & Managing Director of the Company .

### 10 TRADE PAYABLES

Particulars	As at March 31, 2012	As at March 31, 2011
Trade Payables *		
Due to Micro and Small Enterprises	-	-
Other than Micro and Small Enterprises	18,551,095	445,041
	<b>18,551,095</b>	<b>445,041</b>

\* 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.

### 11 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012	As at March 31, 2011
Current maturities of long-term debt	57,665,219	57,798,247
Interest accrued and due on borrowings	6,840,462	1,890,575
<b>Others</b>		
Creditors for capital goods	6,077,157	23,740,170
Advance received from customers	4,389,334	464,619
Statutory dues payable	385,473	638,250
Forward contract payable	1,192,870	-
Premium on forward contract	150,707	-
Provision for expenses	13,807,873	7,760,896
<b>Total</b>	<b>90,509,095</b>	<b>92,292,757</b>

### 12 SHORT-TERM PROVISIONS

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Others</b>		
Provison for taxation (Net of advances Taxes)	4,520,626	3,897,858
<b>Total</b>	<b>4,520,626</b>	<b>3,897,858</b>

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

<b>13 FIXED ASSETS</b>										
<b>Own Assets</b>										
<b>Amount (in Rs.)</b>										
<b>PARTICULARS</b>	<b>Gross Block</b>			<b>Accumulated Depreciation</b>			<b>Net Block</b>			
	<b>As at 31st Mar., 2011</b>	<b>Additions during the Year</b>	<b>Borrowing Cost capitalised</b>	<b>Deletions during the Year</b>	<b>As at 31st Mar., 2012</b>	<b>Upto 31st Mar., 2011</b>	<b>Depreciation charge for the year</b>	<b>Adjustments On disposals</b>	<b>Upto 31st Mar., 2012</b>	<b>As at 31st Mar., 2012</b>
<b>Tangible Assets</b>										
Land - Freehold	37,260,376	-	-	-	37,260,376	-	-	-	-	37,260,376
Land - Leasehold	3,535,053	-	-	-	3,535,053	167,338	44,542	-	211,880	3,323,173
Building - (Office)	-	65,869,264	-	-	65,869,264	-	667,738	-	667,738	65,201,525
Building - (Factory)	169,281,363	61,221,296	4,677,087	-	235,179,746	5,974,227	7,273,509	-	13,247,736	221,932,010
Plant & Equipment	313,113,184	271,980,900	-	-	585,094,084	50,808,007	44,003,251	-	94,811,258	490,282,827
Furniture & Fixtures	1,387,134	19,325,772	-	-	20,712,906	244,406	821,609	-	1,066,015	19,646,891
Vehicles	6,273,150	3,190,721	-	1,000,064	8,463,807	875,116	790,217	442,234	1,223,099	7,240,708
Office Equipment	136,766	2,141,261	-	-	2,278,027	28,479	72,084	-	100,563	2,177,464
Computers	1,460,020	881,753	-	-	2,341,773	554,098	299,862	-	853,960	1,487,813
Electrical Installations	42,583,830	31,448,050	-	-	74,031,880	3,314,872	2,950,560	-	6,265,432	67,766,448
<b>Total</b>	<b>575,030,876</b>	<b>456,059,016</b>	<b>4,677,087</b>	<b>1,000,064</b>	<b>1,034,766,915</b>	<b>61,966,543</b>	<b>56,923,370</b>	<b>442,234</b>	<b>118,447,679</b>	<b>916,319,237</b>
<b>Previous Year</b>	<b>375,911,241</b>	<b>199,541,435</b>	<b>-</b>	<b>421,800</b>	<b>575,030,876</b>	<b>32,247,249</b>	<b>29,746,325</b>	<b>27,032</b>	<b>61,966,543</b>	<b>513,064,333</b>
<b>PARTICULARS</b>	<b>Gross Block</b>			<b>Accumulated Depreciation</b>			<b>Net Block</b>			
	<b>As at 31st Mar., 2011</b>	<b>Additions during the Year</b>	<b>Borrowing Cost capitalised</b>	<b>Deletions during the Year</b>	<b>As at 31st Mar., 2012</b>	<b>Upto 31st Mar., 2011</b>	<b>Depreciation charge for the year</b>	<b>Adjustments On disposals</b>	<b>Upto 31st Mar., 2012</b>	<b>As at 31st Mar., 2012</b>
<b>Intangible Assets</b>										
Accounting software	248,175	-	-	-	248,175	24,818	24,818	-	49,636	198,540
<b>Total</b>	<b>248,175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>248,175</b>	<b>24,818</b>	<b>24,818</b>	<b>-</b>	<b>49,636</b>	<b>198,540</b>
<b>Previous Year</b>	<b>-</b>	<b>248,175</b>	<b>-</b>	<b>-</b>	<b>248,175</b>	<b>-</b>	<b>24,818</b>	<b>-</b>	<b>24,818</b>	<b>223,358</b>

# ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 13 FIXED ASSETS

Assets given on operating lease

Amount (in Rs.)

PARTICULARS	Gross Block			Accumulated Depreciation				Net Block		
	As at 31st Mar., 2011	Additions during the Year	Deletions during the Year	As at 31st Mar., 2012	Upto 31st Mar., 2011	Depreciation charge for the year	Adjust- ments	Upto 31st Mar., 2012	As at 31st Mar., 2012	As at 31st Mar., 2011
Tangible Assets										
Land - Freehold	187,500	-	-	187,500	-	-	-	-	187,500	187,500
Building - (Factory)	16,887,397	-	-	16,887,397	3,581,502	564,039	-	4,145,541	12,741,856	13,305,895
Plant & Equipment	45,217,216	-	-	45,217,216	28,485,839	2,044,368	(993,162)	29,537,045	15,680,171	16,731,377
Furniture & Fixtures	117,356	-	-	117,356	52,513	7,429	-	59,942	57,414	64,843
Computers	619,920	-	-	619,920	755,604	36,442	(217,369)	574,677	45,243	(135,684)
Electrical Installations	2,310,717	-	-	2,310,717	992,498	109,759	-	1,102,257	1,208,460	1,318,219
Total	65,340,106	-	-	65,340,106	33,867,956	2,762,037	(1,210,531)	35,419,462	29,920,644	31,472,150
Previous Year	65,340,106	-	-	65,340,106	28,410,781	5,457,176	-	33,867,956	31,472,150	

\* Excess depreciation provided in earlier years

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 14 CAPITAL WORK IN PROGRESS

Capital Work In Progress consists of the following :

Amount (in Rs.)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Corporate Office	-	39,899,174
Administrative Office - Factory	-	18,107,258
Factory Building	11,854,593	66,583,818
Plant & Machinery	71,266,705	24,780,048
Electrical Installations	6,587,556	16,532,209
Office Equipments	504,474	-
<b>Total</b>	<b>90,213,328</b>	<b>165,902,507</b>

### 14 INTANGIBLE ASSETS UNDER DEVELOPMENT

The Administration of Dadra and Nagar Haveli (U.T.), Electricity Department, Silvassa has granted permission of 66KV Power supply line with 66KV Multi Circuit Tower Line from 220/66/11 Kharadpada sub station to the factory premises of the Company. They have approved the same on the condition that entire cost in respect of the said arrangement will be incurred by the Company. Till March 2012, the Company has incurred a sum of Rs. 2,07,29,597 and the same has been reflected as Intangible Assets under Development.

### 15 NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Non-trade investments (valued at cost unless otherwise stated)</b>		
<b>Investment in equity instruments (unquoted)</b>		
Nil (P.Y. 20,000) equity shares of Rs.25 each fully paid up in Shamrao Vitthal Co-operative Bank	-	500,000
	-	<b>500,000</b>

### 16 LONG-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Unsecured, considered good</b>		
Capital Advances	51,744,292	38,413,712
Security Deposits	296,190	251,500
<b>Other loans and advances</b>		
Minimum Alternate Tax Credit Entitlement	21,305,506	8,395,917
	<b>73,345,988</b>	<b>47,061,129</b>

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 17 INVENTORIES

Amount (in Rs.)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>i) Valued at lower of cost or net realisable value</b>		
Raw Materials and components	15,077,736	50,996,195
Work-in-process	25,428,616	10,815,435
Finished Goods	61,748,634	34,608,813
Stores and Spares	1,511,251	1,844,674
Packing Material	4,541,830	3,747,069
<b>ii) Valued at net realisable value</b>		
Yarn Scrap (Valued at net realisable value)	91,313	72,136
<b>Total</b>	<b>108,399,379</b>	<b>102,084,322</b>

### 18 TRADE RECEIVABLES

Particulars	As at March 31, 2012	As at March 31, 2011
Trade receivables (unsecured considered good)		
Outstanding for a period exceeding six months from the date they are due for payment	718,366	735,960
Other receivables	341,757,336	274,327,189
<b>Total</b>	<b>342,475,702</b>	<b>275,063,149</b>

### 19 CASH AND BANK BALANCES

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Cash and cash equivalents</b>		
<b>Balances with banks:</b>		
on current accounts	883,398	144,133
Deposits with maturity of less than 3 months	234,411	30,000,000
Cash on hand	169,321	363,070
<b>Other bank balances</b>		
Deposits with original maturity for more than 12 months (pledged with sales tax department)	25,000	25,000
Margin money deposit	6,896,000	1,204,239
<b>Total</b>	<b>8,208,130</b>	<b>31,736,442</b>

#### Margin money deposit given as security

Margin money deposit with a carrying amount of Rs.13,96,000 (P.Y.Rs.12,04,239) are subject to lien to secure the Company's bank guarantee and Rs. 55,00,000 (P.Y. Rs. Nil ) are subject to secure the Company's Letter Of Credit.

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 20 SHORT-TERM LOANS AND ADVANCES

Amount (in Rs.)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Security Deposit</b>		
Unsecured considered good	-	1,800,000
<b>Advance Recoverable in Cash or in Kind (Unsecured)</b>		
Considered good	92,208,278	89,491,902
Considered Doubtful	703,015	703,015
	<b>92,911,293</b>	<b>90,194,917</b>
Provision for doubtful advances	(703,015)	(703,015)
	<b>92,208,278</b>	<b>89,491,902</b>
<b>Other loans and advances</b>		
Prepaid expenses	878,041	723,925
Loan to employees	321,000	212,860
Balance with statutory/ government authorities	52,352,045	12,149,077
	<b>53,551,086</b>	<b>13,085,862</b>
<b>Total</b>	<b>145,759,365</b>	<b>104,377,764</b>

### 21 OTHER CURRENT ASSETS

Particulars	As at March 31, 2012	As at March 31, 2011
Interest accrued on Fixed Deposits	190,403	419,655
Rent receivable	375,000	-
Tuff Subsidy Receivable	8,022,494	13,737,344
Export Incentives Receivable	49,911,837	24,873,412
<b>Total</b>	<b>58,499,734</b>	<b>39,030,411</b>

### 22 REVENUE FROM OPERATIONS

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
<b>Sale of products</b>		
Finished goods	2,106,287,865	1,488,481,792
<b>Other operating revenue</b>		
Export Incentives received	17,011,423	9,184,504
Scrap sales	954,450	411,516
<b>Revenue from operations (gross)</b>	<b>2,124,253,738</b>	<b>1,498,077,812</b>
Less: Excise duty	23,785,147	15,731,423
<b>Revenue from operations (net)</b>	<b>2,100,468,591</b>	<b>1,482,346,389</b>

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### Details of products sold

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Texturised Yarn	1,581,032,024	1,450,922,825
Twisted Yarn	419,021,271	37,558,967
Knitted Fabric	106,234,570	-
<b>Total</b>	<b>2,106,287,865</b>	<b>1,488,481,792</b>

### 23 OTHER INCOME

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
<b>Interest Income on</b>		
Fixed deposits	517,382	1,376,315
Others	372,964	44,077
<b>Dividend Income on</b>		
Non-current investments	60,000	39,971
Rent Income	1,577,677	750,000
Sundry Balances written back	2,615	21,374
Net Gain on Foreign Currency Translation	5,467,388	-
<b>Total</b>	<b>7,998,026</b>	<b>2,231,737</b>

### 24 COST OF MATERIAL CONSUMED

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Opening Stock of Raw Materials	50,996,195	12,857,427
Add: Purchases of Raw Materials	1,680,876,133	1,263,238,664
Less: Closing Stock of Raw Materials	15,077,736	50,996,195
<b>Total</b>	<b>1,716,794,592</b>	<b>1,225,099,896</b>

### Details of raw material consumed

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
POY	1,616,404,665	1,176,775,833
Yarn Oil	77,814,092	42,452,201
Others	22,575,835	5,871,862
<b>Total</b>	<b>1,716,794,592</b>	<b>1,225,099,896</b>

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 25 CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS

Amount (in Rs.)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
<b>Opening Inventory</b>		
Finished Goods	34,608,813	8,101,459
Work-In-Progress	10,815,435	6,734,086
Yarn Scarp	72,136	7,487
	45,496,384	14,843,032
<b>Closing Inventory</b>		
Finished Goods	61,748,634	34,608,813
Work-In-Progress	25,428,616	10,815,435
Yarn Scarp	91,313	72,136
	87,268,563	45,496,384
<b>Total</b>	<b>(41,772,179)</b>	<b>(30,653,352)</b>

#### Details of Inventory

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
<b>Finished goods</b>		
Texturised Yarn	53,183,551	25,464,594
Twisted Yarn	3,186,212	9,144,220
Knitted Fabric	5,378,871	-
	<b>61,748,634</b>	<b>34,608,814</b>
<b>Work in progress</b>		
Texturised Yarn	19,811,471	10,815,435
Twisted Yarn	3,348,381	-
Knitted Fabric	2,268,764	-
<b>Total</b>	<b>25,428,616</b>	<b>10,815,435</b>

### 26 EMPLOYEE BENEFIT EXPENSES

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Salary, wages and bonus	30,385,019	11,404,047
Director Remuneration	2,400,000	1,800,000
Contributions to provident and other fund	1,152,245	451,043
Gratuity expense	169,544	338,961
Staff welfare expenses	435,107	140,376
<b>Total</b>	<b>34,541,915</b>	<b>14,134,427</b>

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 27 FINANCE COST

Amount (in Rs.)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Interest to		
- Bank	94,843,071	59,580,272
- Others	442,040	4,002,723
Bank charges	930,908	486,325
Other borrowing costs	10,497,532	9,149,496
	<b>106,713,551</b>	<b>73,218,816</b>
<b>Less:</b>		
Tuff Credit Receivable	17,476,213	15,050,009
Interest Capitalised	927,087	2,478,756
<b>Total</b>	<b>88,310,251</b>	<b>55,690,051</b>

### 28 OTHER EXPENSES

Amount (in Rs.)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Consumption of stores and spare parts	7,827,022	2,289,256
Power and Fuel	100,793,173	60,900,694
Rent	275,500	331,708
Repairs and maintenance		
Plant and machinery	570,034	1,577,545
Building	110,377	464,196
Others	192,378	127,385
Insurance	703,607	443,519
Packing Material Consumed	53,672,032	41,488,121
Legal and Professional Charges	3,435,647	2,323,794
Payment to auditors	528,100	382,741
Export Shipping Expenses	9,525,313	13,592,777
Loading & Unloading charges	1,949,743	1,106,953
Security Charges	1,235,128	1,097,601
Printing & Stationery	1,231,908	953,609
Provision for Doubtful advances	-	703,015
Loss on sale of DEPB licence	721,499	-
Net loss on sale of fixed assets	7,830	-
Net loss on foreign currency translation	-	1,151,039
Miscellaneous Expenses	3,579,585	2,877,565
<b>Total</b>	<b>186,358,876</b>	<b>131,811,518</b>

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### Payment to auditor

Amount (in Rs.)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
<b>As Auditor:</b>		
Audit fees	449,440	275,750
<b>In other capacity:</b>		
Other services	78,660	106,991
<b>Total</b>	<b>528,100</b>	<b>382,741</b>

### 29 EARNINGS PER EQUITY SHARES

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
<b>Basic Earnings per Share</b>		
Profit after tax	44,214,458	35,852,673
Profit/(Loss) attributable to Equity shareholders	44,214,458	35,852,673
Weighted average number of equity shares	22,011,067	12,653,000
<b>Basic Earnings Per Share</b>	2.01	2.83
<b>Face value per Share</b>	10	10
<b>Dilutive Earnings per Share</b>		
Profit after adjusting interest on potential equity shares	44,214,458	35,852,673
Weighted average number of equity share after considering potential equity shares	22,011,067	12,653,000
<b>Dilutive Earnings per Share</b>	2.01	2.83
<b>Face value per Share</b>	10	10

30. 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. 1,29,09,589 (P.Y. Rs. 43,68,893) as an asset by crediting to the Profit and Loss Account an equivalent amount and included the same under "Long term 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.
31. 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.
32. In the opinion of the Board the Current Assets (other than those doubtful & provided for) and Loans and Advances 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.
33. Few of the balances appearing under the head of Trade receivables, Trade Payables and Loans and Advances 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.

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 34. Contingent Liabilities not provided for:

- a) Outstanding Bank Guarantee Rs. 2,48,65,000 (P.Y. Rs. 79,15,000)
- b) Estimated amount of Contracts remaining to be executed on Capital Account Rs. 12,52,55,061 (Net of Advances) (P.Y. Rs. 2,24,05,593).
- c) 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, 2012 is Rs. 12,45,82,059 (P.Y. Rs. 7,05,90,564). Accordingly, the Company has exported goods amounting to Rs. 39,47,00,691 (P.Y. Rs. 18,99,55,383) on FOB Basis and export obligations as on 31st March 2012 is Rs. 60,19,55,783 (P.Y. Rs. 37,47,69,127).
- d) Excise Duty refund contested in appeal Rs. 1,59,02,117 (P.Y. Nil)

### 35. Imported and indigenous raw materials, Stores & Spares consumed during the year.

- a) Raw materials consumed during the year:

Amount (in Rs.)

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Amount (Rs.)	Percentage	Amount (Rs.)	Percentage
Imported	-	0%	-	0%
Indigenous	17,16,794,592	100%	1,22,50,99,896	100%
<b>Total</b>	<b>1,716,794,592</b>	<b>100%</b>	<b>1,22,50,99,896</b>	<b>100%</b>

- b) Stores & Spares consumed during the year

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Amount (Rs.)	Percentage	Amount (Rs.)	Percentage
Imported	-	0%	-	0%
Indigenous	78,27,022	100%	22,89,256	100%
<b>Total</b>	<b>78,27,022</b>	<b>100%</b>	<b>22,89,256</b>	<b>100%</b>

### 36. Value of imports calculated on CIF basis:

Amount (in Rs.)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Raw Materials	0	0
Components and spare parts	0	0
Capital Goods	7,42,78,824	82,26,000
<b>Total</b>	<b>7,42,78,824</b>	<b>82,26,000</b>

### 37. Earnings in foreign currency (on accrual basis):

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Export on F.O.B basis	203,472,775	153,075,106
<b>Total</b>	<b>203,472,775</b>	<b>153,075,106</b>

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 38. Disclosure as per AS 15 Revised

Particulars	2011-12	2010-11
Discount rate	8.75%	8.25%
Attrition rate	2.00%	2.00%
Expected rate of future salary increase	6.00%	6.00%

#### Table showing change in present value of defined benefit obligation:

Particulars	2011-12	2010-11
Present value of obligation as at 01.04.2011	338,961	300,770
Interest Cost	27,964	24,062
Current Service Cost	239,636	135,576
Benefits paid	-	-
Actuarial loss on obligations	(98,056)	(121,447)
Present Value of obligation as at 31.03.2012	508,505	338,961

#### Amount recognized in the Balance Sheet:

Particulars	2011-12	2010-11
Present value of obligation as at 31.03.2012	508,505	338,961
Fair Value of plan assets as at the end of the year	-	-
Funded status	(508,505)	(338,961)
Unrecognized Past Service Cost as at 31.03.2012	-	-
Unrecognized Transitional Liability as at 31.03.2012	-	-
Net Assets/ (Liability) recognized in the Balance Sheet	(508,505)	(338,961)

#### Expenses recognized in the Profit and Loss Account

Amount (in Rs.)

Particulars	2011-12	2010-11
Current Service Cost	239,636	135,576
Past Service Cost	-	-
Interest Cost	27,964	24,062
Expected return on plan assets	-	-
Net Actuarial (Gain)/ loss recognized during the year	(98,056)	(121,447)
Total Expenses recognized in the Profit and Loss account	169,544	38,191

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### Balance Sheet Reconciliation:

Particulars	2011-12	2010-11
Opening Net Liability	338,961	300,770
Expenses as above	169,544	38,191
Net Transfer In	-	-
(Net Transfer Out)	-	-
Employer's Contribution	-	-
Net Liability Recognised in the Balance Sheet	508,505	338,961

### 39. 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:

ii) For the year ended 31st March, 2012

**a) Key Management Personnels :**

Shri Ramniranjan Ruia  
Shri Mukesh Ruia

Chairman  
Managing Director

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

Amount (in Rs.)

Nature of Transactions	In relation to (a) above
Directors Remuneration	24,00,000

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

ii) For the year ended 31st March, 2011

**a) Key Management Personnels :**

Shri Ramniranjan Ruia  
Shri Mukesh Ruia

Chairman  
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	In relation to (a) above	In relation to (b) above
Directors Remuneration	18,00,000	
Allotment of Shares		80,10,000

**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.

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 40. Prior Period Items includes

Amount (in Rs.)

Particulars	For the Year ended 31 <sup>st</sup> March, 2012	For the Year ended 31 <sup>st</sup> March, 2011
Preliminary expenses excess accounted in earlier years	Nil	(210,000)
Depreciation excess provided in earlier years	(12,10,531)	(27,032)
Interest excess provided on Unsecured Loans	Nil	(4,70,890)
Bank charges wrongly capitalised as capital WIP	Nil	2,55,433
Loss on sale of DEPB license not accounted for	Nil	1,364
<b>Total</b>	<b>(12,10,531)</b>	<b>(4,51,125)</b>

41. During the year ended 31 March 2011, the Company has through an IPO raised Rs. 36,02,67,030. Given below are the details of utilization of proceeds raised through the said IPO.

Particulars	As at March 31, 2012	As at March 31, 2011
Unutilized amount at the beginning of the year	3,00,00,000	36,02,67,030
Less: amount utilized in expansion of factory building, Corporate office building, Plant and machinery, working capital requirements, Meeting IPO expenses	3,00,00,000	33,02,67,030
Unutilized amount at the end of the year	Nil	3,00,00,000

### 42. 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.

43. Till the year ended 31st March 2011, the Company was using Pre-revised Schedule VI to the Companies Act, 1956 for the preparation and presentation of its financial statements. During the year ended 31st March, 2012 the Revised Schedule VI notified under the Companies Act, 1956 have become applicable to the Company. The Company has reclassified previous year figures to confirm to this year classification. Although the adoption of Revised Schedule VI does not impact recognition and measurement principles, it does significantly impacts the presentation of presentation and disclosures made in financial statements. The summary of effects that Revised Schedule VI had on presentation of Balance Sheet of the Company for the year ended 31st March 2011 is given in Annexure 1.

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

For and on behalf of the Board of Directors of  
**Shekhawati Poly-Yarn Limited**

Sd/-  
**Suresh Murarka**  
Partner  
Membership No. 044739

Sd/-  
**Mukesh Ruia**  
Managing Director

Sd/-  
**Ramniranjan Ruia**  
Chairman

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

Place: Mumbai  
Date: 28th May 2012

**Annexure 1 to the Note no.43 of financial statements for the year ended 31.03.2012**

Summary of the effects that revised schedule VI had on presentation of Balance sheet of the Company for the year ended 31st March, 2011

Amount (in Rs.)

Headings under Pre-Revised schedule VI	Amount	Adjustments	Amount	Headings under Revised schedule VI	Nature of Adjustments
<b>Sources of Funds</b>				<b>Equity &amp; Liabilities</b>	
<b>Shareholders Fund</b>				<b>Shareholders' Funds</b>	
Share Capital	220,110,670	-	220,110,670	Share Capital	
Reserves & Surplus	356,258,044	-	356,258,044	Reserves & Surplus	
	<b>576,368,714</b>		<b>576,368,714</b>		
Loan Funds					
Secured Loans	626,530,903				
Unsecured Loans	25,922,476				
	652,453,379	(370,462,412)	281,990,967	Non-current liabilities	
Deferred Tax Liabilities	29,407,671	-	29,407,671	Long Term Borrowings	Refer WN 1
		15,000,000	15,000,000	Deferred Tax Liabilities	
		338,961	338,961	Other Long Term Liabilities	Refer WN 2
	681,861,050	(355,123,451)	326,737,599	Long term Provisions	Non current component of CL regrouped as long term provision
<b>Current Liabilities &amp; Provisions</b>				<b>Current liabilities</b>	
	-	310,773,591	310,773,591		
Creditors	445,041	-	445,041	Short-term borrowings	Refer WN 1
Current Liabilities	47,603,936	44,688,821	92,292,757	Trade payables	
				Other current liabilities	Refer WN 3
Provisions	4,236,819	(338,961)	3,897,858	Short-term provisions	Non current component of CL regrouped as long term provision
	52,285,796	355,123,451	407,409,247		
Total	1,310,515,563	-	1,310,515,563	Total	
<b>Application of Funds</b>				<b>Assets</b>	
<b>Fixed Assets</b>				<b>Non-current Assets</b>	
			544,536,483	Fixed Assets	
			223,358	Tangible Assets	
				Intangible Assets	
Fixed Assets	544,759,840	-	544,759,840		
Capital Work in progress	204,706,510	(38,804,004)	165,902,506	Capital Work in progress	WN4
		47,061,129	47,061,129	Long Term Loans & Advances	WN5
Investments	500,000	-	500,000	Non-current investments	
Current Assets, Loans & Advances				Current Assets	
Inventories	102,084,321		102,084,322	Inventories	
Sundry Debtors	275,063,149		275,063,149	Trade receivables	
Cash & Bank Balances	32,156,096	(419,655)	31,736,442	Cash & Bank Balances	Interest accrued of FD Rs. 419,655 have been regrouped under other current assets
Loans & Advances	100,485,812	3,891,952	104,377,764	Short term Loans & Advances	WN5
Other Current Assets	50,759,833	(11,729,422)	39,030,411	Other Current Assets	WN6
<b>Total</b>	<b>1,310,515,563</b>	<b>-</b>	<b>1,310,515,563</b>	<b>Total</b>	

## Working Notes

	<b>Amount (in Rs.)</b>
<b>1 Long Term Borrowings</b>	
Secured and unsecured loans as per pre revised schedule VI	652,453,379
Less: Current Maturities within 1 year	<u>(57,798,247)</u>
Less: Interest accrued and due on long term borrowing	<u>(1,890,575)</u>
Less: Short term unsecured borrowings	<u>(23,422,476)</u>
Less: Short term secured borrowings	<u>(287,351,115)</u>
	<b><u>281,990,966</u></b>
<b>2 Other Long Term Liabilities</b>	
Amount as per pre revised schedule VI	-
Add: Deposit included in Current Liabilities as per pre revised schedule VI	15,000,000
	<b><u>15,000,000</u></b>
<b>3 Other current liabilities</b>	
Amount as per pre revised schedule VI	47,603,936
Add: Current Maturities & Interest accrued on borrowings (As per WN1)	59,688,822
Less: Deposit of Non current nature included in above	<u>(15,000,000)</u>
	<b><u>92,292,758</u></b>
<b>4 Capital Work In Progress:</b>	
Amount as per pre revised schedule VI	204,706,510
Less: Capital Advances	<u>(38,413,712)</u>
Less: Prepaid rent	<u>(390,292)</u>
	<b><u>165,902,506</u></b>
<b>5 Loans &amp; Advances</b>	
Amount as per pre revised schedule VI	100,485,812
Add: Capital advances	38,413,712
Add: Balance with Statutory Authority	12,149,077
Add: Prepaid Rent included earlier in CWIP	390,292
	<b><u>151,438,893</u></b>
<b>Long term Advances</b>	47,061,129
Short Term Advances	<u>104,377,764</u>
	<b><u>151,438,893</u></b>
<b>6 Other Current Assets</b>	
Amount as per pre revised schedule VI	50,759,833
Less: Balance with Statutory Authority recognised as above	<u>(12,149,077)</u>
Add: Interest accrued and due on FD	419,655
	<b><u>39,030,411</u></b>

## 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. Off:- Express Zone, "A" Wing, Unit no. 1102 & 1103, 11th Floor, Patel Vatika, off. Western Express Highway, Malad (East), Mumbai - 400 097. Maharashtra. India.

## ATTENDANCE SLIP

Client ID	
DP ID	

Ledger Folio No	
No. of Shares	

I/We hereby record my presence at the 21<sup>st</sup> Annual General Meeting of the Company held at Lalit Restaurant Hall, Near Rly. Station, Goregaon (West), Mumbai – 400062 on 28<sup>th</sup> September, 2012 at 11.30 A.M.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

.....  
(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

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## PROXY FORM

Client ID	
DP ID	

Ledger Folio No	
No. of Shares	

I/We \_\_\_\_\_ of \_\_\_\_\_ a member/members of Shekhawati Poly-Yarn Limited here by 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 21<sup>st</sup> Annual General Meeting of the Company to be held at Lalit Restaurant Hall, Near Rly. Station, Goregaon (West), Mumbai – 400062 on 28<sup>th</sup> September, 2012 at 11.30 A.M. or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

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

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

**Affix  
Revenue  
Stamp**

Note: -

1. The Proxy, in order to be effective, should be duly stamped, completed and deposited at the Registered Office of the Company not less than 48 hours before meeting. The Proxy need not be a member.
2. Member holding shares in more than one folio may use photocopy of this Proxy Form for the folio. The company shall provide additional proxy form on request.





## PLANT LOCATIONS

**Unit-III:** Plot No. 185/1, Kanadi Phatak,  
Village - Naroli, Silvassa,  
Dadra & Nagar Haveli - 396 235  
(Union Territory), India  
T: +91 260 2650666  
E: unit3@shekhawatiyam.com

**Unit-II:** Plot No. 44,  
Govt. Industrial Estate,  
Samarwani, Masat, Silvassa,  
Dadra & Nagar Haveli - 396 230  
(Union Territory), India  
E: unit2@shekhawatiyam.com

**Unit-I:** Plot no. 20,  
Sheetal Industrial Estate,  
Demeni Road, Dadra,  
Dadra & Nagar Haveli - 396 191  
(Union Territory), India  
E: unit1@shekhawatiyam.com

### Registered Office:

✉ Express Zone, 'A' Wing, Unit No. 1102/1103, 11th Floor,  
Patel Vatika, Off W. E. Highway, Malad (E), Mumbai - 400 097, India.

☎ +91 22 6116 2500 / 3256 7126

@ ho@shekhawatiyam.com