



STRENGTHENING OUR POSITION



RSWM Limited
Annual Report 2011-12





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Defeat is not when you hit the floor.
Defeat is when you refuse to get up.

**AT RSWM, WE
WORKED HARDER
TO STRENGTHEN
OUR POSITION IN
A CHALLENGING
2011-12.**





Pan-India marketing footprint and present across 73 countries globally



RSWM LIMITED IS ONE OF THE LARGEST SPINNING COMPANY IN INDIA ENJOYING A LEADERSHIP IN THE POLYESTER/VISCOSE BLENDED YARN SEGMENT.

- ▶ Promoted by Shri L. N. Jhunjhunwala in 1960
- ▶ Headquartered in Noida, India
- ▶ Operations at eight state-of-the-art production facilities in Rajasthan
- ▶ Manufactures yarns, fabric, denim and technical textiles
- ▶ Pan-India marketing footprint and present across 73 countries globally
- ▶ Fabrics (suitings and shirtings) marketed under the 'Mayur Suitings' brand and LNJ Denim

Vision

With unique insight into consumer behaviour, the Company strives to offer the best. Following distinct business strategies, the Company will continue its tradition of manufacturing the finest products.

Mission

RSWM envisages itself as a trend setter of the textile industry. It is committed to introduce innovative products in the industry which will set new standards.



RSWM received the Export Excellence Award for Textile products. The award was given away by the Hon'ble Chief Minister of Rajasthan, Shri Ashok Gehlot at Jaipur.

RSWM also received 8 export awards in various textiles categories which was instituted by the SRTEPC and given away by Hon'ble Minister of State for Textiles, Smt. P. Lakshmi at Mumbai.



2011-12 IN RETROSPECT

The textile industry was among the worst affected during the 2011-12 slowdown. Most textile players reported sluggish offtake and weaker margins.

At RSWM, revenues grew 1.94% in 2011-12, but the Company registered a net loss of ₹21.79 crore in 2011-12.

These were some of our heartening achievements during the year under review:

- ▶ Earned a cash profit of ₹56.95 crore
- ▶ Completed 89% of the ₹355 crore expansion at our spinning and denim units (to be completed during Q1 of FY13)
- ▶ Launched a number of products in the yarn, fabric and denim verticals
- ▶ Established a marketing footprint in 10 new countries; added 207 clients



INVESTED CAPACITY BUILD-UP



IN A SECTORAL DOWNTURN, THE MOST DREADED WORDS ARE 'CAPITAL EXPENDITURE'.

At RSWM, we continued to reinforce our production capacity with the conviction that when the industry situation improves, we would have adequate capacity available to capitalise on the upturn. With this view, we incurred capital to build-up one of the most sophisticated spinning facilities across various units of our Company.

- ▶ A fully automated unit with 51,840 spindles, sourced from the best global textile machinery manufacturers namely LMW (India) and Truetzschler (Germany), is being added.
- ▶ We invested in complete spinning automation solutions from Neuenhauser, Germany; this unit requires a third of the manpower compared with a similar plant
- ▶ Some of our installed capacity to manufacture technical, functional and other value added yarn for industrial use, generating higher realisation than commodity yarn.

As a result of these measures, we expect to strengthen operating margins, reduce power cost and wastages. This complement will enable us to capitalise on the sectoral upturn with a prudent volume-value play.



INVESTED NICHE PRODUCTS

DURING AN INDUSTRY SLOWDOWN, THE BUDGETS OF A NUMBER OF BUSINESS-STRENGTHENING INITIATIVES ARE DEFERRED.

At RSWM, we invested resources in research that widened our niche product offerings through the following initiatives:

- ▶ We developed mélange yarn for knitting; we provided the frosted effect on mélange yarn
- ▶ We developed customised fabrics – technical work wear for oil drilling/offshore companies and water-proof fabric for Indian Defence
- ▶ We developed denim from denim waste/fabric waste as well as anti-bacterial denim fabric and water- and oil-repellent denim fabric, fire retardant denim fabric among others

In doing so, we widened our opportunity canvas to generate the fastest growth during a sectoral revival.



IMPLEMENTED COST MANAGEMENT INITIATIVES

WHEN INFLATIONARY HEADWINDS GAIN MOMENTUM, COST CUTTING SUDDENLY ASSUMES CENTRE STAGE.

At RSWM, we continued to tweak processes with the objective to derive more from every invested rupee through the following initiatives:

- ▶ We undertook various measures to optimise power consumption
- ▶ We modernised ageing equipment; we commissioned automation solutions in various units, improving productivity and optimising the manufacturing cost
- ▶ We increased recycled water consumption by prudently upgrading pollution management equipment
- ▶ We created a Cotton Cell to monitor, source and manage cotton with the objective to reduce overall sourcing costs
- ▶ We arranged low-cost financing for cotton purchase, rationalising interest outflow

In doing so, we enhanced our organisational leanness to capitalise on opportunities with enhanced speed.



INCREASED MARKETING FOOTPRINT



DURING WEAK INDUSTRY ENVIRONMENTS, GENERATING INCREMENTAL VOLUMES BECOMES CHALLENGING.

At RSWM, we widened our reach through the following initiatives:

- ▶ We created offices in Tier-I and II Indian locations, successfully penetrating semi-urban markets
- ▶ We entered 10 global markets, namely Ireland, Malaysia, Palestine and Slovakia, among others
- ▶ We added 207 customers for these products which translated into immediate offtake when launched

As a result, we sold higher volumes in 2011-12, one of the most challenging years for the textile sector; we ended the year with sizeable orders for 2012-13.

Dear Shareholders,

THE YEAR 2011-12 WAS ONE OF THE MOST CHALLENGING IN LIVING MEMORY WHERE CIRCUMSTANCES EXTERNAL TO THE COMPANY ERODED PROFITABILITY. THE RESULT WAS THAT DESPITE A MARGINAL TOPLINE INCREASE, WE REPORTED A NET LOSS OF ₹21.79 CRORE, ONE OF THE FEW SUCH INSTANCES IN THE RECENT PAST. EVEN AS WE HAD NO REASON TO CELEBRATE, IT WOULD NOT BE OUT OF PLACE TO INDICATE THAT WE FINISHED THE YEAR UNDER REVIEW BETTER OFF THAN OTHERS IN OUR INDUSTRY.

This decline was largely due to a sharp fluctuation in raw cotton prices, high inventory cost, depressed economic conditions and reduced US and European consumer spends.

It would be easy to lose hope in this prevailing environment; however, it would be important to reiterate that the long-term prospects of the Indian textile industry (yarn, fabric and denim) remain optimistic.

Factors that will accelerate demand

One is optimistic of the prospects of India's textiles sector for some good reasons:

Population growth: India's population rose 181 million to 1.21 bn in the last 10 years. Based on the existing trend, India will cross China's population by 2030.

Increasing affluence: According to data of Ministry of Statistics & Programme Implementation, India's per capita income increased from ₹53,331 in 2010-11 to ₹60,603 in 2011-12, resulting in increased disposable incomes. Besides, India's urbanisation is expected to increase from 30% to 40% over the coming decade; the 2.4% CAGR is among the fastest urbanisation rates in the world.

Growing youth: Half of India's population is below 25. Interestingly, in India, the working age has declined sharply, generating higher disposable incomes. Close to 65% of Indians

between 20-60 years are working, leading to higher disposable incomes and lifestyle aspirations. Among BRIC nations, India is expected to remain the youngest with its working-age population estimated to rise to 70% of the total population by 2030 – the largest in the world.

Wealth at the bottom: Rural income is increasing significantly. Credible estimates suggest that a 1% increase in India's rural income translates into US\$25 billion of buying power.

Annual rural household consumption stands at about ₹50,000 – total rural consumption estimated at US\$190 bn, making the rural consumption market greater than the GDP of Singapore and Hungary combined. Rural consumption is expected to treble in 10 years.

These factors are expected to drive the demand for textiles and yarn in India.

Buoyancy in the man-made fiber space

The domestic fibre consumption ratio in India is 41:59 between man-made fibres and cotton, while it is almost 60:40 globally. A growing paucity of agricultural land will tilt the ratio more in line with the global average. More importantly, the global ratio is expected to tilt in favour of man-made fibres due to limited cotton availability and growing land shortage.

India's growing focus on strengthening its food security (Union Budget 2012) is

expected to result in favourable policies, making food crops more attractive and reducing the land availability for cash crops.

Considering an average 8% GDP growth in the current decade, the domestic demand for man-made fibres/filament yarns is estimated at 4.2 billion kg in 2014-15 and about 6.48 billion kg in 2019-20 (after adjusting for likely exports and imports). This implies capacity additions of about 1.8 billion kg (2014-15) and 4.6 billion kg (2019-20), which will require an investment of over ₹90 billion (around US\$ 2 billion) by 2014-15 and ₹230 billion (around US\$ 5.1 billion) by 2019-20.

Our gameplan

At RSWM, we are investing in sophisticated capacity creation. We are investing in fully-automated, state-of-the-art units to house contemporary

equipment, requiring lesser land, people and utilities to produce quality, niche products with a global acceptance.

This has been reflected in our 51,840-spindle unit at Kharigram, reinforcing our position as the one of the largest player in India's spinning segment and 18,000 spindle addition in our denim unit. We should commence the operations by the end of first quarter of 2012-13. Our LAKSHYA is 7,00,000 spindles by 2016, enabling us to capitalise on emerging opportunities in India and the world.

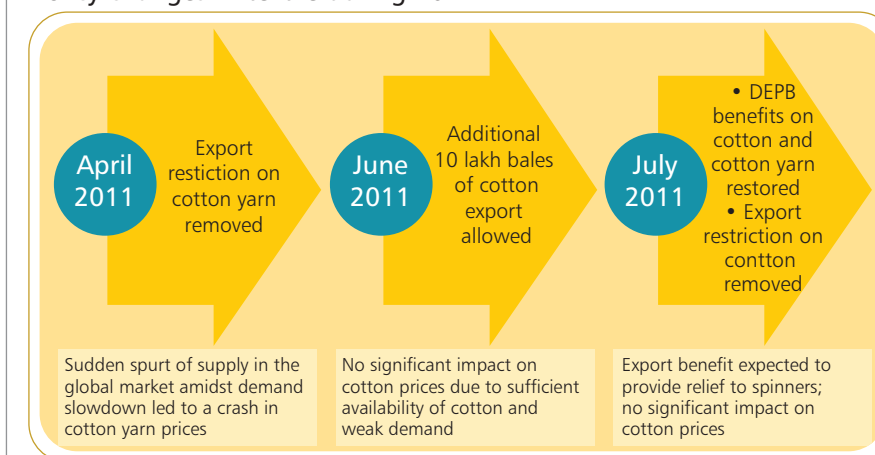
Message to shareholders

Our dual strategy of combining capacity and technology will position us among leading global textile players.

Warm regards,

Ravi Jhunjunwala,
Chairman

Policy changes in textile during 2011-12



10-minutes with the Chairman

"IN TODAY'S ENVIRONMENT, WHERE WE ARE, IS NOT AS RELEVANT AS WHERE WE ARE HEADED – IT DEFINES OUR ATTITUDE."

Chairman Ravi Jhunjunwala highlights the Company's prospects



Dear Shareholders,

THE YEAR UNDER REVIEW WAS A COMBINATION OF THE BEST OF OUR ABILITY AND THE WORST OF THE SECTORAL ENVIRONMENT

Statement by the Managing Director

"IN A YEAR MARRED BY VOLATILITY AND UNCERTAINTY, WE STRENGTHENED OUR INDUSTRY POSITION TO CAPITALISE ON AN IMMINENT SECTORAL REBOUND."

Arun Churiwal, Managing Director, RSWM Limited, deliberates on how the Company strengthened its organisational foundation during a challenging year

The external environment was marked by unprecedented volatility in cotton fibre prices along with slow progress on the policy front in managing these challenges. The result was a decline in industrywide profitability during the year under review.

For instance, cotton prices increased from ₹30,000 a candy to ₹64,000 a candy and then collapsed to ₹38,000 within the space of few months. Most yarn manufacturers who had been compelled to buy raw cotton at high levels to keep their mills running were now saddled with significant stocks at a high cost. Compounding this was the reality of stubborn inflation, the euro crisis and political turmoil in the Middle East and North Africa (key markets) which affected our exports, accounting for 50% of our business.

As a result, while revenues improved marginally, margins were squeezed, resulting in losses during 2011-12.

Factors of optimism

At RSWM, we are optimistic of our prospects because we implemented a number of initiatives that strengthened our competitive position.

Capacity creation: We are in the

process of adding 51,840 spindles, in our Kharigram unit which emerged as an industry benchmark as the most sophisticated and automated spinning unit in India and among only a few worldwide; yarn from this unit will be marketed to discerning customers. Besides, we commissioned 18,000 spindles to make denim yarn which is a precursor to creating denim fabric capacity to cater to burgeoning demand. Our focus in 2012-13 will be to stabilise these units and maximise utilisation in the shortest time.

Product innovation: Our product innovation focus earned us the reputation of being a select spinner. In 2011-12, we developed unique products: specialised furnishing yarn for a large global furnishings brand and core spun seam thread for use in readymade garments of global brands. Our product innovation extended to our fabric and denim segments as well, a number of which were developed with clients, assuring us of regular business, strengthened margins, unique recall and a wider opportunity canvas.

Market expansion: We widened our marketing presence. In India, we created depots at secondary consuming

centres and set up offices in Tier-I and semi-urban areas to penetrate deeper. Globally, we established our footprint in Latin America, Far East and in SAARC nations.

Client addition: Despite the gloom prevailing in the external environment, we added noteworthy clients, who will generate attractive business in the current year.

Cotton management: We set-up a Cotton Cell comprising experts to monitor raw cotton availability and price movements, making it possible for us to seize low-cost sourcing opportunities that de-risk our organisation from price volatility.

Message to shareholders

The worst is behind us. We utilised the downtrend time to strengthen our organisation and prospective growth, which will enhance shareholder wealth over the coming years.

Warm regards,

Arun Churiwal
Managing Director

RSWM. CREATING AN INDIAN BENCHMARK

RSWM is in the process of commissioning India's most sophisticated spinning unit, once 51,840 spindles are added at Kharigram. This showpiece houses the most advanced spinning equipment and automation solutions, nearly eliminating human intervention, maximising productivity and enhancing product quality.

Salient Features

Automatic blending preparation through Bale Pluckers, weighing feeders with aero-feed system with a combination of equipment from LMW and Truetzschler.

LMW's latest generation carding equipment – LC 333 equipped with a 1000 mm coiler and Aerofeed Process.

LMW's LD2 draw frames as a Breaker with 1000 mm coiler and RSB-851 (with auto-leveller) as finisher.



Link Coners of Murata – 21C equipped with the best Electronic Yarn Clearer – Uster Quantum III.

LMW's LR-09 AXL ring frames, the longest ring frames for synthetic yarn, comprising 1,296 spindles each. All ring spindles are installed with Ring Data and Roving Stop Motion System from Pinter (Spain) to ensure zero lapping and perfect production monitoring apart from identifying rogue spindles causing repeated breakages and twisting.



Automatic transportation of cones from various production sources directly to a fully automated packing line – the automation system designed by Neuenhauser.

Overhead Traveller Clearers installed on the Ring Frames and Link Coners from Neuenhauser, Germany -- the best available globally for perfect clean machines.

Salient Features



Completely automatic Roving Transport System from world leader Neuenhauser (Germany) comprising Auto-doffing at Simplex Frame (LMW's LF 4200AXL), auto lifting, auto transportation connected to all eight rows of creel at ring frames. This includes auto-transportation of empty roving bobbing back to the simplex frame through a stripping arrangement. This automation will facilitate zero creeling or decreeling of full or empty simplex frame bobbins.

High-speed Assembly Winders from Oerlikon Versa, equipped with Mesdan, Italy's Splicers.

Twisting machines from Volkmann, Germany (the Fusion Model), equipped with Mesdan's splicers for completely knotless yarn.



Fully automated packing system equipped with auto-palletising, stretch wrapping and labeling in addition to final yarn conditioning equipment from Xorella, Switzerland.

Packing line customised to manage 18 product variants, through programming and auto-controls. This also provides de-palletising, auto-bagging and boxing into cartons as per customer specifications.



The product

The unit will manufacture yarns ranging between Ne 12s to 30s synthetic and blended spun yarns namely polyester viscose, 100% polyester and 100% viscose in single and plied form (upto 4-plies).



The quality

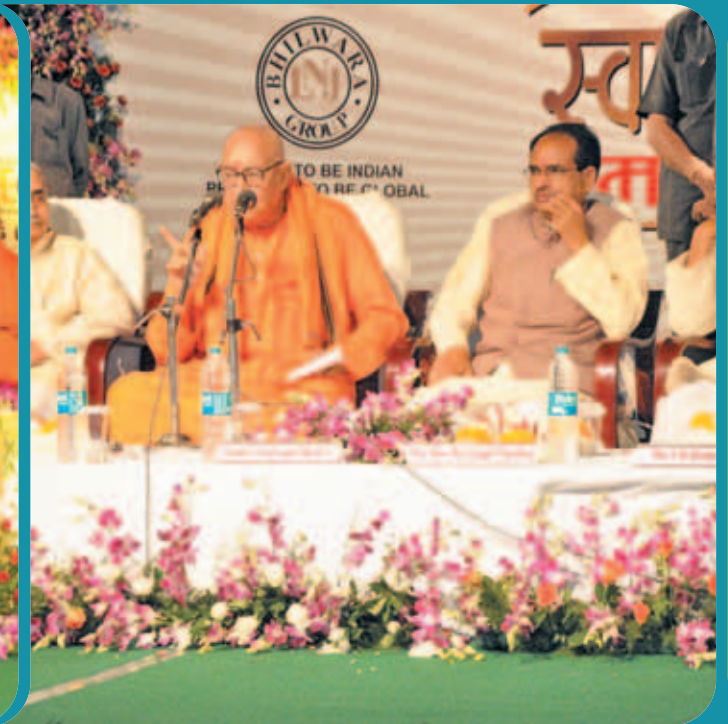
The unit will produce high-quality yarn free from any knots – a key requirement from global brands. The unit will cater to the yarn requirement of quality-respecting global clients which will enable it to earn a premium over other products.

The benefit

The unit promises an average daily production of 50 MT of average Ne 25s with a doubling capacity of 41% by ring spindles and 50% by output. The fully automated unit will require a third of the manpower otherwise required by normal units. A total 52 operators will manage operations from Blow Room to Link Coners per shift.



LNJ BHILWARA GROUP - THE GOLDEN JUBILEE



Marking an important milestone in the history of its successful journey, our Group has become one of the few business houses in the country to have completed 50 glorious years. Starting with a small unit of textiles in the then tiny township of Bhilwara five decades ago, the Group is today counted among the leading Indian business conglomerates, with a turnover of ₹4,739 crore in FY 2010-11. On the event of the Golden Jubilee, celebrations were held in Kharigram, Bhilwara, Shimla, Bhopal and Mandideep starting from 10th September, 2011. The Group's senior management felicitated present and past employees from all locations for their invaluable contribution towards the Group's success.

Kharigram and Bhilwara

The celebrations commenced with a press conference at Kharigram with local and national media participating, followed by a dinner attended by the LNJ Bhilwara family, dignitaries and eminent media personnel.

The Golden Jubilee celebrations were formally inaugurated by Honourable Chief Minister of Rajasthan, Shri Ashok Gehlot and Shri C. P. Joshi, Union Minister for Surface Transportation. Shri Ashok Gehlot also inaugurated the photo exhibition and model display that highlighted the Group's five-decade momentous journey. He praised RSWM's critical role in positioning Rajasthan as a key player in India's textile industry.

Shri L N Jhunjhunwala provided insights about his enriching journey, the challenges faced and the innovative solutions which allowed the Group to reach to its present position.

Group Chairman Shri Ravi Jhunjhunwala highlighted the future direction of the Group is to consolidate their position as India's second-largest spinning industry with a capacity of 700,000 spindles. He also announced ₹10,000 crore investment in the hydropower business over the next five years.

The celebrations at Bhilwara also included a tour of the BSL Plant and other entertainment programmes.

Shimla

The Shimla celebrations were held at Gaiety Theater, a heritage building which was inaugurated by Chief Minister of Himachal Pradesh, Prof. Prem Kumar Dhumal and other eminent dignitaries.

In his welcome address, Shri L N Jhunjhunwala, recalled the stiff challenges in setting up Malana Power, the first hydropower unit by the power sector, and government support, the out-of-the-box solutions and cohesive team effort that enabled the unit to commence operations in a record 30 months. An important highlight of the celebration was 'Swami Vivekanand' a mono act written, composed and

enacted by Shekhar Sen, immensely talented singer, music composer, lyricist and actor.

Bhopal and Mandideep

A press conference was organised which was attended by leading national journalists. In his address, Shri L. N. Jhunjhunwala expressed his gratitude to all who had stood by the group through its ups and downs. Shri Ravi Jhunjhunwala announced the capacity expansion scaling of the Mandideep unit at an investment of ₹225 crore – making it the world's largest single site integrated manufacturing unit with a capacity of 80,000 MT. A visit to the Mandideep plant was also scheduled for the guests.

The celebration at Bhopal was attended by Chief Minister of Madhya Pradesh Shri Shivraj Singh Chouhan and three former chief ministers namely Shri Babulal Gaur, Shri Sundar Lal Patwa and Shri Kailash Joshi among others. Shri L.N.Jhunjhunwala recognised the special efforts of the Research & Development team.

Among other entertainment events was a mono act play well appreciated by the guests called 'Kabeer', conceived, written, composed, directed and acted by renowned artist Shri Shekhar Sen.

Management discussion and analysis



The developments in the past year in major economies globally were not encouraging. The recovery from the economic recession that engulfed the world since 2008 has been uneven. There is an apprehension that the process of global economic recovery that began after the financial crisis of 2008 is beginning to stall and the sovereign debt crisis in the euro-zone area may persist for a while. Many high-income countries, especially in Europe

and Central Asia, were at the centre of the financial boom. The recovery in these economies were not strong enough to make major inroads into high unemployment and spare capacities and thus they continue to be weighed down by banking sector restructuring, high consumer debt and a right-sizing of economic sectors that grew unsustainably during the boom-period.

The global economy is expected to grow by 3.3 per cent in 2012 compared with

3.8 per cent in 2011 as per the International Monetary Fund's (IMF) January 2012 update of the World Economic Outlook (WEO). Gross domestic product (GDP) growth in advanced economies declined to 1.6 per cent in 2011 compared with 3.2 per cent in 2010 and has been even lower at 1.2 per cent in 2012. Economic growth in the US remains sluggish despite extensive use of both fiscal and monetary policy tools. The euro-zone

contracted by 0.5 per cent in 2012.

With many of the risks to global growth centered in high-income countries and continuation of imbalances created during the boom resulting in low interest rates in these countries and better growth prospects in developing countries, the developing countries are seeing a stronger recovery in cash flows. But still these cash flows are short-lived, volatile and speculative in nature, which have the potential for large scale fluctuations and long lasting damages to these economies. Medium-income economies observed modest capital inflows on account of short-term debts and equities, whereas low-income economies benefited from strong remittances inflows.

In contrast, the economic activity in most of the developing countries is recovering with growth rates reaching levels seen in the pre-crisis era, duly supported by resurgence in international and domestic financial flows and higher commodity prices. Most of the spare capacities created during the crisis were absorbed. The developing countries are becoming a source of stability. The developing countries and economies in transition are expected to continue to stoke the engine of the world economy, growing on average by 5.4 per cent in 2012 and 5.8 per cent in 2013 in the

baseline outlook. Among the major developing countries, growth in China and India is expected to remain robust. GDP growth in China slowed from 10.3 per cent in 2010 to 9.3 per cent in 2011 and is projected to dip further to under 9 per cent in 2012-13. India's economy is expected to expand by between 7.7 and 7.9 per cent in 2012-13, down from 8.5 per cent in 2010.

In the wake of a global economic turbulence, Indian economy's growth declined to 6.9 per cent in 2011-12 compared with a 8.4 per cent growth in each of the two preceding years. The agriculture and service sectors continued to perform well, the weakening industrial growth entirely contributed to the India's slowdown. The manufacturing sector grew by 2.7 per cent and 0.4 per cent in the second and third quarters of 2011-12. The projections for the next year have been on the positive side as it is expected to grow by 7.6 per cent in 2012-13.

The global textile industry is undergoing growth, restructuring and relocation in the wake of dismantling of restrictions on the movement of textile products globally. The contribution of the textile industry in the country's GDP is 4 per cent and in the total industrial production is 14 per cent. The textile industry is the second-biggest

employment generator after agriculture. The investment in this industry is valued at US\$ 55 billion of which 64 per cent services are due to domestic demand. The opening up of the economy gave the much-needed thrust to the Indian textile industry, which has now successfully become one of the largest in the world. The Indian textile industry is facing pressures on operating margins, on account of continued sharp volatility in cotton prices globally. This is despite a consistent flow of orders and estimates of increased domestic cotton output this year.

The Government has taken various steps to promote the textile industry and to position it as a major player internationally. The Government has envisioned to build state-of-the-art production capacities and to achieve a pre-eminent global standing by 2020 in manufacturing and exporting textiles products. India's textile industry is one of the largest contributing sectors of India's exports worldwide. It contributes 16.63 per cent of the total export earnings. Nearly 40 per cent of the textiles produced in the country are exported.

Further, as per the press release issued by Ministry of Textiles dated 26th March, 2012 Government proposes to launch the Integrated Skill Development

India's textile industry is one of the largest contributing sectors of India's exports worldwide. It contributes 16.63 per cent of the total export earnings.

RSWM is a leading manufacturer of synthetic and blended spun yarn, polyester viscose fabric and denim fabric. It is also one of the largest exporters of synthetic yarn from India.



Scheme in the 12th Five Year Plan with a budget allocation of ₹3,500 crores to train 26.75 lacs textiles workers. The pilot phase of the program was implemented in 2010-11 and 2011-12 with a budgetary allocation of ₹229 crore to train 2.5 lacs textile workers. The scheme will be implemented through 18 institutions under the aegis of Ministry of Textiles and Public Private Partnership Model through private industry. Under SITP, 40 integrated textile parks of international standards covering the weaving, knitting, processing and garmenting sectors with projects proposals of ₹4,140.44 crore (of which Government assistance is ₹1487.35 crore) have been sanctioned. 7 parks have been completed with the Project Cost of ₹674.30 crore and 24 parks are operational with the Project cost of ₹2,438.19 crore. Moreover, Ministry of Textiles has recommended continuation of TUFS with an allocation of ₹4,9651.69 crore for the 12th Five Year Plan as against the allocation of ₹14,000 crore during 11th Five Year Plan.

Businesses

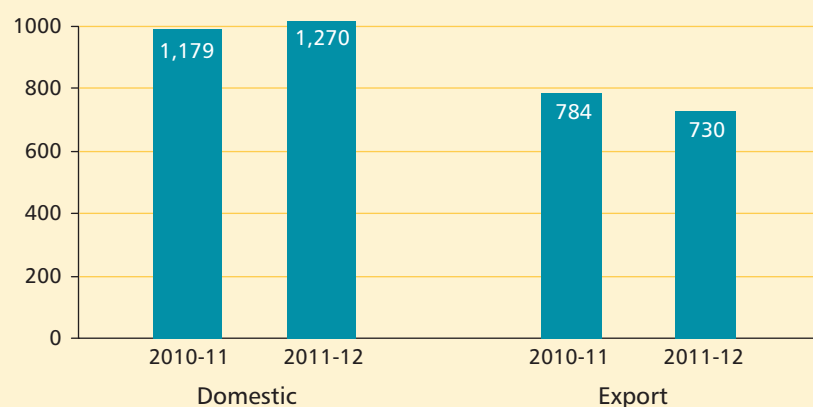
RSWM is a leading manufacturer of synthetic and blended spun yarn, polyester viscose fabric and denim fabric. It is also one of the largest exporters of synthetic yarn from India and has a commanding position in the domestic market too. The Company has a presence in the cotton yarn spinning and fabric processing segments.

The financial year 2011-12 came with the mixed bag for the RSWM wherein the first three quarters were tough and turbulent and the last quarter was encouraging and robust. The damage

done by the first three quarters was recovered to an extent by the last quarter. In 2011-12, turnover of the Company increased by 1.94 per cent to ₹2,000.15 crore from ₹1,962.16 crore in 2010-11. This growth was on account of higher volume and better realisation. The exports touched to ₹730.35 crore in 2011-12. The turnover from domestic market increased by 7.74 per cent to ₹1,269.80 crore in 2011-12 from ₹1,178.54 crore in 2010-11.

In what follows, we discuss the performance of the Company during 2011-12 in the different businesses.

Gross Turnover by Markets (₹ crore)



YARN BUSINESS

RSWM offers one of the broadest ranges of products in terms of fibre blends, counts and shades. Fibres processed by the Company include polyester, viscose, acrylic, cotton, wool, rayon, nylon, silk, polyamide and linen. In addition, it produces a range of speciality products made out of both unorthodox fibres such as soya protein, milk protein, bamboo, bamboo-charcoal and branded fibres such as Tencel®, Greenplus®, Protex®, X-static®, Beltron®, Huvis FR Polyester®, Trevira CS®, Coolmax®, Coolplus®, Birla Modal®, Excel®, Viloft®, Cupro®, Lycra®, Clima®, Seacel®, Dupont's Sorona®, Teijin Conex®, Tworon® and Ingeo (PLA)®. Many of these yarns have been developed for specific applications and have functional qualities - natural stretch, flame retardant, industrial usage.

Currently, the Company's yarn business accounts for 82.80 per cent of the total turnover. The yarn production has increased primarily because of better plant management and commercial

production from the expansions taken up and completed during this financial year. It may be noted that the yarn production figures do not consider the production from Cheslind Textiles Limited (CTL), which operates as a subsidiary of RSWM.

The current yarn portfolio of RSWM can be classified into three main categories — greige yarn, dyed yarn and melange yarn.

Greige Yarn

Greige yarns are produced from different synthetic fibres such as polyester and viscose, blends of synthetic and natural fibres and pure cottons. Greige yarns are produced at the Company's Banswara, Rishabhdev and partly in Kharigram plants. Although Greige yarn constitutes a relatively lower value added segment vis-à-vis Dyed and Melange, it is by far the largest in terms of volume and is crucial to the product portfolio offered to customers.

Dyed Yarn

Dyed yarns are produced at the

Company's Kharigram and Ringas plants. These are relatively higher value added products, and made according to customer specifications of blends, counts and shades.

Melange Yarn

Melange yarns are premium products made from cotton and its blends and are used in manufacture of knitwear and hosiery. Today, the Company is one of the largest manufacturers of melange yarn in the country with 44,016 spindles. While this segment is still quantitatively small compared to the greige and dyed yarn business of the Company, it commands the highest value addition in RSWM's overall yarn portfolio.

RSWM is one of the largest manufacturers of melange yarn in the country with 44,016 spindles. It commands the highest value addition in RSWM's yarn portfolio.

RSWM has a fully integrated state-of-the-art denim manufacturing plant at Mordí, with an annual capacity of 14 million metres of denim fabric.



FABRIC AND DENIM BUSINESS

This business segment comprises of fabric manufacturing capacity, which consists of the blended fabrics division with fabric processing plant at Mordí (Rajasthan) and the fully integrated state-of-the-art denim plant from spinning to value added denim fabrics at the same location.

Blended Fabrics

RSWM manufactures a range of blended suiting fabrics and has a significant presence in the domestic market with its 'Mayur' brand. The Company's process house at Mordí is fully integrated with weaving and processing, with a capacity of 10 million meters p.a. The Company has been regularly coming out with new ranges catering to the customer needs and changes in customer preferences and tastes. The Company had launched new ranges with the latest colour palette like Vivanta, Alberto, Dorma, Brostal, Domino, Fantum, Anniva and Old Trafford. The strategy for branding

and innovating to address customer needs and preferences, likes and tastes is likely to reap benefits for the Company in the near future.

Denim Fabrics

The Company has fully integrated state-of-the-art denim manufacturing plant at Mordí, with a capacity of 14 million metres p.a. of denim fabric. This project also includes a yarn spinning facility to aid in maintaining superior quality and higher degree of reliability and client servicing. The manufacturing facility also has an in house small garmenting department to cater to development of denim apparel samples for the benefit of the customers. The business is in line with the Company's strategy to move to higher value added segments for a more broad-based growth in the future.

Operations

Manufacturing Capacities

RSWM currently has eight manufacturing facilities at six locations

namely Kharigram, Mandpam, Banswara, Rishabhdev, Ringas and Mordí. All of these locations are in Rajasthan and are self-sustainable units with manufacturing facilities, captive power generation, utilities and residential colonies for staff and workers. The Company also has presence in two more locations in Tamil Nadu and Pondicherry through its subsidiary CTL.

All plants specialise in the production of specific product categories and have capabilities to produce intra-segment variants. Ringas, which is one of the smaller units of the Company, specialises in the production of dyed blended yarns. The Kharigram plant produces both Dyed and Greige blended yarns. The unit at Mandpam specialises in the production of fibre-dyed melange yarns and 100 per cent cotton dyed yarns. The Rishabhdev plant specialises in the production of blended greige yarn from synthetic fibres. The Banswara

unit, which is one of the larger facilities, focusses on manufacturing of blended greige yarns from synthetic and natural fibres and cotton yarns. There are 2 plants located at Mordí: an integrated unit with a process house and weaving for manufacture of blended fabrics and a fully integrated unit with spinning and weaving facilities and process house for manufacture of denim fabrics.

The 46 MW captive thermal power project of the Company located at Mordí is supplying power to RSWM's manufacturing locations across the state of Rajasthan. The coal linkage for receiving dedicated supply of coal from Coal India Limited's subsidiary, South Eastern Coalfields Limited (SECL), is now fully operational. Using in-house expertise, the Company has installed additional bunker for coal in both the boilers to facilitate firing pet-coke without possibility of clinker formation, thus resulting in separate feeding of Indian coal and pet-coke. This is a unique achievement made possible through dedicated efforts.

Investment Programme

RSWM triggered the expansion plan in the financial year 2010-11 with a mission statement as 'LAKSHYA 2016', targeting turnover of ₹4,500 crores by the year 2016. This will involve a capital outlay of ₹1500 crores in the next few years. This has been carried forward successfully even in the adverse times for the textile industry. The expansion and modernisation drives across its locations all through. The Company is hopeful to achieve its targets in the most efficient and time bound manner. In carrying out these investments, the Company continues to benefit from the Technology Upgradation Fund Scheme (TUFs) of the Government of India.

Procurement and Distribution

Raw material and energy account for a significant part of the Company's cost of production. Given the large size of its operations, RSWM has a centralised purchase team to source its raw material, stores, spares and consumables and is therefore able to leverage size-based benefits. In addition, the Company uses the reverse auctions on an e-sourcing platform to procure packaging materials, stores and consumables, courier, logistics and ocean freight. These initiatives have improved transparency in the sourcing process and resulted in considerable savings.

For the supply and distribution of its products, RSWM has teams which cater to both domestic and international markets. These are situated at Company's marketing offices/depots in Mumbai, Bhilwara, Delhi, Ludhiana, Tirupur and other key textile localities across the country. The teams are organised on the basis of various product segments and keep constant touch with the customers to assess their needs and changes in market preferences.

In the yarn business, the Company caters to most large fabric manufacturers in India and a bulk of its revenues come from such long-term relationships. Even in the export market, a sizeable part of the business comes from regular customers. Most of these clients are serviced directly by the Company. In fact, only a small portion of RSWM's sales is through agents. For the distribution of PV and denim fabric, however, the Company operates through a chain of wholesale and retail dealers.

The Company periodically organises fabric display-cum-booking programmes for its dealers and agents where Mayur Suitings display their complete range of fabrics and new product ranges. These conferences offer an opportunity to retailers to connect with latest fashion trends and international styles on one hand and the Company gets prompt and valuable feedbacks about its product, quality, designs and competition. The Company has also instituted awards for dealers and agents for Mayur Suitings fabrics in various categories to encourage handling competition in Tier I and II class cities.

Technology and New Product Development

RSWM has remained at the forefront of introducing technology solutions in its operations. All plants are equipped with state-of-the-art machinery from leading manufacturers of textile machinery across the globe. Over the years, the Company's technology initiatives have enabled it to achieve a high degree of automation and sophistication in all critical areas of production - resulting in better efficiencies in production, high quality benchmarks and low downtimes. RSWM's commitment to technology is also reflected in the large scale and continuous modernisation and expansion initiatives during the last few years.

The Company offers one of the broadest ranges of products -yarn and fabric (including denim) - in terms of blends, counts, shades and speciality products. As opposed to standard off-the-shelf goods, RSWM's ability to deliver customised products of assured quality within a committed schedule is an outcome of its strong product development capabilities. The Company

RSWM's yarn manufacturing facilities are accredited with IS/ISO 9001:2008 for its business processes. Kharigram and Banswara units were among the first few textile plants in the country to get ISO accreditation in 1994.



has a dedicated team of research professionals with access to the best available technology for the development of new products.

All new product development initiatives go through well defined processes involving different groups of people. Development of a new yarn involves two teams: yarn development, to build the fibre mix based on required characteristics; and shade development, which is done in association with the dye house. In case of any new polyester viscose or denim fabric, the process also involves an additional team for designing the cloth.

The denim business has been actively pursuing new developments using functional fibers like: soya, linen and its blends, bamboo, hemp, nylon, natural stretch, tencel, cashmere and T400; development of high tech denim like selvedge denim, stripe denim, flame retardant denim and a range of poly spectrum and; development of recycled

denim using denim fabric waste (Chindi) after garneting.

The Company has also been actively pursuing various energy conservation measures in all its units. For its efforts, the Banswara unit has been awarded the prestigious 'Rajasthan Energy Conservation Award 2010 (Textile Sector)' by the Hon'ble Chief Minister, Government of Rajasthan.

Quality

Quality is intrinsic to RSWM's philosophy and is visible everywhere in its process driven manufacturing and control systems. Well defined quality tests are employed at every stage of the production process from the selection and procurement of raw materials, to inspection of final product and after sales support. In addition, customer satisfaction exercises are frequently conducted for feedback. Stringent control processes ensure that RSWM's products meet rigorous quality norms.

Long-term relationships with customers, especially in the quality conscious European markets, are a testimony to our high and consistent standards.

All of RSWM's yarn manufacturing facilities are accredited with IS/ISO 9001:2008 for its business processes. In fact, Kharigram and Banswara units were among the first few textile plants in the country to get ISO accreditation as early as 1994. The Banswara, Kharigram, Mandpam, Rishabhdev and Ringas units have successfully undertaken the surveillance audits for ISO 9001:2008 certification during the period under consideration and have been recommended for continuation of ISO 9001:2008 certification. Also the Banswara, Kharigram, Mandpam, Rishabhdev and Ringas units have successfully undertaken the surveillance audits for ISO 14001:2004 certification and have been recommended for continuation of ISO 14001:2000 certification. The Mandpam and

The HR Departments at respective units, organise knowledge improvement programs for the benefit of the employees on regular basis.



Banswara units have undertaken the surveillance audits for SA8000:2008 and have been recommended for continuation of SA8000:2008 certification.

The Kharigram unit has received certificate of compliance for 'One Certified Organic exchange blended standard 2009, Version 1.3'. The Mandpam and Banswara units have undertaken surveillance audits for GRS and Organics and GOTS certification for verification of compliances. The Mandpam unit has also undertaken surveillance audits for FLO certification.

Information Technology (IT)

RSWM extensively leverages IT tools in its operations to achieve greater productivity and efficiency. The Company has a specialised enterprise resource planning (ERP) solution for textile companies and customised modules for functional areas of finance and human resources. The ERP solution is functional across all manufacturing locations of the Company.

Human Resources

The Company acknowledges the valuable contribution of its employees towards the success of the organisation and actively encourages and supports their quest for higher performance challenges. At RSWM, special attention is given towards putting in place a continuous process of enhancing existing repertoires and competencies to keep pace with the Company's growth and diversification plans. Measures are also underway to introduce attitudinal changes in the employees to prepare them in anticipating the changing demands of the business environment. Moreover, efforts are made to inculcate an understanding of the complex internal and external customer expectations to ensure a better performance.

The local HR Departments at respective units, organise knowledge improvement programs for the benefit of the employees on regular basis. This helps them in skill upgradation and

improvements in inter-personal relationships, communication and teamwork among others. Some of the programs and workshops conducted during the year under review have been mentioned as under:

- ◆ Leadership development programme for select group of leaders in the organisation for potential assessment and development.
- ◆ Refresher training programme on SA 8000-2008, EMS and Quality Management System (QMS) for the benefit of the employees.
- ◆ Leadership, communication and team building workshops.
- ◆ Value addition through Kaizen (Japanese for continuous improvement).
- ◆ Moral classes to inculcate moral values, ethics, discipline and other traits amongst inductees under supervision of local HR staff.
- ◆ Quality life programmes under the aegis of Central Board for Workers

Education and local education officers.

- ♦ Yoga and self-development.
- ♦ Regular training programmes on first aid and safety under supervision of Red Cross and local healthcare staff.
- ♦ Regular fire fighting drills and exercises under supervision of local fire safety staff.
- ♦ Regular Pranayama classes and training programmes on time management.
- ♦ Cyber security awareness program and other IT skills upgradation programmes for IT team members.
- ♦ Regular inter-unit visits and interactive sessions between officials of different units for sharing best practices.

Over a period of time, 'Performance Management Process' has assumed significant importance in order to educate employees to appreciate what is exactly expected from them and how these expectations are related to corporate objectives. The 'Balanced Scorecard' framework employed for this purpose provides performance objectives and measures across all perspectives - financial, customer, internal processes and learning growth. Gradually this system is evolving to be a part of the work performance style at RSWM. Interventions such as identifying high performers and achievers and developing them for greater responsibility, have led to higher employee motivation and satisfaction.

As a matter of policy, there is a commitment at RSWM to infuse fresh and innovative thinking into the existing culture by inducting young engineers, management graduates and other talent into the organisation. Initiatives are also in place to make the work culture in organisation more

transparent, interactive and participative. In a work environment built on mutual trust and reliance, employee-management relations have been cordial and harmonious. All these have occurred in an environment where the Management is always concerned about the welfare and well-being of its employees.

Various events like: Republic Day, Independence Day, New Year's Day, Vishwakarma Jayanti, Saraswati Puja, Ganesh Chaturthi, Dussehra, Diwali, Janmashtami, Christmas, Annual Day, Foundation Day among others are celebrated in the campus of every unit, where the events are celebrated in a joyous and healthy environment with active participation from local dignitaries, officers, staff members and workers along with their families, followed by cultural events organised by local staff clubs.

Sport events like athletics, volleyball, badminton, kabaddi, kho-kho, tug-of-war, motorcycle rallies among others are regularly organised in the campus of every unit to promote a healthy lifestyle and camaraderie. These sporting events see active participation by officers, staff members and workers along with their family members. These events have been instrumental in providing better interface and greater involvement and foster a holistic environment and harmonious relationships between staff and workers. The Company also organises outdoor travelling through picnics and weekend excursions, for its staff along with their families, to encourage sense of openness and candidness. During the period under consideration, the Queens Baton for the Commonwealth Games 2010, Delhi, passed through Banswara and was

received by Company officials.

RSWM had 13828 employees at the end of 2011-12. Employee relations continued to be cordial during the year and not a single day's work was lost due to industrial unrest at any of the manufacturing facilities.

Social and Environmental Initiatives

Over the last five decades, RSWM has taken numerous initiatives in education, healthcare, women and child development, community development and environment. The Company has established and promoted a number of schools and training centres, including facilities for physically challenged near its manufacturing plants. It runs 'Mayur Helpline', a 24-hour free ambulance service for trauma victims from its plant locations.

RSWM has been instrumental in the setting up and running of Vivekananda Kendriya Vidayalya at Rishabhdev, Banswara and Hurda (near Kharigram). These schools have developed facilities addressing the academic, boarding and lodging, transportation, sports, cultural and extra-curricular activities. Over a period of time, the students of these schools have won numerous laurels at various international and national events. These schools have guided some of the students to become qualified professionals and entrepreneurs and excel in their fields : academics, national levels competitions and sporting events.

The Company also organises village tours of nearby villages and habitations, where officers and local HR team brief the local inhabitants about the Company and the various welfare initiatives being taken up by the Company for the benefits of its workers

RSWM is instrumental in the setting up and running of Vivekananda Kendriya Vidayalya at Rishabhdev, Banswara and Hurda (near Kharigram) schools with facilities for academics, boarding and lodging, transportation, sports, cultural and extra-curricular activities.



and local population. The Company also regularly distributes seeds to the farmers. These occasions also provide a forum for free interactions and resolution of local grievances, thus strengthening the bond between the Company and local people.

The Company also gives an opportunity to the local youth to get a glimpse of its vast campus, manufacturing plants and production activities by encouraging and sponsoring educational visits, informative and interactive sessions with officers and some such visits were from:

- ♦ School students of New Look Sr. Secondary School (Banswara), Bhartiya Public School (Ringas).
- ♦ Undergraduate students from Mewar University.
- ♦ M.Sc. Students from Government College, Banswara.
- ♦ Engineering Students from Sreenathji Institute of Technology & Engineering, Nathdwara.

♦ MBA students from Mody Institute of Technology & Science, Lakshmangarh.

The Banswara unit has extended financial help to MLV Textile Engineering College, Bhilwara towards the tuition fees of students for 1-year Advanced Diploma course in Textile Technology under the public-private partnership agreement signed between Banswara unit and MLVTEC, Bhilwara. The students from the second batch of these Advanced Diploma course have been absorbed in various units of the Company and the process for third batch is already underway. The unit also extends financial assistance to local Government primary school, Government Senior Secondary School (Mohan Colony) and the local school for the aurally impaired for various activities.

RSWM extends financial help and assistance for the development of residents surrounding its manufacturing plants. The Sharmik Kalyan Kosh is a fund generated from contributions from the

Company and its employees and is jointly managed. It is responsible for disbursing financial assistance to deserving and needy students and scholarships to meritorious students and wards of workers. The Company also extends its facilities and hospitality to regional and local non-profit associations and societies for their meetings.

As most of RSWM's plants are in Rajasthan, where there is scarcity of water, the Company carries out several initiatives aimed at conserving water and maintaining environmental sustainability. The Company is already operating a reverse osmosis plant at all the units located in Rajasthan. The Company has a water harvesting system operational at Kharigram, Rishabhdev and Ringas. The Company has Pyau (free drinking water points) located outside its units for the benefit of the public during the summer months. During the period under consideration, the Company arranged for drinking water



Each of the Company's units has a beautiful green campus with a proactive approach towards tree plantation. The latest water sprinkling systems and innovative drip systems are used to conserve water.

supply for four locations of Indra Colony of Village Lodha.

Each of the Company's units has a beautiful green campus with a proactive approach towards tree plantation. The latest water sprinkling systems and innovative drip systems are used to conserve water. The staff clubs of the production units organise 'Plantation Day' every year, where saplings of various species of trees are planted in and around the campus. The denim plant has restored the wasteland in its premises by plantations and usage of treated effluent water for watering.

The Banswara unit was awarded the 1st prize for the 2nd Rajasthan Energy Conservation Award 2010 (Textile Sector) for its energy conservation initiatives.

The Company has implemented environment management system, EMS 14001, at its Banswara, Kharigram, Mandpam and Rishabhdev units. During the year, Bureau of Indian Standards (BIS) has conducted extensive audits at Banswara, Kharigram, Mandpam and Rishabhdev units and renewed integrated certification ISO:14001:2004 for the Environmental Management Systems for next 3 years. The Mandpam and Banswara units are certified for Global Recycle Standards (GRS) process. The Banswara unit was awarded the 1st prize for the 2nd Rajasthan Energy Conservation Award 2010 (Textile Sector) for its energy conservation initiatives.

Risk Management

Market risk

On one hand, RSWM operates in a highly competitive environment - where a fragmented industry exists with many small and medium sized players. On the other, cost of synthetic fibre is a

significant portion of the total costs, and is determined by the international oil prices. Any adverse movement in their prices can have a negative impact on the performance of the Company.

To mitigate this risk, RSWM has embarked on a two-pronged strategy to reduce its dependence on synthetic fibres. First, the Company is already in the process of expanding its cotton yarn production facilities. Second, it has decided to move to more value-added products, which is reflected in its investment in denim fabric business. Its investment in thermal power plants has also helped mitigate risks arising from higher global oil prices.

Currency risk

RSWM has a significant exposure in the currency market due to its exports. Also, prices of raw material such as synthetic fibres, furnace oil and coal are based on import parity and vary with any movement in the value of INR vis-à-vis other currencies. The Company hedges

currency risks by taking vanilla forward covers to the tune of export orders-in-hand.

Regulatory Risk

In the recent past, the government has implemented various policies and programmes to make the industry globally competitive. However, unfavourable changes in the government policies and the regulatory environment can adversely impact the performance of the Company.

Internal Control Systems

RSWM has strong, proper and adequate internal audit and control systems to ensure that all transactions are authorised, recorded and reported correctly. The internal control systems consist of comprehensive internal and statutory audits. Internal auditors independently evaluate adequacy of internal controls and concurrently audit the majority of transactions in value terms. Independence of the audit and compliance function is ensured by the

direct reporting of the internal audits to the Audit Committee of the Board. Details on the composition and functions of the Audit Committee can be found in the chapter on Corporate Governance of the Annual Report.

Opportunities and Outlook

The first three quarters of the financial year under review had been tough for RSWM. Going forward, the outlook seems to be favourable with growing consumer confidence day by day. The Indian textile sector is responding positively to the international market scenario. Simultaneously with thriving domestic demand, the textile sector is expected to see positive outlook for next few years. Hence, the outlook for the next financial year is cautiously optimistic.

Cautionary Statement

Certain statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be

'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are identified in this report, by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on 'risks and concerns'. The Company takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in the future.

Directors’ Report

Dear members

The Directors present the Annual Report together with the audited Balance Sheet and Statement of Profit and Loss of RSWM Limited for the year ended 31st March, 2012.

Company’s Performance

Your Company’s performance during the year 2011-2012 is summarised below:

Financial Results	(₹ in crore)	
	2011-12	2010-11
Turnover		
Export	730.35	783.62
Domestic	1,269.80	1,178.54
Total	2,000.15	1,962.16
Profit before Interest & Depreciation	160.99	340.11
Less: Interest	104.04	78.74
Profit before Depreciation	56.95	261.37
Less: Depreciation	89.10	80.15
Profit / (Loss) before Tax	(32.15)	181.22
Less: Current Tax	(3.85)	34.40
Deferred Tax Liability	(6.51)	23.86
Profit / (Loss) after Tax	(21.79)	122.96
Add: Opening Balance	97.98	33.06
Profit available for appropriation	76.19	156.02

Dividend and Other Appropriations

Keeping in mind the financial position of the Company during the financial year under review, your Directors do not recommend any dividend on the Equity Shares of the Company.

The amount available for appropriation ₹76.19 crore has been carried over to the next year.

Operational Performance

During the year under review, your Company’s operations

suffered due to the huge fluctuations in the prices of cotton and yarn as well as volatile market conditions prevailing in the global arena which affected the quantum of exports as well as realisations.

The Company registered marginal increase of 1.94% in its gross turnover from ₹1,962.16 crore in 2010-11 to ₹2,000.15 crore in 2011-12. The export turnover decreased to ₹730.35 crore in 2011-12 from ₹783.62 crore in 2010-11 whereas domestic turnover increased to ₹1,269.80 crore in 2011-12 from ₹1,178.54 crore in the previous year. The analytical review of

the Company’s performance and its businesses, including initiatives in the areas of Human Resources and Information Technology, have been presented in the section on Management Discussion and Analysis of this Annual Report.

Expansion and Modernisation

Your Directors in the previous report had talked about "LAKSHYA 2016" programme with a targetted turnover of ₹4,500 crore involving a capex of ₹1,500 crore in phased manner to be achieved by 2016. Your Directors are pleased to inform the members that the first phase of aforementioned programme had already been undertaken involving a capex of ₹355 crore. The programme consists of expansion of capacity by 51,840 spindles for manufacturing of synthetic yarns, 10,632 spindles and 2,400 open-end rotors for manufacturing of cotton yarn and expansion of weaving capacity with matching spinning facility to increase denim fabric manufacturing capacity by 2.7 million metres. Out of the above expansion plans, installation of 1,440 rotors and denim fabric manufacturing capacity have been completed successfully during the year under review. Installation of balance capacity is in progress and is expected to start commercial production by the end of Q1 of financial year 2012-13.

Subsidiary Company

Your Directors inform the members that during the year under review, M/s Cheslind Textiles Limited (CTL), subsidiary of your Company, in view of its depleting financial position, approached the Corporate Debt Restructuring (CDR) cell under the aegis of RBI for restructuring of its debts.

The CDR cell approved the Debt Restructuring Scheme of CTL and issued the Letter of Approval dated 30th March, 2012 with a cut-off date as of 1st December, 2011. In view of the financial restructuring, CTL has extended the financial year 2011-12 to eighteen months with necessary approvals to end on 30th September, 2012.

Your Directors further report that CTL is seeking approval of its shareholders for implementing the CDR Scheme and related matters.

Your Management is confident that with the implementation of the scheme and infusion of fresh funding, CTL will be able to improve its financial position in the coming years.

A Statement of particulars of Cheslind Textiles Limited, subsidiary of the Company is part of the Annual Report. In compliance with Clause 32 of Listing Agreement, audited consolidated financial statements also form part of this Annual Report.

Contribution to the Exchequer

Your Company has contributed an amount of ₹84.71 crore in terms of taxes and duties to the Exchequer.

Directors’ Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- ♦ in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- ♦ appropriate Accounting Policies have been selected and applied consistently and they 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 on 31st March, 2012 and of the Profit and Loss of the Company for the year ended on that date;
- ♦ proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ♦ the Annual Accounts have been prepared on a going concern basis.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, is given in Annexure - II forming part of this Report.

Directors

The following Directors retire by rotation and being eligible offer themselves for re-appointment:

- 1. Shri L. N. Jhunjhunwala
- 2. Shri Shekhar Agarwal
- 3. Shri D. N. Davar

During the period under review, EXIM Bank has withdrawn the nomination of Shri Prabhakar Dalal from the Board and nominated Shri N. Shankar as its Nominee-Director on the Board of Directors of the Company. Shri N. Shankar has resigned from the Board and Exim Bank has nominated Shri T. G. Regunathan as its Nominee-Director on the Board of Directors of the Company.

The Board expresses its deep appreciation for the services rendered by Shri Prabhakar Dalal and Shri N. Shankar during their tenure. The Board welcomes Shri T. G. Regunathan on the Board of Directors of the Company.

Internal Control Systems

The Company has in place adequate Internal Control Systems commensurate with its size and nature of business. These systems not only provide a reasonable assurance in respect of providing financial and operational information but also compliance with applicable statutes and safeguarding of assets of the Company. These systems ensure that transactions are executed in accordance with specified policies and resources are deployed as per the business plan.

The Company has an in-house Internal Audit Division and the head of internal audit function reports directly to the Audit Committee to ensure independence of this function.

Particulars of Employees

Statement of particulars of Employees as required to be furnished pursuant to Section 217(2A) of Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is attached hereto and is given in Annexure-III forming part of the this Report.

Auditors

The Company's Auditors M/s. S. Bhargava Associates and M/s A.L. Chechani & Co., retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The observations of the Auditors are explained wherever necessary, in the appropriate Note to the Accounts.

Corporate Governance

Report on Corporate Governance along with the Certificate of Auditors M/s. S. Bhargava Associates, Chartered Accountants, 1, Pareek College Road, Bani Park, Jaipur (Rajasthan) and M/s. A. L. Chechani & Co., Chartered Accountants, 17, Heera Panna Market, Pur Road, Bhilwara (Rajasthan) confirming compliance to conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, form part of the Annual Report.

Acknowledgements

Your Directors express their gratitude to Customers, Dealers and Suppliers, Investors, Members, Banks, Financial Institutions, Central and State Governments for the continued support and co-operation extended by them to the Company. Your Directors also thank the employees of the Company across all levels for the sincere and hard work put in by them during the year under review.

For and on behalf of the Board

Ravi Jhunjhunwala

Place: Noida

Chairman

Date: 4th May, 2012

DIN - 00060972

Annexure I to the Directors’ Report

Working Results

Particulars	2011-12	2010-11	2009-10
I PRODUCTION			
YARN			
A) Own (In Tonnes)	94,827	93,913	85,784
B) Job Spinning from outside (Domestic) (In Tonnes)	–	–	0
Total	94,827	93,913	85,784
FABRIC AND DENIM			
A) Own (In, 000 Metres)	24,296	21,557	19,522
B) Job Weaving from outside (In, 000 Metres)	316	1,599	1,918
Total	24,612	23,156	21,440
II TURNOVER (₹ in Lacs)			
YARN			
A) Domestic			
Grey Yarn	67,666	47,347	46,687
Dyed Yarn	34,627	46,381	32,313
Job Spinning	557	329	225
	1,02,850	94,057	79,225
B) Export			
Grey Yarn	45,877	49,034	38,206
Dyed Yarn	19,008	24,410	14,642
	64,885	73,444	52,848
Less: Inter unit / Division transfer	4,678	3,980	3,325
Total	1,63,057	1,63,521	1,28,748
FABRIC AND DENIM			
A) Domestic	25,526	24,563	18,337
B) Export	8,149	4,918	3,822
	33,675	29,481	22,159
Less: Inter unit / Division transfer	14	–	3
Total	33,661	29,481	22,156
PROCESSING CHARGES			
Weaving Charges	75	101	234
Processing Charges	1,839	1,839	1,600
	1,914	1,940	1,834
Less: Inter unit / division transfer	–	6	3
Total	1,914	1,934	1,831
WASTE			
A) Domestic	1,577	1,591	1,349
B) Export	–	–	–
	1,577	1,591	1,349
Less: Inter unit / division transfer	194	311	236
Total	1,383	1,280	1,113
Total Turnover	2,00,015	1,96,216	1,53,848

Annexure II to the Directors' Report

Statement of Particulars Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Conservation of Energy

a) ENERGY CONSERVATION MEASURES TAKEN:

I. Spinning

1. Installed retrofit suction impeller in 4 Nos. Schlafhorst Autoconer (Model 338).
2. Installed air receiver with modification of line to reduce pressure drop and hence the pressure at generation reduced.
3. Reduced Wartsila auxiliary units by optimising the HT water temperature.
4. Energy saving spindle tapes and spindles/inserts installed in Ring Frames.
5. Removed Condensers from Blow Room Lines with direct line feeding.
6. Installed power saving kit in Savio Autoconers.
7. Reduced load on compressors by arresting air leakages in machines for saving of compressed air power apart from reorganising of air cleaning of M/cs.
8. Replaced 10/12 132 KV power transformer and reduced overloading of existing transformers apart from arresting transformer losses.
9. Converted 6 TPH Steam Boiler from Coal to Pet Coke.

II. Fabric Division

1. Thermopac:

- i) Installed A.C. drive in I.D. fan and F.D. fan in place of Star Delta Starter.
- ii) Prepared I.D. fan duct with impeller and casing of I.D. fan and modified in APH tubes to save coal.

2. Water Softening Plant:

- i) Changed the design of header, distribution of line and operating system resulting in use of 2 pumps in place of 3 pumps.
- ii) Installed A.C. Drive and PID control system in one pump.

3. E.T.P Pump:

Installed A.C. Drive in E.T.P. Lagoon pump in place of Star-Delta Starter..

4. Stenter No.1,2,3:

- i) Modified the drive system in Stenters by using A.C. Drives and energy efficient A.C. motors in place of all D.C. motors and Selsyn motors.

- ii) Installed AC Drive and PID control system in all Hot Air Fan Motors.

5. VDR Machine 1&2:

Modified the system and used A.C. Drives/A.C. Motors in place of D.C. Motors in Mangle and Main Drive.

6. Installed A.C. Drive in following machines:

Jumbo Jigger (4 Nos.), Soft flow, Then machine, Jet Dyeing (2 Nos), W.R. Machine, Pacific Jigger, Relax Scouring Machine.

7. Replacement and Installations:

- i) Installed 'Air Guide System' in all 4 nos. Dornier Looms to increase efficiency by 8 – 10% with power effective output.
- ii) Installed Cooling Device on 10 nos. Picanol Looms to avoid burning/damage of electronic cards.

Impact of the above measures taken for reduction of energy conservation and consequent impact on the cost of production of goods.

The estimated saving due to above measures is expected to be in excess of 14 Lac units per annum.

III. Denim Division

1. One blower of ETP has been installed with drive.
2. Singeing process has been modified with considerable saving in gas consumption.

b) ENERGY CONSERVATION PLAN FOR THE YEAR 2012-13

1. Installed energy efficient spindle tapes and spindles/inserts for Ring Frames.
2. Installed energy saver in suction motors of Schlafhorst 238-147/146 Autoconers.
3. Installed energy efficient motors in H-Plant/WCS.
4. Replaced rewind motors with new energy efficient motors in Doubling & TFO.
5. Replaced 36 watt tube lights with 28 watts tube lights in plant.
6. Replaced rewinding pump motors (old type) with new energy efficient Pumps of Kirloskar make in Humidification tower.
7. Installed FU drive with new motors in Schlafhorst Autoconers – 238.

INFORMATION AS PRESCRIBED IN FORM A

A POWER AND FUEL CONSUMPTION

S. No.	Description	2011-12	2010-11
1.	Electricity		
	a) Purchased:		
	Units (In Lacs)	1,355.97	1,036.42
	Total Amount (₹ in Lacs)	6,264.51	4,305.37
	Rate/Units (₹)	5.57	4.15
	b) Own Generation:		
	I) Through Thermal Power - Units (In Lacs)	2,185.65	2,833.21
	Cost of Gegenration	8,811.23	11,227.61
	Cost Per Unit	4.03	3.96
	II) Through Diesel - Units (In Lacs)	0.24	0.13
	Units per Litre of Diesel	2.40	2.60
	Cost per Unit (₹)	14.67	20.00
	III) Through HFO Generators - Units (In Lacs)	15.60	128.98
	Units Per Litre	3.20	3.90
	Cost Per Unit	8.32	5.98
2.	Coal		
	Quantity in M.T.	50,209.33	52,267.43
	Total Amount (₹ in Lacs)	1,983.41	1,917.10
	Average rate per M.T. (₹)	3,950.28	3,667.87
3.	HFO		
	HFO in Litres (Lacs)	4.88	33.06
	Cost of HFO Consumed	129.77	771.56
	Avg Rate (₹/Litre)	26.59	23.34
4.	Other/Internal Generation	N.A.	N.A.
B	CONSUMPTION PER UNIT OF PRODUCTION		
	Electricity Units : Per Kg. of Yarn	3.30	3.36
	Per Mtr. of Fabric	1.58	1.50
	Per Mtr. of Fabric Processing	0.27	0.30
	Coal (In Kg.) : Per Kg.of Yarn	0.32	0.34

TECHNOLOGY ABSORPTION

Spinning

A) RESEARCH & DEVELOPMENT

Focused on new end applications and developed high value added yarns, receiving overwhelming response from customers with bulk repeat orders. Some of the new applications:

Soft textured and fine wool blended yarns for shawls/stole/scarves, eco-friendly Core Spun Stretch yarns for Denim fabric, linen blended eco-friendly special effect yarns by Open End, Slub and Ring Spun yarns for furnishing fabric, Super High tenacity Core Spun Yarns for RFD (ready for dyeing) garments and technical textiles for Sewing thread, Yarns & Fabric for protection from flame, heat stroke, molten mass and flash fire.

Benefits: Improvement in over all increase in value addition in terms of profit per spindle shift.

B) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- 1. Pinter Individual Spindle Monitoring System of latest technology with Roving Stop Motion installed on Ring Frames.
- 2. Installed Automatic Humidification plants of Luwa make in expansions at Lodha & Kharigram.
- 3. Installed latest generation Simplex Frames & Ring Frames of LMW make equipped with auto-doffing at Kharigram.
- 4. Installed High Speed Assembly Winders - 2 Ply & 4 Ply to improve productivity & quality.

Benefits: Energy saving, quality improvement and product flexibility by employing the highest level of automation and new technology as installed in the newly expanded unit at Kharigram. There will be substantial improvement in quality parameters with minimum manual intervention as well as minimum engagement of manpower.

C) RECENTLY IMPORTED TECHNOLOGY AS EMPLOYED AT KHARIGRAM, DENIM AND LODHA UNITS

- 1. Import of 3 high production autocoro of make “Schlafhorst”.
- 2. Truetzschler, Germany make Blow Room with “Automatic Hopper Feeder and Bale Opener”, Specialist from bale to sliver.
- 3. High speed cards imported from Truetzschler.
- 4. Installed Roving Stop Motion System of Pinter F.A.N.I., Italy.
- 5. Installed Tuft Blending System of Truetzschler, Germany at Blow Room Section for automatic blending of fibres.

- 6. Installed fully Automatic Roving Transportation System at Kharigram and Denim upto individual creels at Ring frames and Roving Stripping of make – Sohler Neuenhauser, Germany who are the World leaders.
- 7. Installed wireless BMS, Blegium’s for production monitoring system from Carding to TFO.
- 8. Installed Muratec, Japan’s Link Coners equipped with Uster Quantum Electronic Yarn Clearers ensuring cones with uniform density and controlled weight variation.
- 9. Installed Xorella, Switzerland’s Waterless Vacuum Conditioning and Steaming System.
- 10. Installed Fully Automatic Packing Line of Neuenhauser, Germany, along with Automatic Transportation of Final Packages from Link Coners & TFO’s to Packing.
- 11. Installed EliTwist Attachment of Suessen, Germany at Ring frames for manufacture of EliTwist (Compact SIRO) yarn.
- 12. All power connection net work in the newly expanded unit at Kharigram is through Bus Bar Trunking.
- 13. Finished Goods’ Warehouse is installed at various locations with Godrej’s Racking System with Stacker’s Arrangement apart from Dock Leveller at Loading Point.
- 14. TFO’s (Twisting Machines) of make Volkmann, Germany – Model Fusion installed with considerable power saving.
- 15. Newly expanded unit at Kharigram also involves Mesdan, Italy’s Splicers to ensure complete knotless yarn.
- 16. The latest fully hi-tech installation of 52000 ring spindles at Kharigram has led to about 70% reduction of work force up to Link Coner stage.

Denim Division

A) RESEARCH & DEVELOPMENT.

- 1. At LNJ Denim, developing two Collections in each year for A/W and S/S season, looking into trends of Europe and US Market. In each collection developed about 50 new qualities Apart from above, developed about 15 new qualities.
- 2. Denim products are being designed and developed in a way to cater and delight all Premium Brands. The products are being supplied to almost all leading export and domestic brands like Diesel, Marlboro, Levis Europe, GAP, C & A, Ann Taylor, Gymboree, Polo, Zara, H&M, Jack & Jones, Mavi, Kohl’s, Wrangler, VF, Spykar, Mufti, Pepe, Giny & Jony etc.
- 3. Developed DF4038 (123201), specifically for Levis India and Quality No.594906 for Levis Europe and 48 XX for Levis USA and started supplying to them. Executing regular commercial orders in this style. Also more than

10 products are in Levis final selection and commercial orders are getting started.

- 4. Developed DF4295 for Petit Bateau, DF4068 for Mango and executed commercial order for the same. The development DF4299 for Mufti has been approved and execution of commercial order is in process.

B) ADAPTATION AND INNOVATION IN MACHINES.

- 1. QA lab upgraded by installation of fancy profile in Uster tester-5, AFIS and Tensorapid for single yarn strength and elongation testing.
- 2. RV Stretching pulse installed in Airjet looms to reduce overall hairiness of the fabric.

Expenditure incurred on R&D			₹ in lacs
	2011-12	2010-11	
a) Capital	69.07	20.07	
b) Recurring	474.02	442.17	
c) Total	543.09	462.24	
d) Total R&D Expenditure as percentage of total turnover	0.27	0.24	

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company refocused it's efforts to increase exports and developing new markets, which resulted in decrease in export turnover in current year over the last year. During the year, the Company has earned foreign exchange of ₹693.96 crore at FOB price against an outgo of ₹214.08 crore compared to previous year earning of foreign exchange of ₹748.46 crore at FOB price and outgo of ₹119.62 crore.

Annexure III to the Directors’ Report
Statement of particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956

A. Persons employed throughout the financial year

Name of Employee	Designation	Remuneration (₹ in Lacs)	Qualification	Experience (Years)	Commencement of Employment	No. of Shares held	Whether Permanent/ Contractual	Age (Years)	LAST EMPLOYED		
									Organisation	Post Held	Duration (Years)
Shri Prakash Maheshwari	Chief Executive-Corporate Management Services	62.83	BSC, FCA	35	1st April, 2003	–	Permanent	57	HEG Limited	President	14
Shri Y.C.Gupta	Chief Executive - Denim Business	70.77	CA	36	6th September, 2007	–	Permanent	60	CMT Limited, Mauritius	Chief Executive Director	4
Shri Vimal Banka	President	67.56	CA	33	1st April, 1990	8000	Permanent	61	Shashi Commercial Limited	Manager	4
Shri M.L. Jhunjhunwala	President (Mumbai)	66.31	B.Com, ICWA	39	1st October, 1992	5170	Permanent	57	Rajasthan Textile Mills	Export Manager	13
Shri S.C Garg	Chief Executive - Melange Yarn	62.97	B.Text (Tech) MBA	32	17th July, 1993	–	Permanent	55	Fenner India Limited	General Manager	1

NOTES:

- 1. None of the employee is holding more than 2% of the paid-up capital of the Company.
- 2. None of the above employee is relative of any Director of the Company.
- 3. None of the person was employed for the part of the year in receipt of remuneration aggregating to ₹5,00,000/- or more per month.

Corporate Governance 2011-12

Corporate Governance Philosophy

Good Corporate Governance is all about keeping the trust of shareholders, bankers, government and employees and to fulfill our social responsibilities as a Company. Your Company is committed towards maintaining a continuous focus on conducting its business by adopting and following highest ethical standards in alignment with highest level of transparency, empowerment, accountability and control. RSWM will continue to adopt the finest systems and procedures for enhancing corporate governance standards within the Company. Your Company believes in implanting Corporate Governance Practices mandated in Clause 49 and has established procedures and systems to be fully complied with it.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports RSWM’s compliance with the aforementioned Clause 49.

Board of Directors

Composition

As on 31st March, 2012, RSWM’s Board comprises of ten Directors. Eight Directors, including the Chairman-Emeritus and Chairman, are Non-Executive. Of these, five Directors, including one Director nominated by Export Import Bank of India (Lender) are independent. All the independent directors have met the ‘independent criteria’ as mentioned under Clause 49 of the Listing Agreement.

Number of Board Meetings

During 2011-12, the Board of RSWM met five times on — 28th April, 2011, 28th July, 2011, 2nd November, 2011, 6th December, 2011 and 4th February, 2012. The maximum time gap between any two consecutive meetings was less than four months.

Directors’ Attendance Record and Directorship Held

Sl. No.	Name of Director	Position	Category	No. of meetings held in 2011-12 during tenure	No. of meetings attended	No. of outside Directorships of Public Companies*	No. of Outside Board-level Committees where chairperson or member #	
							Member**	Chairperson
1.	Shri L. N. Jhunjhunwala	Chairman - Emeritus	Promoter - Non-Executive	5	–	6	2	1
2.	Shri Ravi Jhunjhunwala	Chairman	Promoter - Non-Executive	5	5	12	4	2
3.	Shri Shekhar Agarwal	Vice Chairman	Promoter - Non-Executive	5	5	5	3	–
4.	Shri Arun Churiwal	Managing Director	Promoter - Executive	5	5	3	1	–
5.	Shri J. C. Laddha	Executive Director	Non-Promoter – Executive	5	5	–	–	–
6.	Dr. Kamal Gupta	Director	Independent - Non-Executive	5	5	6	7	3
7.	Shri D. N. Davar	Director	Independent - Non-Executive	5	5	13	8	5
8.	Shri Sushil Jhunjhunwala	Director	Independent - Non-Executive	5	4	3	1	–
9.	Shri A. N. Choudhary	Director	Independent - Non-Executive	5	5	2	1	–
10.	Shri Prabhakar Dalal ¹	Nominee Director – Exim Bank	Independent - Non-Executive	1	–	1	1	–
11.	Shri N. Shankar ¹	Nominee Director – Exim Bank	Independent - Non-Executive	1	–	–	–	–
12.	Shri T. G. Regunathan ²	Nominee Director – Exim Bank	Independent - Non-Executive	2	1	–	–	–

Notes: * Excludes Directorships in Private Limited Companies, Foreign Companies, Memberships of Management Committees of various Chambers, Bodies and Section 25 Companies

Includes Audit and Shareholders/Investors Grievance Committees only.

¹ Shri N. Shankar was co-opted on the Board as Nominee Director of Export Import Bank of India in place of Shri Prabhakar Dalal with effect from 29th April, 2011. Shri N. Shankar ceased to be Director with effect from 18th October, 2011.

² Shri T. G. Regunathan was co-opted on the Board as Nominee Director of Export Import Bank of India with effect from 11th November, 2011.

** Includes Committees chairmanships.

The last Annual General Meeting held on the 23rd September, 2011 was attended by Dr. Kamal Gupta, Chairman of the Audit Committee and Shri J. C. Laddha, Executive Director of the Company.

None of the Directors is a member of more than 10 Board-level Committees, or Chairman of more than five such Committees.

Information Supplied to the Board

The Board has complete access to all information about the Company. The following information is regularly provided to the Board:

- ♦ Annual operating plans and budgets and any update thereof.
- ♦ Capital budgets and any updates thereof.
- ♦ Quarterly results for the Company and operating divisions and business segments.
- ♦ Minutes of the meetings of the Audit Committee and other Committees of the Board.
- ♦ Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Executive Officer, Chief Financial Officer and Company Secretary.
- ♦ Materially important show cause, demand, prosecution notices and penalty notices.
- ♦ Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- ♦ Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- ♦ Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures regarding the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications for the Company.

- ♦ Details of any joint venture or collaboration agreement.
- ♦ Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- ♦ Significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme among others.
- ♦ Sale of material nature of investments, subsidiaries, assets which are not in the normal course of business.
- ♦ Quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement, if material.
- ♦ Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer among others.
- ♦ Details of investment of surplus funds available with the Company.

The Board is presented with detailed notes on these matters, as part of the agenda papers of the meeting or directly tabled at the Board meetings, as and when required.

The Board reviews the declaration made by the Management regarding compliance with applicable laws on quarterly basis as well as steps taken by the Company to rectify instances of non-compliances, if any.

Directors with Materially Significant Pecuniary Relationship or Business Transaction with the Company

All Executive Directors receive salaries, allowances, perquisites and commission, while all Non-Executive Directors receive sitting fees. There have been no substantial pecuniary relationships or transactions between the Company and its Directors in the financial year under review.

Shareholding of Non-Executive Directors

Equity Shares and Convertible Instruments held by Non-Executive Directors as on 31st March, 2012

Name of Director	Category	Number of Equity shares held	Convertible Warrants
Shri L. N. Jhunjhunwala	Promoter - Non-Executive	1,37,112	Nil
Shri Ravi Jhunjhunwala	Promoter - Non-Executive	7,94,094	Nil
Shri Shekhar Agarwal	Promoter - Non-Executive	Nil	Nil
Dr. Kamal Gupta	Independent - Non-Executive	Nil	Nil
Shri D. N. Davar	Independent - Non-Executive	Nil	Nil
Shri T. G. Regunathan	Independent - Non-Executive	Nil	Nil
Shri Sushil Jhunjhunwala	Independent - Non-Executive	Nil	Nil
Shri Amar Nath Choudhary	Independent - Non-Executive	Nil	Nil

Board-Level Committees

I) Audit Committee

As on 31st March, 2012, RSWM’s Audit Committee comprised of four members — three of whom, including the Chairman of the Committee, are independent while the fourth is a Non-Executive Promoter Director. The terms of reference of the Audit Committee are in conformity with those mentioned in Clause 49 of the Listing Agreement of the Stock Exchanges as well as Section 292A of the Companies Act, 1956. In 2011-12, the Audit Committee met four times on - 28th April, 2011, 28th July, 2011, 2nd November, 2011 and 4th February, 2012.

Details of the Audit Committee

Name of the Member	Position	No. of Meetings held during tenure	No. of Meetings Attended	Sitting fees (₹)
Dr. Kamal Gupta (Chairman)	Independent - Non-Executive	4	4	80,000
Shri L. N. Jhunjhunwala	Promoter - Non-Executive	4	–	–
Shri D. N. Davar	Independent - Non-Executive	4	4	80,000
Shri A. N. Choudhary	Independent - Non-Executive	4	4	80,000

Shri Surender Gupta, Company Secretary of the Company, is the Secretary to the Committee. Invitees to the Audit Committee include the Chief Executive Officer, Chief Financial Officer, Chief Coordinator - Internal Audit and the representatives of the Statutory Auditors and Internal Auditors.

Dr. Kamal Gupta, Chairman of the Audit Committee, possesses high degree of accounting and financial management expertise and all members of the Committee have sound accounting and financial knowledge. The Chairman of the Audit Committee attended the Annual General Meeting held on 23rd September, 2011 to answer shareholder queries.

Company has carried out all functions as mentioned in the terms of reference of the Audit Committee as listed under Clause 49 IID of the Listing Agreement.

RSWM has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- ♦ Management discussion and analysis of financial condition and results of operations.
- ♦ Statement of significant related-party transactions (as defined by the Audit Committee), submitted by Management.
- ♦ Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- ♦ Internal audit reports relating to internal control weaknesses.
- ♦ The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- ♦ The uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital among others) as part of the quarterly declaration of financial results whenever applicable.

- ♦ Statement certified by the Statutory Auditors, on an annual basis, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice, if applicable.

Pursuant to its terms of reference, the Audit Committee is empowered to:

- ♦ Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- ♦ Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

II) Remuneration Committee

a) Terms of Reference

The Remuneration Committee is functioning in accordance with the requirements of Schedule XIII as and when required at the time of appointment. The Remuneration Committee is empowered with the powers to determine the remuneration packages of the Executive Director.

b) Composition of Remuneration Committee

As on 31st March, 2012, the Composition of Remuneration Committee is as follows:

Sr. No	Name of the Member	Position
1.	Dr. Kamal Gupta (Chairman)	Independent - Non-Executive
2.	Shri D. N. Davar	Independent - Non-Executive
3.	Shri Shekhar Agarwal	Promoter - Non-Executive
4.	Shri T. G. Regunathan	Independent - Non-Executive

c) Meeting & Attendance

In 2011-12, one meeting of Remuneration Committee was held on 4th February, 2012. The detail of attendance of the Remuneration Committee was as under:

Name of the Member	Number of Meetings Attended	Sitting fees (₹)
Dr. Kamal Gupta	1	20,000
Shri D. N. Davar	1	20,000
Shri Shekhar Agarwal	1	20,000
Shri T. G. Regunathan ¹	1	20,000

¹ Shri T. G. Regunathan was inducted in Remuneration Committee with effect from 4th February, 2012

d) Remuneration Policy

The compensation terms of Executive Directors are recommended by the Remuneration Committee constituted by the Board of Directors of the Company and thereafter approved by the Shareholders in the General Meeting. The Remuneration Committee recommends the remuneration based on the criteria such as responsibilities given, past track record of performance, industry standards and various other factors. The Non-Executive Directors are paid sitting fees for attending the Board Meetings as well as other Committee Meetings.

e) Details of Remuneration Paid or Payable to Directors for 2011-12

(₹)

Name of Director	Category	Sitting fees	Salaries, allowances and perquisites #	Commission	Total
Shri L. N. Jhunjhunwala	Promoter, Non-Executive	–	–	–	–
Shri Ravi Jhunjhunwala	Promoter, Non-Executive	1,00,000	–	–	1,00,000
Shri Shekhar Agarwal	Promoter, Non-Executive	3,00,000	–	–	3,00,000
Shri Arun Churiwal	Promoter, Executive	–	36,39,483	–	36,39,483
Shri J. C. Laddha	Non-Promoter, Executive	–	59,04,400	–	59,04,400
Dr. Kamal Gupta	Independent - Non-Executive	3,80,000	–	–	3,80,000
Shri D. N. Davar	Independent - Non-Executive	2,80,000	–	–	2,80,000
Shri Sushil Jhunjhunwala	Independent - Non-Executive	80,000	–	–	80,000
Shri A. N. Choudhary	Independent - Non-Executive	1,80,000	–	–	1,80,000
Shri Prabhakar Dalal*	Independent - Non-Executive	–	–	–	–
Shri N. Shankar*	Independent - Non-Executive	–	–	–	–
Shri T. G. Regunathan ¹	Independent - Non-Executive	40,000	–	–	40,000

Includes retirement benefits.

* Shri N. Shankar was co-opted on the Board as Nominee Director of Export Import Bank of India in place of Shri Prabhakar Dalal with effect from 29th April, 2011. Shri N. Shankar ceased to be Director with effect from 18th October, 2011.

¹ Shri T. G. Regunathan was co-opted on the Board as Nominee Director of Export Import Bank of India with effect from 11th November, 2011.

The Company does not have any Stock Option Scheme.

III) Shareholders’ / Investors’ Grievances Committee

As on 31st March, 2012, the Company’s Shareholders’/Investors’ Grievances Committee comprised of four Directors — Dr. Kamal Gupta (Chairman), Shri Shekhar Agarwal, Shri Arun Churiwal and Shri D. N. Davar.

The Company Secretary, Shri Surender Gupta is the Compliance Officer. During 2011-12, the Committee met four times on 28th April, 2011, 28th July, 2011, 2nd November, 2011 and 4th February, 2012.

a) Details of Shareholders' / Investors' Grievance Committee

Name of the Member	Position	Number of Meetings held during tenure	Number of Meetings Attended	Sitting Fees (₹)
Dr. Kamal Gupta	Independent - Non-Executive	4	4	80,000
Shri Shekhar Agarwal	Promoter - Non-Executive	4	4	80,000
Shri Arun Churiwal	Promoter - Executive	4	4	–
Shri D. N. Davar	Independent - Non-Executive	4	4	80,000

The Committee received 23 complaints during the financial year under review, all of which were replied /resolved to the satisfaction of the shareholders.

b) Details of Shareholders' / Investors' Queries and Grievances received and attended by the Company

Sl. No.	Nature of Query/Complaint	Pending as on 1st April, 2011	Received during the year	Addressed during the year	Pending as on 31st March, 2012
1.	Transfer / Transmission / Duplicate	0	0	0	0
2.	Non-receipt of Dividend	0	17	17	0
3.	Non-receipt of Annual Report	0	3	3	0
4.	Dematerialisation / Rematerialisation of shares	0	0	0	0
5.	Complaints received from:				
	- Securities and Exchange Board of India	0	0	0	0
	- Stock Exchanges	0	3	3	0
	- Registrar of Companies / Ministry of Corporate Affairs	0	0	0	0
	Total	0	23	23	0

The Company also has a Share Transfer Committee to deal with the requests of transfer / transmission of Equity Shares, issue of duplicate share certificates and consolidation / split / replacement of share certificates among others. To expeditiously approve transfer of shares, Shri Shekhar Agarwal, Vice Chairman and Shri P. S. Puri, President (Corporate Finance) also attend and approve the share transfer requests on fortnightly basis under the delegated authorisation of the Board of Directors.

Nature of Requests	Number of requests Received during the year
Share Transfer	6,360
Duplicate Share Certificates	357
Consolidated / Torn Certificates	212

General Body Meetings

The details of the Last Three Annual General Meetings:

Financial Year	Date	Time	Location	Special resolution(s) passed
2008-09	25th September, 2009	01:30 P. M	Kharigram, P.O. Gulabpura District Bhilwara, Rajasthan	–
2009-10	16th September, 2010	11:30 A. M	Kharigram, P.O. Gulabpura District Bhilwara, Rajasthan	1
2010-11	23rd September, 2011	11:30 A. M.	Kharigram, P.O. Gulabpura District Bhilwara, Rajasthan	1

The following Special Resolutions were taken up in the last three Annual General Meetings, and were passed with requisite majority.

2008-2009:

- ♦ No Special Resolution was taken up in the Annual General Meeting.

2009-2010:

- ♦ Approval for the reappointment of Shri J. C. Laddha, as Executive Director of the Company.

2010-2011:

- ♦ Approval for the alteration in the Articles of Association of the Company.

Postal Ballot

During the year under review, no resolution was passed through Postal Ballot.

There are no matters proposed to be passed by the Company through postal ballot in the ensuing Annual General Meeting.

Disclosures

a) Related Party Disclosure

As required by the Accounting Standard AS-18, the details of related party transactions are given in Note No. 43 to the Annual Accounts. Material individual transaction with related parties are in the normal course of business, on an arm's length basis and do not have any potential conflict with the interests of the Company at large. Transactions with related parties entered into by the Company in the normal course of business are placed before the Audit Committee.

b) Disclosure of Accounting Treatment in Preparation of Financial Statements

The Company has followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its Financial Statements.

c) Risk Management

RSWM has a well-defined risk management framework in place. Under this framework, the Management identifies and monitors business risks on a continuous basis, and initiates appropriate risk mitigation steps as and when deemed necessary. RSWM has established procedures to periodically place before the Board the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate those risks through a properly defined framework.

d) Details of Non-Compliance by the Company in Previous Years

RSWM has complied with all the requirements of regulatory authorities. No penalties / strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital market during the last three years.

e) Initiatives on Prevention of Insider Trading Practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its Management staff and relevant business associates. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of RSWM, and cautions them on consequences of violations.

f) Compliance with Clause 49

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49. A certificate from Statutory Auditors to this effect is enclosed in the Annual Report.

Adoption of Non-Mandatory Requirements

Remuneration Committee

Although it is not mandatory, the Board of RSWM has constituted a Remuneration Committee. Details of the Remuneration Committee have been provided under the Section 'Remuneration Committee'.

Audit Qualifications

The Company's Financial Statements are free from any qualifications by the Auditors and Company continues to adopt best practices to move towards a regime of unqualified financial statements.

Management Discussion and Analysis

This Annual Report has a detailed chapter on Management Discussion and Analysis.

Disclosures by Management to the Board

All details on the financial and commercial transactions where Directors may have a potential interest are provided to the Board. The interested Directors neither participate in the discussion nor vote on such matters.

CEO/ CFO Certification

The CEO and CFO certification of the Financial Statements for the year form part of this Annual Report.

Code of Conduct

RSWM's Board has laid down a code of conduct for all Board members and Senior Management of the Company. The Code of Conduct is displayed on the website of the Company www.rswm.in. Board Members and designated Senior Management Officials have affirmed compliance with the Code of Conduct for the current year. It is further affirmed that access to the Audit Committee of the Company has not been denied to any personnel. A declaration to this effect forms part of this Annual Report.

Means of Communication

The quarterly & annual audited results are forthwith sent to the stock exchanges where the Company's shares are listed after they are approved by the Board of Directors. The results of the Company are published in at least one prominent national and one regional newspaper. The financial results are also displayed on the Company's website www.rswm.in.

The Company has designated an email-id rswm.investor@lnjbhilwara.com.

Shareholders

Appointment or Re-Appointments of Directors

Eight of the Directors of your Company are liable to retire by rotation. Of these Directors, at least one-third retires every year and if eligible, present themselves for reappointment. This year, Shri L. N. Jhunjhunwala, Shri Shekhar Agarwal and Shri D. N. Davar are retiring by rotation and being eligible, offer themselves for reappointment in the Annual General Meeting. Their brief resumes are given below:

Shri L. N. Jhunjhunwala (83)

Shri L. N. Jhunjhunwala is a Non-Executive Promoter Director of the Company. Shri Jhunjhunwala is a gold medallist in B.A. Maths (Hons) from Calcutta University. He joined the Board of the Company on 17th October 1960. Shri Jhunjhunwala is a renowned industrialist and philanthropist with a rich business experience and diversified interests.

Shri Shekhar Agarwal (59)

Shri Shekhar Agarwal is a Non-Executive Promoter Director of the Company. Shri Agarwal is a B.Tech (Mech.) from Indian Institute of Technology, Kanpur and has done his Masters in Science from University of Chicago. He joined the Board of the Company on 13th February, 1984. He has an experience of three decades in the Textile industry. He was the chairman of Confederation of Indian Textiles Industry (CITI).

Shri D. N. Davar (77)

Shri D. N. Davar is an Independent Director of the Company. He holds a Masters degree in Economics and CAIIB and Fellow of the Economic Development Institute of the World Bank. Shri Davar is a consultant in the areas of finance and corporate laws. He is also a part-time consultant to World Bank, UNIDO and Kreditanstalt fur, Weideraufbau (KFW). Shri Davar was formerly the executive Chairman of IFCI.

Details of Directorship Held in Other Companies

Directors' name	Name of the Company in which Directorship held*	Committee Chairmanship	Committee Membership
Shri L. N. Jhunjhunwala	AD Hydro Power Limited		
	HEG Limited	Shareholders' / Investors' Grievance Committee	
	Indo Canadian Consultancy Services Limited		
	LNJ Financial Services Limited		
	Malana Power Company Limited		
	Maral Overseas Limited		Audit Committee
Shri Shekhar Agarwal	Bhilwara Technical Textiles Limited		
	BSL Limited		Audit Committee
	Essay Marketing Company Limited		
	HEG Limited		Audit Committee
	Maral Overseas Limited		Shareholders' / Investors' Grievance Committee
Shri D. N. Davar	Adyar Gate Hotel Limited		
	Ansal Properties & Infrastructure Limited	Audit Committee	
	Cimmco Limited		Audit Committee
	HEG Limited	Audit Committee	
	Hero Fincorp Limited (Earlier known as Hero Honda Finlease Limited)	Audit Committee	
	Indo-Continental Hotels & Resorts Limited		
	Landmark Property Development Co. Limited		
	Maral Overseas Limited		(i) Audit Committee (ii) Shareholders' / Investors' Grievance Committee
	OCL India Limited	Audit Committee	
	Parsvnath Hotels Limited		
	Parsvnath SEZ Limited		
	Sandhar Technologies Limited		
	Titagarh Wagons Limited	Audit Committee	

* Excludes Directorships held in Private Limited Companies, Foreign Companies, Memberships of Management Committee of various Chambers / Bodies / Section 25 Companies.

Additional Shareholder Information

Annual General Meeting

Date : 18th September, 2012

Day : Tuesday

Time : 2.00 PM

Venue : Kharigram, P. O. Gulabpura, Bhilwara District, Rajasthan– 311021.

Financial Results

Financial year: 1st April, 2011 to 31st March, 2012.

For the year ended 31st March, 2012, results were announced on:

- ♦ 28th July, 2011 : First quarter
- ♦ 2nd November, 2011 : Second quarter and Half year
- ♦ 4th February, 2012 : Third quarter and 9 months
- ♦ 4th May, 2012 : Fourth quarter and Annual.

For the year ending 31st March, 2013, quarterly results will be announced within 45 days from the end of each quarter except that of the Fourth quarter which will be published along with the audited Annual Results within 60 days.

Book Closure

The date of book closure are from 14th September, 2012 (Friday) to 18th September, 2012 (Tuesday) (Both days inclusive).

Dividend Dates

Not Applicable.

Listing and Stock Codes

The Company’s Equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Listing fee as prescribed has been paid to the BSE and NSE up to 31st March, 2013. The stock codes of the Company at BSE and NSE are given below:

Stock Codes of the Company

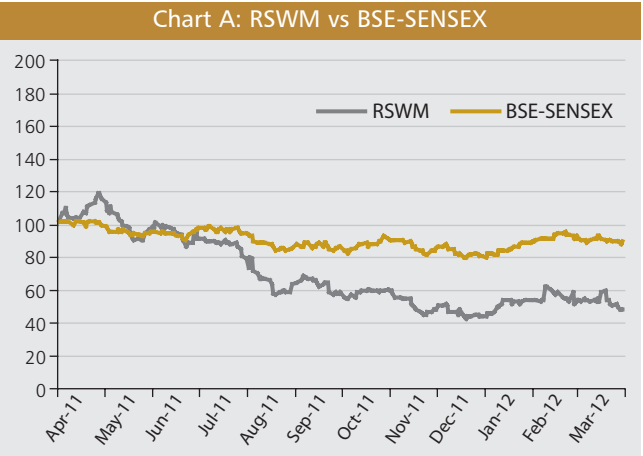
Stock Exchanges	Stock codes
BSE	500350
NSE	RSWM

Stock Data

Share Prices of RSWM at BSE/NSE in 2011-12

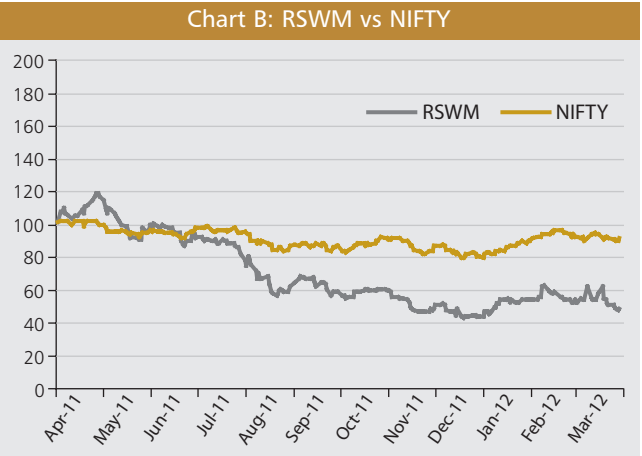
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Mar-12	91.30	70.00	1,65,736	94.40	70.00	2,71,834
Feb-12	95.80	76.00	2,33,553	95.90	77.65	4,98,543
Jan-12	83.00	65.05	1,75,213	83.65	65.45	1,40,572
Dec-11	79.00	64.10	66,643	79.00	63.70	96,089
Nov-11	91.95	65.05	88,032	92.00	65.30	1,56,731
Oct-11	93.65	82.05	53,931	92.90	81.65	91,248
Sep-11	105.95	83.05	1,81,047	106.00	84.05	3,25,805
Aug-11	124.00	83.50	1,65,065	124.30	83.20	2,88,947
Jul-11	142.55	115.00	1,77,593	142.60	116.00	3,27,268
Jun-11	156.00	128.30	1,93,867	156.00	128.10	2,76,098
May-11	176.00	135.00	3,17,259	177.00	133.20	4,39,063
Apr-11	183.75	143.20	4,92,612	183.90	143.00	7,78,505

Chart A: Relative Share Price Movement of RSWM at BSE compared to BSE Sensex in 2011-12



Note: Share prices and BSE Sensex indexed to 100 as on the first working day of the financial year 2011-12 i.e 1st April, 2011

Chart B: Relative Share Price Movement of RSWM at NSE compared to NIFTY Index in 2011-12



Note: Share prices and Nifty indexed to 100 as on the first working day of the financial year 2011-12 i.e. 1st April, 2011

Shareholding Pattern

Shareholding Pattern by Ownership as on 31st March, 2012

Categories	Number of Shares	Percentage
Promoters, Directors, Relatives and Associates	1,19,09,804	51.45
Foreign Institutional Investors/Mutual Funds	100	0.00
Public Financial Institutions/State Financial Corporation	8,62,684	3.73
Mutual Funds (Indian)	15,38,161	6.65
Nationalised and other Banks	12,276	0.05
NRIs/Foreign Companies (Other than Promoters)	14,47,645	6.25
Public	73,78,019	31.87
Total	2,31,48,689	100.00

Shareholding Pattern by Size-Class as on 31st March, 2012

Categories	Number of Shareholders	Number of Shares held	Percentage
1-1000	12,598	14,66,550	6.34
1001-5000	1,417	19,41,911	8.39
5001-10000	66	4,75,568	2.05
10001 and above	121	1,92,64,760	83.22
Total	14,202	2,31,48,689	100.00

Dematerialisation of Shares

As on 31st March, 2012, 2,21,73,838 Equity Shares representing 95.79% of the total equity capital were held in dematerialised form. Trading in shares of the Company is permitted in dematerialised form only. The Company requests the shareholders holding shares in physical form on a regular basis, to get their shares dematerialised for their own benefit.

The ISIN number for RSWM’s equity shares on NSDL and CDSL is INE611A01016.

Share Transfer System

Matters related to share transfer and transmission are attended by the delegated authorities on a fortnightly basis. Share transfers are registered and returned within 30 days from the date of receipt, if the documents are in order in all respects.

Details of Public Funding Obtained in the Last Three Years

RSWM has not obtained any public funding in the last three years.

Outstanding Warrants and their Implications on Equity

The Company has no outstanding warrants/convertible instruments.

Plant Locations

- 1. Kharigram, P.O. Gulabpura – 311 021, Distt. Bhilwara, Rajasthan.
- 2. Mayur Nagar, Lodha, P.O. Banswara – 327 001, Distt. Banswara, Rajasthan.
- 3. LNJ Nagar, Mordí, P.O. Banswara – 327 001, Distt. Banswara, Rajasthan.
- 4. Mandpam, Bhilwara – 311 001, Distt. Bhilwara, Rajasthan.
- 5. Rishabhdev – 313 802, Distt. Udaipur, Rajasthan.
- 6. Ringas – 332 404, Distt. Sikar, Rajasthan.

Investor Correspondence

Investor correspondence should be addressed to:

Registrar and Share Transfer Agent:

MCS Limited
F-65, 1st Floor,
Okhla Industrial Area Phase I,
New Delhi – 110 020
Phone Nos. : 011-4140 6149-52
Fax No. : 011-4170 9881
E-mail : admin@mcsdel.com

Company Secretary

RSWM Limited
Bhilwara Towers
A-12, Sector 1, Noida
Uttar Pradesh - 201301
Phone Nos. : 0120-2541810, 4390000
Fax Nos. : 0120-4277841, 4277842
E-mail : rswm.investor@lnjbhilwara.com

Registered Office

Kharigram
P.O. Gulabpura
District Bhilwara
Rajasthan – 311 021, INDIA

Place: Noida
Dated: 4th May, 2012

Arun Churiwal
Managing Director
DIN: 00001718

Information pursuant to Clause 5A of the Listing Agreement

The Company has sent reminders to the shareholders informing about unclaimed Share Certificates lying with the Company in respect of around 444 folios comprising of around 29,930 shares. In response thereto the Company has so far received claims in respect of 1,859 shares from 20 shareholders. As required by clause 5A of the Listing Agreement the final notice to shareholders will be sent shortly and considering the response thereto the shares pertaining to unclaimed share certificates shall be credited to a demat suspense account to be administered by the Company with one of the Depository Participant.

Auditors’ Report

To the Shareholders of
RSWM Limited

We have audited the attached Balance Sheet of **RSWM Limited** as at March 31, 2012, and also the Statement of Profit and Loss and the 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.

We conducted our audit in accordance with generally accepted Auditing Standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the Accounting Principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor’s Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Statement of Profit and

Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

- v) On the basis of written representations received from the Directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes with respect to change in accounting policy (mentioned under Note no 47 in the Financial Statements) and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the generally accepted Accounting Principles in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012,
- b) In the case of the Statement of Profit and Loss, for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. Bhargava Associates <i>Chartered Accountants</i> Firm Reg. No.: 003191C	For A. L. Chechani & Co. <i>Chartered Accountants</i> Firm Reg. No.: 005341C
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per Sunil Bhargava <i>Partner</i> Membership No.: 70964 Place: Noida Dated: May 4, 2012	per Sunil Surana <i>Partner</i> Membership No.: 36093
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Annexure to the Auditors Report

Annexure referred to in paragraph 3 of our report of even date to the Shareholders of RSWM Limited on accounts for the year ended March 31, 2012.

- i)

a)

The Fixed Assets registers showing full particulars including quantitative details and situation of the assets are being maintained at respective units, up-dation of which are under completion.

b)

The Fixed Assets are physically verified by the Management in a phased programme designed to cover all the assets over a period of three years, which in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the said programme, a portion of Fixed Assets has been physically verified by the Management during the year and no serious discrepancies were noticed on such verification between the book records and physical inventory, which have been properly dealt with in the books of accounts.

c)

The Company has not sold any substantial part of Plant and Machinery during the year.
- ii)

a)

The inventories have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.

b)

In our opinion, and according to information and explanation given to us, the procedure of physical verification of inventory followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.

c)

The Company is maintaining proper records of inventory and the discrepancies noticed on physical verification have been dealt adequately in the books of accounts.
- iii)

a)

The Company has granted unsecured loan to a subsidiary covered in the register maintained under Section 301 of the Companies Act, 1956. The amount outstanding at the end of the year is ₹ 1,200 Lacs and the maximum amount outstanding during the year was ₹ 1,200 Lacs.

b)

The payment of interest on such loans is regular, wherever applicable. The payments of principal amount are also regular, wherever demanded during the year.

c)

There is no overdue amount outstanding as at the Balance Sheet date.

d)

The Company had not taken any loan from any party covered in the register maintained under Section 301 of the Companies Act, 1956.

iv)

On the basis of selective checks carried out during the course of audit and explanations given to us, adequate internal control systems commensurate with the size of the Company and nature of its business, for purchase of inventory and Fixed Assets and for sale of goods and services have been devised by the Management and is being generally followed. Further, on the basis of our examination of the books and records of the Company, and according to information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.

v)

a)

On the basis of our examination and as per information given to us all the contracts or arrangements are needed to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956, have been recorded in the register.

b)

On the basis of our examination and as per information and explanation given by the Management, the price of the goods and materials purchased / of sale of goods, materials and services made pursuant to contracts entered in register maintained under Section 301 of the Companies Act, 1956, in respect of each party is reasonable having regard to the prevailing market price at the relevant time.

vi)

We are explained that during the year the Company has not accepted deposits from public to which the provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 apply.

vii)

In our opinion, the Company has an Internal Audit System commensurate with its size and nature of its business.

viii)

We have broadly reviewed the records including the books of accounts made and maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained.

ix)

a)

According to the information and explanation given to us and the records examined by us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee’s State Insurance, Income

Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. Further, there were no undisputed arrears of statutory dues outstanding as at March 31, 2012, for a period of more than six months from the date they became payable.

- b)

According to the records of the Company and information given to us, the particulars of statutory dues of the Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of disputes and the forum where the dispute is pending are given hereunder:

(₹ in Lacs)			
S. No.	Particulars	As at March 31, 2012	As at March 31, 2011
1	EXCISE DUTY CESTAT, New Delhi	8.51	8.51
2	SERVICE TAX A) CESTAT, New Delhi B) Commissioner (Appeals), Jaipur	204.21 37.94	183.75 15.30
3	CESS Appellate Tribunal, Mumbai	17.25	17.25
4	OCTROI Rajasthan High Court, Single Bench, Jaipur	0	167.90
5	Entry Tax Rajasthan High Court, Double Bench, Jodhpur	985.54	687.11
	Total	1,253.45	872.26

- x)

There are no accumulated losses in the Company as on March 31, 2012. Further, the Company has not incurred cash losses during the financial year covered by our audit.
- xi)

Based on our examination of books and records of the Company and on the basis of information and explanation given by the Management, the Company has been regular in repayment of its dues to the financial institutions or banks, except in case of disputed amounts of interest due to Bank of Maharashtra. (Refer Note no. 35 in Financial Statements).
- xii)

On the basis of examination of records of the Company and information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- xiii)

In our opinion, the Company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of clauses 4 (xiii) of the Companies (Auditor’s Report) Order, 2003 are not applicable to the Company.
- xiv)

On the basis of examination of books and records of the Company and information and explanation given by the Management, the Company is not dealing or trading in shares, securities, debentures and other investment.
- xv)

As per information and explanation given by the Management, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are prima-facie not prejudicial to the interest of the Company.
- xvi)

As per information and explanation given by the Management, the term loans have been applied for the purposes they were raised.
- xvii)

According to the information and explanation given to us and on an overall examination of the Cash Flow Statement of the Company for the year, we report that no funds raised on short-term basis have been used for long term investment.
- xviii)

The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix)

The Company has not issued any debentures whether secured or unsecured during the year.
- xx)

The Company has not raised any money through public issue during the year covered by our report.
- xxi)

As per the information and explanation given to us, no fraud by the Company has been noticed or reported during the year covered by our report.

For S. Bhargava Associates

Chartered Accountants

Firm Reg. No.: 003191C

For A. L. Chechani & Co.

Chartered Accountants

Firm Reg. No.: 005341C

per Sunil Bhargava

Partner

Membership No.: 70964

Place: Noida

Dated: May 4, 2012

per Sunil Surana

Partner

Membership No.: 36093

Balance Sheet As at March 31, 2012

(₹ in Lacs)			
Particulars	Notes	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	2	2,314.87	2,314.87
b) Reserves and Surplus	3	26,164.85	28,506.86
Government Capital Grants	3	209.91	256.70
c) Money received against share warrants		–	–
		28,689.63	31,078.43
2) Share application money pending allotment			
		–	–
3) Non-current Liabilities			
a) Long-term borrowings	4	81,688.43	59,432.12
b) Deferred tax liabilities (Net)	5	3,527.12	4,178.12
c) Other long term liabilities	6	635.22	823.15
d) Long-term provisions	7	1,415.88	1,451.91
		87,266.65	65,885.30
4) Current Liabilities			
a) Short-term borrowings	8	37,609.00	43,797.78
b) Trade payables	9	3,001.00	6,478.19
c) Other current liabilities	10	16,595.15	17,351.83
d) Short-term provisions	11	159.36	1,525.49
		57,364.51	69,153.29
Total		1,73,320.79	1,66,117.02
II. ASSETS			
1) Non-current Assets			
a) Fixed Assets	12		
i) Tangible Assets		77,371.17	79,560.84
ii) Intangible Assets		619.75	641.63
iii) Capital work-in-progress		25,093.38	541.95
iv) Intangible Assets under development		–	–
		1,03,084.30	80,744.42
b) Non-current Investments	13	6,027.14	6,015.44
c) Deferred tax Assets (Net)		–	–
d) Long-term loans and advances	14	4,240.82	4,194.80
e) Other non-current assets	15	87.48	234.69
		1,13,439.74	91,189.35
2) Current Assets			
a) Current Investments		–	–
b) Inventories	16	32,554.90	43,300.84
c) Trade Receivables	17	18,441.25	20,390.05
d) Cash and Bank balances	18	186.55	628.25
e) Short-term loans and advances	19	2,847.07	2,778.98
f) Other current assets	20	5,851.28	7,829.55
		59,881.05	74,927.67
Total		1,73,320.79	1,66,117.02

See accompanying notes 1 to 52 forming part of Financial Statements

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A. L. Chechani & Co.
Chartered Accountants
Firm Reg. No. 005341C

per Sunil Bhargava
Partner
Membership No. 70964

per Sunil Surana
Partner
Membership No. 36093

Place : Noida

Dated : May 4, 2012

Statement of Profit and Loss For the year ended March 31, 2012

(₹ in Lacs)			
Particulars	Notes	Year ended March 31, 2012	Year ended March 31, 2011
I. Revenue from operations	21	1,98,699.75	1,95,058.70
II. Other Income	22	2,233.45	2,912.11
III. Total Revenue (I+II)		2,00,933.20	1,97,970.81
IV. Expenses:			
Cost of material consumed	23	1,30,739.53	1,12,009.87
Purchases of stock-in-trade	24	1,745.44	1,210.76
Change in inventories of finished goods, work-in-progress and stock-in-trade	25	(2,298.00)	(4,314.36)
Employee benefits expense	26	16,420.49	14,971.08
Finance costs	27	10,403.62	7,874.27
Depreciation and amortization expense	28	8,910.27	8,014.68
Other expenses	29	38,227.05	38,640.28
Total Expenses		2,04,148.40	1,78,406.58
V. Profit before exceptional and extraordinary items and tax (III-IV)		(3,215.20)	19,564.23
VI. Exceptional items	30	–	1,442.05
VII. Profit before extraordinary items and tax (V-VI)		(3,215.20)	18,122.18
VIII. Extraordinary Items		–	–
IX. Profit before tax (VII-VIII)		(3,215.20)	18,122.18
X. Tax expense:			
1) Current Tax		–	3,439.72
2) Deferred Tax		(651.00)	2,386.00
3) Provision for Income Tax written back		(385.28)	–
XI. Profit / (Loss) for the period from continuing operations (IX-X)		(2,178.92)	12,296.46
XII. Profit / (Loss) from discontinuing operations		–	–
XIII. Tax expense of discontinuing operations		–	–
XIV. Profit / (Loss) from discontinuing operations (after tax) (XII-XIII)		–	–
XV. Profit / (Loss) for the period (XI+XIV)		(2,178.92)	12,296.46
XVI. Earnings per Equity Share (₹) :			
1) Basic		(9.41)	53.08
2) Diluted		(9.41)	53.08

See accompanying notes 1 to 52 forming part of Financial Statements

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A. L. Chechani & Co.
Chartered Accountants
Firm Reg. No. 005341C

per Sunil Bhargava
Partner
Membership No. 70964

per Sunil Surana
Partner
Membership No. 36093

Place : Noida

Dated : May 4, 2012

Ravi Jhunjunwala
Chairman
Arun Churiwal
Managing Director & CEO
J. C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Notes to the Financial Statements

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Note: 1. ACCOUNTING POLICIES

- I. General**
The Financial Statements are prepared on historical cost convention and on the Accounting Principles of going concern, in accordance with generally accepted Accounting Principles ('GAAP'), comprising of the mandatory Accounting Standards (AS), Guidance Notes, etc. issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, on accrual basis, as adopted consistently by the Company.
- II. Revenue Recognition**
a) Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer, at a price and includes excise duty.
b) Promotional Benefits, Export Incentives and Export Growth Incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.
c) Claims and refunds due from Government authorities and parties, though receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favour of the Company.
d) Claims lodged with Insurance Companies are recognized as income on acceptance by the Insurance Company. The Excess / Shortfall of claims passed are adjusted in the year of receipt.
e) The Government Subsidies and Interest Subsidy under TUFS are recognized on accrual basis and adjusted against the respective expenses.
- III. Government Capital Grants**
The Capital Subsidy under TUFS from Ministry of Textiles on specified processing machinery is recognized on a systematic and rational basis by adopting Deferred Income Approach in proportion of the applicable depreciation over the useful life of the respective assets and is adjusted against the depreciation in the Statement of Profit and Loss.
- IV. Inventory Valuation**
a) Inventories are valued at historical cost and net realisable value whichever is lower on a consistent basis. Historical cost is determined on Actual / Weighted Average basis on relevant categories of Inventories. The net value is determined after providing for obsolete, slow moving and defective inventories, wherever necessary.
b) The cost of Inventories comprise all costs of purchase, costs of conversion and other direct costs incurred in bringing the Inventories to their present location and condition.
- V. Investments**
Non-Current Investments are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline. Current Investments are carried at cost or fair value whichever is lower.
- VI. Fixed Assets, Intangible Assets and Capital Work in Progress**
a) Cost of Fixed Assets comprises of its purchase price including import duties and other non-refundable taxes or levies, foreign exchange fluctuation on loans against Fixed Assets up to March 31, 2003, expenditure incurred in the course of construction or acquisition, start-up, reconditioning, commissioning, test runs and experimental production and other attributable costs of bringing the assets to its working conditions for the purpose of use for the business.
b) Borrowing cost directly attributable and / or funds borrowed generally and used for the purpose of acquisition / construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized, at its capitalization rate to expenditure on that assets, for the period, until all activities necessary to prepare qualifying assets for its intended use are complete.
c) Assets retired from active use and held for disposal are stated at the lower of their net book value and / or realisable value and are shown separately.
d) Intangible Assets acquired separately are measured on initial recognition at cost. Following initial reorganization, intangible assets are carried at cost less accumulated amortization and accumulated losses, if any. Internally generated intangible assets are recognized, if and when the parameters laid down under AS-26 (Intangible Assets) for recognition are satisfied.
- VII. Leases**
Where the Company is the Lessee
Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased item are classified as

Notes to the Financial Statements

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- operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.
- Where the Company is the Lessor**
Assets subject to operating leases are included in Fixed Assets. Lease income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.
- VIII. Depreciation and Amortisation**
Depreciation on Fixed Assets and Amortization on Intangible Assets has been provided as follows:-
a) On Fixed Assets existing on September 30,1987, on straight line method at the rates specified in Circular No.1/86 of May 21, 1986, issued by the Department of Company Affairs.
b) On other Fixed Assets acquired and put to use after October 1, 1987 on straight-line method at the revised rates and in the manner specified in Schedule XIV to the Companies Act, 1956, as amended, vide Notification No.GSR-756 (E) dated 16th December, 1993 issued by the Department of Company Affairs, except: -
i) On Plant and Machinery in the Power Generation Division on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, considering the same as 'Continuous Process Plant'.
ii) Leased Assets are depreciated over the useful life / operating period of the lease.
iii) Acquired Intangible Assets are amortized from the date of the assets are available for use on straight line basis over useful life determined by the Management on technical evaluation at the following rates:
1. Computer Software - 16.21% p.a.
2. Enabling Assets - 5.28% p.a.
- IX. Impairment of Fixed Assets**
Factors giving rise to any indication of Impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date by the Management to determine and provide / reverse an impairment loss following AS- 28 ('Impairment of Assets').
- X. Foreign Exchange transactions/Translations**
a) i) Export and Import transactions not covered by a hedging instrument are accounted for at the prevailing conversion rates on the transaction date.
ii) Monetary items denominated in Foreign Currency (except financial instruments designated as Hedge Instruments) and outstanding at year end are translated at year end conversion rates.
iii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.
iv) Borrowings in Foreign Currency have been recorded initially at the prevailing exchange rate on the date of availment. The Gain / Loss on Renewal / Payment of the Forward contract booking is accounted for in the Statement of Profit and Loss for the period. Premium or discounts arising on amount covered under Forward Contracts / Fixed Rate Contracts are amortized as expenses or income over the life of such contracts. The exchange gain / loss on un-hedged exposure are valued at the exchange rates prevailing at each Balance Sheet date.
b) Pursuant to The Institute of Chartered Accountants of India (ICAI) announcement "Accounting for Derivatives" on the early adoption of AS-30 "Financial Instruments: Recognition and Measurement", the Company had early adopted the AS-30 with effect from July 1, 2011, to the extent that such adoption does not conflict with existing mandatory Accounting Standards and other authoritative pronouncements, Company Law and other regulatory requirements.

The Company holds foreign currency forward contracts, designated as hedges of expected future sales of yarn / fabric to customers in countries other than India, for which the Company has highly probable forecasted transactions. As permitted by the Risk Management Policy of the Company, the Company also has foreign currency forward contracts outstanding at end of the year designated as hedges of expected future purchases from suppliers in countries other than India for which the Company has firm commitments. Foreign currency forward contracts and cross currency forward contracts are being used to hedge the foreign currency risk of the firm commitments.

The terms of the foreign currency forward contracts have been negotiated to match the terms of the commitments. Whenever there are highly probable transactions for which hedge accounting is claimed, and where significant element of hedge ineffectiveness occurs, the same is recognized in the Statement of Profit and Loss.

Notes to the Financial Statements

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A financial instrument is designated as an effective hedge after the Management objectively evaluates at the inception of each contract as to whether the instrument is effective in offsetting the cash flows attributable to the hedged risk. The same evaluation is carried out at the end of each reporting period. In the absence of such hedge being identified or being continued to be identified as an effective hedge, the value thereof is taken in the Statement of Profit and Loss.

Exchange difference relating to effective cash flow hedge is accumulated in a Hedging Reserve Account. Amounts from Hedging Reserve Account are transferred in the Statement of Profit and Loss when-

- i) the forecast transaction materializes, or
- ii) the Hedging instrument expires or is sold, terminated or exercised (except for the replacement or rollover of a Hedging Instrument into another Hedging instrument where such replacement or rollover is part of the instrument's Hedging strategy), or
- iii) the Hedge no longer meets the criteria for Hedge accounting in AS - 30, or
- iv) the Company revokes the designation.

Exchange difference relating to Fair Value Hedge effectiveness is measured on the reporting date and exchange difference of fair value hedge is recognized in the Statement of Profit and Loss.

Hedge effectiveness of financial instruments designated as Hedging Instruments is evaluated at the end of each financial reporting period as per the Risk Management Policy of the Company framed under requirements of AS - 30 and Para 14A.9 of FEMA.

XI. Replenishment

Indigenous raw materials had to be used on occasions, for exports, to be subsequently replenished under Duty Free Entitlement Schemes of the Government of India. Therefore, the cost of such indigenous raw materials has been accounted for at its equivalent imported / duty free prices by adjusting the value of such entitlements granted for neutralization of the import duties and levies.

XII. Employee Benefits

a) Defined Contribution Plan:

The Company makes defined contribution to Provident Fund and Superannuation Fund, which are accounted on accrual basis.

b) Defined Benefit Plan:

The Company's Liabilities on account of Gratuity and Earned leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per revised AS-15. These liabilities are funded on year-to-year basis by contribution to respective funds. The cost of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in Statement of Profit and Loss.

XIII. Taxes on Income

- a) Taxes on Income are computed using Tax Deferral Assets or Liability Method where taxes accrue in the same period, the respective revenues and expenses arises. The differences that result between the profit offered for Income Tax and the profit as per Financial Statements are identified and Deferred Tax Liability is recognized for timing difference, that originate in one accounting period and reverse in another, based on the tax effect of the prevailing enacted regulations in force.
- b) Deferred Tax Assets are recognized subject to prudence, only if there is virtual certainty that they will be realized and are subject to appropriate reviews at each Balance Sheet date. For the purpose of measurement of Deferred Tax Liability or Assets, the applicable tax rates and enacted regulations expected to apply in the year in which the temporary differences are expected to be recovered or settled are applied and due consideration of the relief available under the provisions of Chapter VI A of the Income Tax Act, are appropriately considered.
- c) The Minimum Alternate Tax credit available has been adjusted against the Deferred Tax Liability / Current Tax payable as per provision of the Income Tax Act.

XIV. Provisions and Contingent Liabilities / Assets

- a) Provisions are made when the present obligation of a past event gives rise to a probable outflow, embodying economic benefits on settlement, and the amount of obligation can be reliably estimated.
- b) Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote.

Notes to the Financial Statements

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- c) Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- d) Contingent Assets are neither accounted for nor disclosed in the Financial Statements.

XV. Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to Equity Shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of Equity Shares outstanding during the period. Partly paid Equity Shares are treated as a fraction of an Equity Shares to the extent that they were entitled to participate in dividends relative to a fully paid Equity Share during the reporting period. The weighted average number of Equity Shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

XVI. Cash and Bank Balances

Cash and bank balances for the purposes of Cash Flow Statement comprise cash at bank, cash in hand, cheques in hand and other permissible instruments as per AS - 3.

XVII. Others

Besides debit / credit in previous year adjustment account, amounts related to previous years, arisen / settled during the year have been debited / credited to respective heads of accounts.

Note: 2. SHARE CAPITAL (₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised		
4,75,00,000 Equity Shares of ₹ 10/- each (Previous Year : 4,75,00,000 Equity Shares of ₹ 10/- each)	4,750.00	4,750.00
25,00,000 Optionally Convertible Redeemable Preference Shares of ₹ 150/- each (Previous Year : 25,00,000 Optionally Convertible Redeemable Preference Shares of ₹ 150/- each)	3,750.00	3,750.00
	8,500.00	8,500.00
Issued		
2,31,48,689 Equity Shares of ₹ 10/- each (Previous Year : 2,31,48,689 Equity Shares of ₹ 10/- each)	2,314.87	2,314.87
Subscribed and Fully Paid Up		
2,31,48,689 Equity Shares of ₹ 10/- each (Previous Year : 2,31,48,689 Equity Shares of ₹ 10/- each)	2,314.87	2,314.87
	2,314.87	2,314.87

1. Shareholders holding more than 5 % of shares

Name of shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of shares	% of holding	No. of shares	% of holding
Microbase Limited	36,50,970	15.77	36,50,970	15.77
IDFC Sterling Equity Fund	14,50,000	6.26	14,50,000	6.26
LNJ Financial Services Limited	12,62,998	5.46	12,62,998	5.46
Purvi Vanijya Niyojan Limited	12,18,431	5.26	12,18,431	5.26

- 2. There are no shares issued for consideration other than cash in the last 5 financial years. However, 1,35,13,607 Equity Shares of ₹ 10/- each were issued as fully paid up bonus shares by capitalisation of reserves in earlier years. 12,28,689 Equity Shares of ₹ 10/- each were issued for consideration other than cash, pursuant to the scheme of merger of erstwhile Jaipur Polyspin Limited and Mordi Textiles and Processors Limited as approved by the Hon'ble High Court of Rajasthan.

Notes to the Financial Statements

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Note: 2. SHARE CAPITAL (Contd...)

3. The number of issued, subscribed and fully paid up shares remained unchanged during the year as there were no buy back or issue of share capital.
4. The Company has only one class of Equity Shares having a par value of ₹ 10/-. Each holder of Equity Shares is entitled to one vote per share. There are no restrictions attached to any Equity Shares. The Company declares and pays dividends, if any, in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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 respective shareholders.

Note: 3. RESERVES AND SURPLUS (₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
A. Reserve and Surplus		
a) Capital Reserve	700.97	700.97
b) Preference Share Capital Redemption Reserve		
i) Opening Balance	5,700.00	5,199.90
ii) Additions during the period	–	500.10
iii) Transfer to General Reserve	–	–
	5,700.00	5,700.00
c) Securities Premium Reserve	8,995.23	8,995.23
d) State Investment Subsidy	70.00	70.00
e) General Reserve		
i) Opening Balance	3,242.27	1,992.27
ii) Additions during the period	–	1,250.00
	3,242.27	3,242.27
f) Hedging Reserve		
i) Opening Balance	–	–
ii) Additions during the period	(163.09)	–
	(163.09)	–
g) Profit and Loss Account		
Opening Balance	9,798.39	3,306.15
Add : Profit for the period	(2,178.92)	12,296.46
	7,619.47	15,602.61
Less: Appropriations		
i) Transfer to General Reserve	–	1,250.00
ii) Preference Share Capital Redemption Reserve	–	500.10
iii) Interim Dividend on Equity Shares	–	2,314.87
iv) Proposed Dividend on Equity Shares	–	1,157.43
v) Dividend on Preference Share	–	8.22
vi) Tax on Dividend	–	573.60
	–	5,804.22
	7,619.47	9,798.39
Total Reserves and Surplus	26,164.85	28,506.86
B. Government Capital Grants (Deferred Income Approach)		
TUF Capital Investment Subsidy		
i) Opening Balance	256.70	343.18
Less : Adjusted against depreciation	(46.79)	(86.48)
	209.91	256.70

Capital Subsidy claim amounting to ₹ 32 Lacs receivable under revised TUF is not recognized in the books as it is contingent upon eligibility confirmation with Textile Ministry and hence not recognized in the books of accounts as on March 31, 2012.

Notes to the Financial Statements

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Note: 4. LONG-TERM BORROWINGS

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
I. Secured		
a) Bonds / Debentures	–	–
b) Term Loans		
From Banks	55,696.12	44,533.43
From Other Parties (FIs)	25,822.34	14,688.00
c) Deferred Payment Liabilities	–	–
d) Deposits	–	–
e) Long Term Maturities of Finance Lease Obligations	–	–
f) Other Loans and Advances	–	–
	81,518.46	59,221.43
II. Unsecured		
a) Term Loans		
From Banks	–	–
From FIs	–	–
b) Deferred Payment Liabilities	169.97	210.69
c) Deposits	–	–
d) Loans and Advances from Related Parties	–	–
e) Long Term Maturities of Finance Lease Obligations	–	–
f) Other Loans and Advances	–	–
	81,688.43	59,432.12

Term loans are secured by way of joint equitable mortgage of all the present and future immovable properties of the Company and hypothecation of movable assets ranking pari passu amongst the term lenders and second charge on the current assets of the Company on pari passu basis with lenders of working capital loans and additional subservient charges over entire movable assets of the Company on term loan from banks mentioned herein below:

I Secured

Conditions of Term Loans are summarised below:

1) Fixed Rate - Carrying fixed interest rate of 10% to 12.50% as on March 31, 2012

a) From Banks:

(₹ in Lacs)

Date of maturity	Outstanding as on March 31, 2012			Installments due after March 31, 2012
	Total outstanding	Long term maturity	Current maturity	
1-Jan-2013	15.48	–	15.48	3
20-Sep-2017	4,104.00	3,654.00	450.00	22
20-Jun-2018	4,419.00	3,852.48	566.52	25
Total	8,538.48	7,506.48	1,032.00	

Notes to the Financial Statements

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Note: 4. LONG-TERM BORROWINGS (Contd...)
2) A Floating Rate - Carrying floating interest rate of Base Rate + 1.25% to 4% as on March 31, 2012 (₹ in Lacs)

Date of maturity	Outstanding as on March 31, 2012			Installments due after March 31, 2012
	Total outstanding	Long term maturity	Current maturity	
a) From Banks:				
31-May-2012	194.00	–	194.00	1
15-Sep-2013	433.00	141.00	292.00	6
30-Sep-2013	28.40	9.48	18.92	6
15-Mar-2015	563.00	400.50	162.50	12
22-Mar-2015	1,381.00	1,009.00	372.00	12
15-Mar-2016	1,664.00	1,368.00	296.00	16
25-Mar-2016	3,352.00	2,702.00	650.00	16
30-Mar-2016	3,242.00	2,674.00	568.00	16
25-May-2016	1,203.00	987.00	216.00	16
20-Dec-2016	2,619.00	2,119.00	500.00	19
20-Sep-2017	10,140.00	8,927.00	1,213.00	22
25-Feb-2018	13,514.09	13,514.09	–	20
20-Jun-2018	9,921.45	8,663.57	1,257.88	25
20-Mar-2020	5,895.00	5,675.00	220.00	32
Total	54,149.94	48,189.64	5,960.30	
b) From Other Parties (FIs):				
20-Sep-2016	730.00	620.00	110.00	18
20-Sep-2017	13,958.00	12,147.00	1,811.00	22
20-Feb-2018	13,055.34	13,055.34	–	20
Total	27,743.34	25,822.34	1,921.00	

2) B Interest Floating Rate - Carrying floating interest rate of Base Rate + 2.75% to 4% as on March 31, 2012
a) From Banks:*

Date of maturity	Outstanding as on March 31, 2012			Installments due after March 31, 2012
	Total outstanding	Long term maturity	Current maturity	
28-Feb-2013	880.00	–	880.00	4
30-Apr-2012	375.00	–	375.00	1
Total	1,255.00	–	1,255.00	

* Above term loans are secured by way of subservient charge over the entire movable assets of the Company:

II. Unsecured (₹ in Lacs)

Date of maturity	Outstanding as on March 31, 2012			Installments due after March 31, 2012
	Total outstanding	Long term maturity	Current maturity	
A) Deferred Payment Liability under Sales tax Deferment Scheme 1987 of State Government				
December 15, 2015	142.24	106.68	35.56	8
	142.24	106.68	35.56	
B) Deferred Payment Liability under Sales tax Deferment Scheme 1998 of State Government				
April 1, 2015	34.63	23.09	11.54	12
April 1, 2015	40.20	40.20	–	1
	74.83	63.29	11.54	–
Total (A+B)	217.07	169.97	47.10	

Notes to the Financial Statements

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Note: 5. DEFERRED TAX LIABILITY (₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred Tax Liability has been calculated as per Accounting Standard 22 "Accounting for Taxes on Income" of ICAI. Major components are as under:		
Deferred Tax Liability for		
Depreciation	7,717.77	7,810.47
Total	7,717.77	7,810.47
Deferred Tax Assets*		
Unabsorbed depreciation	918.33	–
Disallowance under IT Act	801.24	522.08
Provision for doubtful debts	152.08	133.27
Total	1,871.65	655.35
Deferred Tax Liability	5,846.12	7,155.12
Less : MAT available	2,319.00	2,977.00
Net Deferred Tax Liability	3,527.12	4,178.12

*The primary evidence on probability are the profit projections of the Company's Management as "Business Plan" projections. The secondary evidences of existence are the Company tax returns and Financial Statements.

Note: 6. OTHER LONG TERM LIABILITIES

a) Trade Payable	–	–
b) Security Deposits	586.75	740.83
c) Other liabilities	48.47	82.32
	635.22	823.15

Note: 7. LONG TERM PROVISIONS

a) Provision for employee benefits (Refer Note no. 41)	430.34	494.16
b) Others	–	–
i) Provision for Entry Tax (Refer Note no. 31)	985.54	957.75
	1,415.88	1,451.91

Note: 8. SHORT-TERM BORROWINGS

I. Secured		
a) Loan repayable on demand		
From Banks	32,714.37	35,526.75
From Others	4,894.63	8,271.03
b) Deposits	–	–
c) Other Loans and Advances	–	–
	37,609.00	43,797.78
II. Unsecured		
a) Loan Repayable on Demand		
From Banks	–	–
From Others	–	–
b) Loans and Advances from Related Parties	–	–
c) Other Loans and Advances	–	–
	–	–
	37,609.00	43,797.78

1. Secured loans repayable on demand include working capital loans (except from Axis Bank of ₹ 3,454.10 Lacs which are secured by pledge and possessive lien on stocks of ₹ 4,605.46 Lacs) secured by hypothecation of remaining raw materials, stock in process, finished goods, semi finished goods, stores, spares, book debts and other current assets as well as second charge on Fixed Assets of the Company on pari-passu basis.

2. All loans repayable on demand carry floating interest rate of 10.60% to 13.75%.

Notes to the Financial Statements

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Note: 9. TRADE PAYABLES (₹ in Lacs)		
Particulars	As at March 31, 2012	As at March 31, 2011
a) Trade Payable to Related Party		
BSL Ltd.	266.20	–
b) Trade Payable Others	2,734.80	6,478.19
	3,001.00	6,478.19

Based on the information so far obtained by the Company, payment to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006. (MSMED ACT) has been made within 45 days and disclosure in accordance with Section 22 of MSMED ACT is as under:-

1.	Principal amount remaining unpaid	8.76	44.11
2.	Principal amount remaining unpaid above 45 days*	2.90	–
3.	Interest due on above	–	–
4.	Total of (1) and (2) (included in trade payable others)	11.66	44.11
5.	Interest paid in terms of section 16	–	–
6.	Interest due and payable for the period of delay in payment	–	–
7.	Interest accrued and remaining unpaid	–	–
8.	Interest due and payable even in succeeding years	–	–

* The amounts unpaid are on account of detention due to non-resolution of quality claims.

Note: 10. OTHER CURRENT LIABILITIES

a) Current maturities of long-term debt	10,168.37	10,827.74
b) Current maturities of Deferred payment liabilities	47.10	44.22
c) Interest accrued but not due on borrowing	127.57	66.13
d) Interest accrued and due on borrowings	42.53	–
e) Income received in advance	–	–
f) Un-paid dividend	51.87	50.77
g) Application money received for allotment of securities and due for refund and interest accrued there on	–	–
h) Unpaid matured deposits and interest accrued thereon	–	–
i) Unpaid matured debentures and interest accrued thereon	–	–
j) Security deposits	241.55	123.04
k) Advance from customers	670.61	935.25
l) Liability towards staff and worker	1,546.58	1,441.33
m) Government dues	268.32	272.79
n) Other payables	14.77	15.25
o) Commission, discounts etc. payable on sales	1,591.71	1,589.10
p) Other liabilities for expenses	1,824.17	1,986.21
	16,595.15	17,351.83

Note: 11. SHORT TERM PROVISIONS

a) Provision for employees benefits	159.36	134.96
b) Others		
i) Proposed dividend on Equity Share	–	1,157.43
ii) Tax on Dividend	–	187.76
ii) Provision for taxation	–	45.34
	159.36	1,525.49

Notes to the Financial Statements

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Note: 12. NON-CURRENT ASSETS - FIXED ASSETS (₹ in Lacs)														
Sl. No.	Particulars	GROSS BLOCK						DEPRECIATION / AMORTISATION				NET CARRYING VALUE		
		As at 01.04.2011	Additions	Acquisitions through business combination	Total	Disposals	As at 31.3.2012	Up to 01.04.2011	Deductions **	Impairment loss / reversal of impairment loss (Net)	For the year 2011-12	Total upto 31.3.2012	As at 31.3.2012	As at 31.3.2011
1	2	3	4	5	6 (3+4+5)	7	8 (6-7)	9	10	11	12	13 (9-10+11+12)	14 (8-13)	15
A	Tangible Assets													
	Free Hold Land	1,536.84	4.30	–	1,541.14	3.45	1,537.69	–	–	–	–	–	1,537.69	1,532.82
	Lease Hold Land	387.08	–	–	387.08	–	387.08	4.02	–	–	1.15	5.17	381.91	387.08
	Buildings (Including Roads) ***	21,842.85	766.99	–	22,609.84	–	22,609.84	4,530.07	–	–	573.16	5,103.23	17,506.61	17,312.78
	Plant and Machinery	1,15,527.14	5,503.78	–	1,21,030.92	996.37	1,20,034.55	63,503.80	883.63	–	7,628.76	70,248.93	49,785.62	52,023.34
	Furniture Fixture and Other	3,352.24	184.94	–	3,537.18	61.14	3,476.04	1,041.68	47.41	–	222.42	1,216.69	2,259.35	999.95
	Vehicles	1,124.29	295.88	–	1,420.17	220.77	1,199.39	398.74	113.57	–	110.97	396.14	803.25	725.55
	Vehicle under lease	–	–	–	–	–	–	–	–	–	–	–	–	–
	Office Equipments	953.88	73.14	–	1,027.02	65.26	961.76	426.86	38.93	–	92.12	480.05	481.71	1,837.63
	Electric Fitting and Water Supply Installation	6,416.73	177.47	–	6,594.20	0.90	6,593.29	1,675.04	0.79	–	304.03	1,978.28	4,615.02	4,741.69
	Total (A)	1,51,141.05	7,006.50	–	1,58,147.55	1,347.89	1,56,799.66	71,580.21	1,084.33	–	8,932.61	79,428.49	77,371.17	79,560.84
B	Intangible Assets (Acquired)													
	Computer Software	72.79	2.91	–	75.70	–	75.70	56.60	–	–	3.13	59.73	15.96	16.19
	Non-competition Rights	–	–	–	–	–	–	–	–	–	–	–	–	–
	Enabling Assets	673.30	–	–	673.30	–	673.30	47.86	–	–	21.65	69.51	603.79	625.44
	Total (B)	746.09	2.91	–	749.00	–	749.00	104.46	–	–	24.79	129.25	619.75	641.63
	Total (A + B)	1,51,887.14	7,009.41	–	1,58,896.55	1,347.89	1,57,548.65	71,684.67	1,084.33	–	8,957.40	79,557.74	77,990.92	80,202.47
C	Capital Work in Progress :													
	Building Under Construction	381.75	5,339.07	–	5,720.82	113.26	5,607.56	–	–	–	–	–	5,607.56	381.75
	Plant and Machinery Under Erection / Commissioning	160.20	18,776.62	–	18,936.83	423.48	18,513.34	–	–	–	–	–	18,513.34	160.20
	Pre-operative Expenses pending allocation	–	972.48	–	972.48	–	972.48	–	–	–	–	–	972.48	–
	Total (C)	541.96	25,088.17	–	25,630.12	536.74	25,093.38	–	–	–	–	–	25,093.38	541.95
D	Intangible Assets under development	–	–	–	–	–	–	–	–	–	–	–	–	–
	Total (A+B+C+D)	1,52,429.09	32,097.58	–	1,84,526.67	1,884.63	1,82,642.04	71,684.67	1,084.33	–	8,957.40	79,557.74	1,03,084.30	80,744.42
	Previous Year	1,44,756.17	11,204.29	–	1,55,960.46	3,531.37	1,52,429.09	64,718.15	1,271.85	–	8,238.37	71,684.67	80,744.42	80,206.72

* Deduction from Gross Block represents Sale / Transfer / Discarding of Fixed Assets / written off

** Deduction in depreciation ₹ 1,084.33 Lacs (Previous Year ₹ 1,271.85 Lacs) represents adjustment on account of Sale / Transfer / Discarding of Fixed Assets.

*** Roads and Buildings includes value of irrevocable Licensing right to use of a flat in New Delhi ₹ 10.00 Lacs.

Notes to the Financial Statements

NOTES			
Note: 13. NON CURRENT INVESTMENTS (AT COST)		(₹ in Lacs)	
Particulars	As at March 31, 2012	As at March 31, 2011	
A. Quoted, Non-Trade			
i) In Subsidiary Company			
In Equity Shares of ₹ 10/-each (Unless stated otherwise) fully paid up (At cost)			
Holding Name of the Company			
a) 1,52,57,900 Cheslind Textile Ltd. (Refer Note no. 34)	4,209.52	4,209.52	
	4,209.52	4,209.52	
ii) In Others			
In Equity Shares of ₹ 10/-each (Unless stated otherwise) fully paid up (At cost)			
Holding Name of the Company			
a) 9,78,000 HEG Limited	34.94	34.94	
b) 372 Whirlpool India Limited	0.01	0.01	
c) 30 Vardhman Holding Limited	–	–	
d) 150 Tata Construction and Project Limited	0.02	0.02	
e) 775 Graphite India Limited (of ₹ 2/- each)	0.03	0.03	
f) 8,600 State Bank of Bikaner and Jaipur	14.72	3.02	
g) 943 Punjab National Bank	3.68	3.68	
h) 180 Vardhman Textiles Ltd.	0.01	0.01	
i) 36 Vardhman Special Steel Limited	–	–	
j) 31,396 BSL Limited	0.50	0.50	
	53.91	42.21	
Total Value of Non-Trade Investments	4,263.43	4,251.73	
B. Unquoted, Non-Trade			
a) 2,64,55,650 Bhilwara Energy Limited	1,763.71	1,763.71	
b) 2,03,589 India Insulators Ltd.	–	20.36	
Less: Investment carrying Fund	–	(20.36)	
Total Value of Unquoted Non-Trade Investments	1,763.71	1,763.71	
Total Cost of Investments	6,027.14	6,015.44	
Aggregate Market Value of Quoted Investments	4,305.50	4,025.10	
1. All investments have been classified as non-trade investments based on the Management's business assessment and legal expert, relied upon by the Auditors.			
2. The cost of investment in Cheslind Textiles Limited includes ₹ 397.39 Lacs (Previous Year ₹ 397.39 Lacs) acquisition charges such as brokerage, fees, duties, legal and professional fees and other incidental expenses incurred in the process of acquisition.			
3. 76,28,950 Equity Shares of Cheslind Textile Limited are pledged as collateral security with IDBI Bank Limited against loan taken by Cheslind Textile Limited.			
4. The investment in India Insulators Ltd. carried in the books as at March 31, 2011 has been recovered from the official liquidator during the year. Consequently the corresponding investment carrying fund has been written back.			

Note: 14. LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
a) Capital Advances	2,312.98	2,358.47
b) Security Deposits	590.90	529.17
c) Loans and Advances to Related Parties		
Cheslind Textile Ltd. (Refer Note no. 34)	1,200.00	1,200.00
d) Other Loans and Advances		
- To Directors of the Company	–	–
- To Officers and staff of the Company	100.85	67.77
- To Firm or Company under the same Management	–	–
- Advance against Supply	15.75	10.66
- To Others	20.34	28.73
	4,240.82	4,194.80

Notes to the Financial Statements

NOTES		
Note: 15. OTHER NON-CURRENT ASSETS		(₹ in Lacs)
Particulars	As at March 31, 2012	As at March 31, 2011
(Unsecured, considered good unless otherwise stated)		
i) Long Term Doubtful Trade Receivable	469.29	411.37
Less: Provision for doubtful debts	(469.29)	(411.37)
ii) Others		
a) Duty claims and other receivables	81.98	222.00
b) Bank deposits with more than 12 months maturity	5.50	12.69
	87.48	234.69
Note: 16. INVENTORIES (at lower of the Cost or Realisable Value - refer Accounting Policy No.IV - Note 1)		
Raw Material		
- Fibre (Includes in-transit ₹ 214.69 Lacs, Previous Year ₹ 356.82 Lacs)	13,194.86	26,977.34
- Yarn	973.03	1,321.74
- Others - Dyes and Chemicals	238.58	102.00
Work in Progress		
- Yarn	5,878.24	5,149.66
- Fabric	720.19	615.82
Finished Goods		
- Yarn	4,772.49	4,884.75
- Fabric	3,320.05	1,812.53
- Garment	18.27	–
Stock in Trade		
- Yarn	76.88	–
- Fabric	125.85	157.87
- Garment	9.83	10.73
Stores and Spares (Includes in-transit ₹ 2.41 Lacs, Previous Year ₹ 33.94 Lacs)	2,895.65	2,073.13
Loose Tools	240.00	159.63
Others - Waste	90.98	35.64
	32,554.90	43,300.84

Note: 17. TRADE RECEIVABLES (CURRENT)		
(Unsecured, considered good)		
Trade Receivable	18,177.99	20,136.08
Due by Directors	–	–
Due by Officers	–	–
Due by Firms / Companies under the same Management	–	–
Due from Related Parties		
- BSL Limited	235.50	157.04
- Maral Overseas Limited	27.76	96.93
	18,441.25	20,390.05

Trade receivable include amount due over 180 days ₹ 98.02 Lacs (Previous Year ₹ 43.91 Lacs).

Notes to the Financial Statements

NOTES		
Note: 18. CASH AND BANK BALANCE (₹ in Lacs)		
Particulars	As at March 31, 2012	As at March 31, 2011
a) Balance with bank		
i) Current accounts	74.75	509.44
ii) Un-paid dividend account	51.87	50.77
iii) Margin money account	0.12	7.29
b) Cheques, Drafts in hand	21.64	0.58
c) Cash-in-hand	36.17	59.94
d) Others	–	–
e) Bank deposits within 3 months maturity	2.00	0.23
	186.55	628.25

Note: 19. SHORT- TERM LOANS AND ADVANCES		
A. Loans and Advances (Unsecured, considered good)		
a) To Related Parties		
i) BSL Ltd.	–	1.59
ii) HEG Ltd.	–	12.50
iii) Indo Canadian Consultancy Services Ltd.	158.93	175.65
iv) Malana Power Co. Ltd.	0.07	0.07
v) Cheslind Textile Ltd.	21.92	1.33
vi) Bhilwara Energy Ltd.	14.91	–
b) To Directors	–	–
c) To Officers	–	–
d) To Director / Partners in Companies / Firms under the same Management	–	–
B. Loans and Advances (Unsecured, considered doubtful)		
a) To Related Parties	–	–
b) To Directors	–	–
c) To Officers	–	–
d) To Director / Partners in Company / Firm under the same Management	–	–
	195.83	191.14
Less: Provisions for doubtful advances	–	–
	195.83	191.14
C. Other Loans and Advances (Unsecured, considered good)		
a) Security Deposit	23.28	18.57
b) Advance tax	257.11	–
c) Advance against supply	2,011.94	2,187.74
d) Others	358.91	381.53
	2,651.24	2,587.84
	2,847.07	2,778.98

Note: 20. OTHER CURRENT ASSETS		
Duties, Claims and Other Receivables	1,318.37	1,226.04
Subsidies Receivable	1,786.97	2,838.95
DEPB, DBK and Advance Licence Receivable	850.32	1,535.35
Export Growth Entitlement Receivable	192.32	120.51
Excise Rebate Claim Receivables	1,483.21	1,963.22
Interest receivable from trade debtors	210.83	140.62
Bank deposits above 3 months but within 12 months maturity	9.26	4.86
	5,851.28	7,829.55

Notes to the Financial Statements

NOTES		
Note: 21. REVENUE FROM OPERATIONS (₹ in Lacs)		
Particulars	Year ended March 31, 2012	Year ended March 31, 2011
A) Sales		
<i>Manufactured Goods</i>		
Yarn	1,61,864.46	162,884.89
Fabric	32,033.58	28,061.18
Garment	138.71	26.75
<i>Traded Goods</i>		
Yarn	813.17	162.77
Fabric	1,413.77	1,381.28
Garment	75.81	12.01
B) Services and Job Processing Charges		
Job and Processing Charges	2,292.07	2,096.48
Other Services	–	–
C) Other Operating Income		
Sale of Waste	1,383.35	1,590.92
Less: Excise duty on above	(1,315.17)	(1,157.58)
	1,98,699.75	1,95,058.70

Note: 22. OTHER INCOME		
a) Interest Income	821.06	617.10
b) i) Dividend from Subsidiary Companies	–	–
ii) Dividend from others	50.17	148.53
c) Net Gain / Loss on sale of investment	–	–
d) Other non-operating income		
i) Rent	715.26	706.35
ii) Consultancy fees	157.00	156.00
iii) Liability no longer required written back	95.37	108.55
iv) Insurance and other claims received	32.74	4.12
v) Profit on sale of stores / raw material	–	0.67
vi) Net Profit / Loss on sale of Fixed Assets	–	35.10
vii) Miscellaneous Receipts	219.51	258.14
e) Excess provision on specific liabilities and commitments written back	20.36	277.30
f) Net Gain / Loss on foreign currency translation and transaction (Other than considered as finance cost)	121.98	16.74
g) Provision for Doubtful Loans and Advances Written Back	–	583.51
	2,233.45	2,912.11

Note: 23. COST OF MATERIAL CONSUMED		
A) Raw Materials		
Opening Stock	28,401.08	13,458.75
Add: Purchases	1,19,570.36	1,30,573.31
	1,47,971.44	1,44,032.06
Less: Sales, Returns and Adjustments	2,825.44	3,621.11
	1,45,146.00	1,40,410.95
Less: Closing Stock	14,406.47	28,401.08
Raw Material Consumed	1,30,739.53	1,12,009.87

Notes to the Financial Statements

NOTES		
Note: 23. COST OF MATERIAL CONSUMED (₹ in Lacs)		
Particulars	As at March 31, 2012	As at March 31, 2011
Raw Material Consumption under broad heads:		
A) Synthetic Fibres		
Polyester	52,274.55	39,162.05
Viscose	27,564.19	29,158.90
Other	2,779.96	2,925.20
B) Natural Fibre		
Cotton	34,475.13	27,170.99
Other	–	–
C) Yarn		
Synthetic	8,090.99	8,723.27
Cotton	1,739.62	0.88
D) Grey Fabric	223.45	82.92
E) Coal	36.53	1,763.54
F) Dyes and Chemicals	3,555.11	3,022.12
	1,30,739.53	1,12,009.87
Note: 24. PURCHASES OF TRADED GOODS		
Fabric	849.29	1,044.54
Garment	62.12	3.45
Yarn	834.03	162.77
	1,745.44	1,210.76
Note: 25. CHANGE IN INVENTORY		
Closing Inventory		
Finished Goods	8,275.59	6,865.88
Waste	90.98	35.64
Stock in Process	6,598.43	5,765.48
	14,965.00	12,667.00
Opening Inventory		
Finished Goods	6,865.88	4,269.51
Waste	35.64	141.67
Stock in Process	5,765.48	3,941.46
	12,667.00	8,352.64
Increase/(Decrease) in Inventory	2,298.00	4,314.36
Note: 26. EMPLOYEE BENEFITS EXPENSES		
a) Salaries, Wages and Bonus	13,949.62	12,735.32
b) Contribution to Provident, Gratuity and Other Funds	2,226.69	1,994.45
c) Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP)	–	–
d) Workmen and Staff Welfare	244.18	241.31
	16,420.49	14,971.08
Note: 27. FINANCE COST		
a) Interest Expenses	10,020.13	7,448.27
b) Other borrowing costs	82.45	128.09
c) Bank charges	301.04	297.91
d) Applicable net gain / loss on foreign currency translations and transactions	–	–
	10,403.62	7,874.27

Notes to the Financial Statements

NOTES		
Note: 28. DEPRECIATION AND AMORTISATION EXPENSES (₹ in Lacs)		
Particulars	As at March 31, 2012	As at March 31, 2011
Tangible Assets	8,932.61	8,211.67
Intangible Assets	24.79	26.70
Total (A)	8,957.40	8,238.37
Amortisation on Government Capital Grants	46.79	86.48
Written Back on Cenvat De-capitalisation	0.34	137.21
Total (B)	47.13	223.69
Total (A-B)	8,910.27	8,014.68
Note: 29. OTHER EXPENSES		
A. Manufacturing Expenses		
a) Stores and Spare parts Consumed (Net of scrap sales ₹ 418.25 Lacs, Previous Year ₹ 367.59 Lacs)	4,836.68	4,663.26
b) Power and Fuel	17,953.63	17,239.95
c) Packing Expenses	2,568.55	2,603.07
d) Processing and Job Charges	718.59	503.40
e) Research and Development	105.56	91.50
f) Repairs to Building	339.56	354.15
g) Repairs to Machinery	461.58	489.74
h) Repair and Maintenance (Other)	239.07	201.23
Total (A)	27,223.22	26,146.30
B. Administrative Expenses		
a) Rent	84.33	133.72
b) Insurance (Net of Recovery ₹ 121.55 Lacs, Previous Year ₹ 120.25 Lacs)	224.44	156.38
c) Rates and Taxes	78.73	72.48
d) Lease Rent	35.11	38.77
e) Directors' Remuneration and Fees	109.04	440.00
f) Directors' Travelling	20.32	15.62
g) Charity and Donations		3.33
h) Payment to Auditors*		
As Auditors	31.98	21.75
For Taxation matters	4.59	4.66
For Management services	8.50	6.00
For Others	2.22	2.25
For Reimbursement of exp.	7.71	3.89
i) Other Miscellaneous expenses	1,535.11	1,988.27
Total (B)	2,142.08	2,887.12
*Payment to Auditors during the year include Service Tax amounting to ₹ 3.13 Lacs (Previous Year Nil)		
C. Selling Expenses		
a) Commission	507.62	459.92
b) Brokerage	144.79	141.22
c) Incentives and Discounts	1,600.05	1,520.04
d) Claims and Rebates	94.27	82.87
e) Freight, Forwarding and Octroi	775.48	554.64
f) Expenses on Export Sales:		
Ocean Freight	2,858.55	3,238.47
Commission	1,088.39	1,200.76
Others	448.07	492.03
g) Advertisement	331.42	276.74
h) Foreign Travelling Expenses	150.28	122.23
i) Other Selling Expenses	569.05	430.42
Total (C)	8,567.97	8,519.34

Notes to the Financial Statements

NOTES		
Note: 29. OTHER EXPENSES (Contd...)		(₹ in Lacs)
Particulars	As at March 31, 2012	As at March 31, 2011
D. Other expenses		
a) Net loss on Foreign currency transaction and translation (other than considered as finance cost)	54.56	–
b) Bad debts and provision for doubtful debts and advances	64.41	86.19
c) Loans and advances written off	–	640.17
d) Deferred revenue expenses written off	–	48.42
e) Provision for entry tax	60.74	33.19
f) Provision for losses of Subsidiary Companies	–	–
g) Adjustment to the carrying amount of investments	–	–
h) Net loss on sale of investment	–	275.17
i) Net loss on sale / discarding of Fixed Assets	110.64	–
j) Profit on sale of stores / raw material	1.71	–
k) Extraordinary item of expenses	–	–
l) Prior period expenses	1.72	4.38
Total (D)	293.78	1,087.52
Total (A+B+C+D)	38,227.05	38,640.28

Note: 30. EXCEPTIONAL ITEMS

Corporate Guarantee Devolvment Expenses	–	1,442.05
	–	1,442.05

Note: 31.
Jodhpur Bench of the Hon’ble Rajasthan High Court, which had earlier in its interim order stayed payment of Entry Tax on the grounds of constitutional validity, has vide order dated January 21, 2011 modified its earlier order following the judgement dated January 12, 2011 of The Hon’ble Supreme Court of India in the case of Binani Cement Ltd’s Special Leave Petition and directed the Company to pay 50% of the assessed Entry Tax and provide solvent guarantee for the balance assessed and non-assessed tax and interest thereon till the date of payment. Accordingly the Company has paid ₹ 265.27 Lacs against the entry tax payable up to March 31, 2009 being 50% of assessed Entry Tax and provided solvent guarantee to the State Government for the balance amount as on March 31, 2012 of ₹ 985.54 Lacs (Previous Year ₹ 957.75 Lacs) including interest of ₹ 344.08 Lacs.

Note: 32.
Under the Technology Up-gradation Fund Scheme (TUFS) established by Government of India for Textiles, the Company has incurred an expenditure of ₹ 1,27,296.79 Lacs on various projects (Previous Year ₹ 95,218.02 Lacs). The interest subsidy accrued for the year under this scheme is ₹ 3,094.09 Lacs (Previous Year ₹ 3,453.83 Lacs) which has been credited to Statement of Profit and Loss.

Note: 33.
The Capital Subsidy under TUFS is accounted adopting Deferred Income Approach and is recognized in Statement of Profit and Loss on a systematic and rational basis over useful life of the assets. A sum of ₹ 432.67 Lacs up to date is therefore considered as deferred income, out of which, a sum of ₹ 46.81 Lacs (Previous Year ₹ 86.48 Lacs) has been recognized against depreciation during the year (up to this year ₹ 209.91 Lacs).

Note: 34.
Company’s subsidiary Cheslind Textiles Ltd (CTL) engaged in manufacturing Cotton Yarn has suffered losses eroding its entire net worth. Experiencing difficulties in repayment of Term Loans, which are partly guaranteed by RSWM Ltd; CTL approached its lenders for restructuring of its Debts effective from December 1, 2011. The scheme of certain debts restructuring specifying sacrifices by the lenders and promoters requiring to infuse fresh capital, conversion of existing loans into Equity Shares and extension of guarantees and additional comfort letters got approved under Corporate Debts Restructuring (CDR) Mechanism on April 9, 2012. Implementation of the same is in progress.
On the basis of detailed examination and on its best estimates, the Management considers the decline in the value of investment in

Notes to the Financial Statements

NOTES				
Cheslind Textiles Ltd (CTL) a temporary diminution in such value and hence in line with the valuation under AS 13, no provision for diminution in such value is made as at March 31, 2012.				
Note: 35. Interest on Term Loan taken from Bank of Maharashtra in December, 2006 @ 9% was due for resetting in December, 2009 which was inordinately delayed by the Bank until March 24, 2011 when it communicated to the Company to pay interest @11.75% with retrospective effect. Aggrieved by Bank’s action, Company approached Ombudsman, RBI, Rajasthan who vide his order dated February 24, 2012 directed bank to charge interest only prospectively from the date of communication to borrower. Bank vide its letter dated April 3, 2012 waived off excess interest charged to account up to March 24, 2011 but demanded interest @ 16.70% for period thereafter. Without prejudice to Company’s legal position, it has offered to settle the issue by paying interest @11.75% w.e.f. March 24, 2011. The difference of interest payable @ 11.75% up to March 31, 2012 amounting to ₹42.53 Lacs is fully provided for.				
Note: 36. The Company has been hitherto, following the guidelines issued by the Institute of Chartered Accountants of India on “Accounting for Derivatives” dated March 29, 2008, wherein the variations at the reporting dates on mark to market basis on Foreign Exchange Derivatives/ Hedge were acknowledged through the Statement of Profit and Loss. During the year, Company has early adopted AS-30 “Financial Instruments: Recognition and Measurement” and the gain / loss on account of change in effective portion of such forward contracts is taken into Hedging Reserve (₹ 163.09 Lacs as on March 31, 2012, Previous Year Nil) and gain on ineffective portion of Hedge is taken into Statement of Profit and Loss (₹ 121.98 Lacs, Previous Year Nil). As a result thereof the loss for the period is understated by ₹ 163.09 Lacs.				
Note: 37. The loans and advances, debtors and other current assets are reviewed annually and their value in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet as assessed by the Management. However, balance confirmation from parties is under process.				
Note: 38. Response to the letter(s) sent by Company requesting confirmation of balances has been insignificant. Company notes that the Marketing and Accounting team has a system of periodical verification of balances and required adjustments are carried on that basis regularly. In view of the above, Management considered that impact of reconciliation, on receipt of balance confirmation, would not be significant on the same.				
Note: 39. In view of legal opinion and various reliefs available under Income Tax Act, 1961 provision for taxation has been considered adequate.				
Note: 40. The figures for the previous year have been regrouped and / or rearranged wherever found necessary to make these comparable with those of the current year.				
Note: 41. ACCOUNTING STANDARD DISCLOSURES Employee Benefits – AS-15 The Company has complied with Accounting Standard 15 (Revised 2005) and the required disclosures are given hereunder: a) Defined Benefit Plans (Funded) I) Reconciliation of opening and closing balances of defined benefit obligation.				
	(₹ in Lacs)			
	Year ended March 31, 2012		Year ended March 31, 2011	
Particulars	Gratuity	Earned Leave	Gratuity	Earned Leave
a) At the beginning of the year	2,069.89	525.72	1,707.45	469.63
b) Current Service Cost	282.48	95.80	245.51	96.31
c) Interest Cost	175.94	44.69	136.60	37.40
d) Actuarial Gain / Loss	81.65	(58.51)	145.35	(30.04)
e) Benefits paid	(207.86)	(51.23)	(165.02)	47.58
f) Settlement Cost	–	–	–	–
g) Defined Benefits obligations at the year end	2,402.10	556.47	2,069.89	525.72

Notes to the Financial Statements

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Note: 41. ACCOUNTING STANDARD DISCLOSURES (Contd...)

II) Reconciliation of opening and closing balances of fair value of plan assets (₹ in Lacs)

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Gratuity	Earned Leave	Gratuity	Earned Leave
a) At the beginning of the year	1,644.89	460.47	1,507.41	386.51
b) Expected Return on plan assets	164.49	28.20	150.96	30.92
c) Actuarial Gain / Loss	(18.22)	18.45	(48.46)	6.35
d) Employer Contribution	422.52	66.58	200.14	84.39
e) Benefits paid	(207.86)	(51.23)	(165.02)	(47.58)
f) Fair Value of the plan assets at the year end	2,005.82	522.46	1,645.03	460.47

iii) Reconciliation of fair value of obligation and assets

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Gratuity	Earned Leave	Gratuity	Earned Leave
a) Present value of obligation as at March 31, 2012	2,402.10	556.47	2,069.89	525.72
b) Fair value of Plan Assets as at March 31, 2012	2,005.82	522.46	1,645.03	460.47
c) Amount Recognized in Balance Sheet (a-b)	396.28	34.01	424.86	65.26

iv) Expense recognized during the year

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Gratuity	Earned Leave	Gratuity	Earned Leave
a) Current Service Cost	282.48	95.80	245.51	96.31
b) Interest Cost	175.94	44.69	136.60	37.40
c) Expected return on plan assets	(164.49)	(28.20)	(150.96)	(30.92)
d) Actuarial Gain / Loss	99.88	(70.23)	196.02	(34.14)
e) Others	–	–	(2.32)	(3.40)
Net Cost (a+b+c+d+e)	393.81	42.06	424.85	65.25

v) Investment Details of Plan Assets

Name of Retirement Benefit	Name of trust	Policy number	Investment with	Sharing of investment
1) Gratuity	Rajasthan Spinning Staff Gratuity fund trust	0000036	ICICI Prudential Life Insurance Co. Ltd.	100%
2) Earned Leave		GLES 311308	LIC of India	100%

vi) There is no amount included in the fair value of plan assets for the Company's own financial instruments and property occupied by or other assets used by the Company.

vii) Principle Actuarial Assumptions at the Balance Sheet date: (₹ in Lacs)

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	For Gratuity	For Earned Leave	For Gratuity	For Earned Leave
a) Discount Rate	8.50%	8.50%	8%	8%
b) Expected Rate of Return on plan assets	10%	8%	10%	8%
c) Mortality Index used by the actuary	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)

The estimates of future salary increase considered in actuarial valuation, take account of : inflation, seniority promotion and other

Notes to the Financial Statements

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Note: 41. ACCOUNTING STANDARD DISCLOSURES (Contd...)

relevant factors, such as supply and demand in the employment market. The above information is certified by the actuary. The estimate of contribution for the next year as per actuarial valuation is as under:

- a) Gratuity - ₹ 396.28 Lacs
- b) Earned leave - ₹ 34.01 Lacs

viii) The overall expected return on assets is assumed based on the market prices prevailing on that date over the accounting period. The Company is having approved Gratuity Trust and Leave Encashment Scheme, which is having Insurer Managed Fund. The description of Insurance Policies are "ICICI Pru Group Gratuity Platinum Policy and Employees Leave Encashment-cum-life Assurance of Life Insurance Corporation of India".

ix) Experience adjustment (₹ in Lacs)

Particulars	March 31, 2012		March 31, 2011		March 31, 2010		March 31, 2009	
	Gratuity	Earned Leave	Gratuity	Earned Leave	Gratuity	Earned Leave	Gratuity	Earned Leave
Defined Benefit Obligation	2,402.10	556.47	2,069.89	525.72	1,707.44	469.63	1,520.25	417.74
Plan Assets	2,005.82	522.46	1,645.03	460.47	1,507.41	386.39	1,070.50	310.00
Surplus / Deficit	(396.28)	(34.01)	(424.86)	(65.26)	(200.03)	(83.24)	(449.75)	(107.74)
Experience adjustment on plan assets	(18.22)	9.81	(107.83)	5.45	139.96	3.32	(119.00)	(1.54)
Experience adjustment on plan liabilities	(159.57)	56.30	(127.80)	26.49	(89.98)	5.73	(137.17)	(12.20)

b) Defined contribution plans

The Company has recognized the following amount as an expense and included in the Note 41- "Contribution to Provident and other Funds".

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
i) Employer's Contribution to Provident Fund	1,010.96	890.58
ii) Employer's Contribution to Superannuation	171.96	109.00

The Guidance Note on Implementation of AS-15 (Revised),"Employee Benefits" issued by the ICAI states that Provident Fund set up by the employers, which requires interest shortfall to be met by the employer needs to be treated as defined benefits plan. The Company set up Provident Fund does not have existing deficit of interest shortfall. With regard to future obligation arising due to interest shortfall (i.e. Government interest to be paid on the Provident Fund Scheme exceeding rate of interest earned on investment) pending issuance of the Guidance Note from Actuarial Society of India. Company Actuary has expressed his inability to reliably measure the Provident Fund liability.

Note: 42. SEGMENT REPORTING – AS - 17

The Company's operations predominantly relates to manufacturing of Yarn and Fabric and Denim. On the basis of assessment of the risk and return differential in terms of AS-17, the Company has identified Yarn and Fabric and Denim as primary reportable business segments. Further the geographical segments have been considered as secondary segments and bifurcated into India, Europe, Middle East, America and Other Countries.

The Accounting Policy in respect of Segments is in conformity with the Accounting Policies of the enterprise as a whole. The inter segment transfers are accounted at the prevailing market prices charged to unaffiliated customers for similar goods. These transfers are eliminated in consolidation.

The revenue and expenditure in relation to the respective segments have been identified and allocated to the extent possible. Other items

Notes to the Financial Statements

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Note: 42. SEGMENT REPORTING – AS - 17 (Contd...)

i.e. extraordinary items, Loss / Profit on sale of investments and foreign currency transactions, corporate office expenses, etc. not allocable to specific segments are being disclosed separately as unallocated and adjusted directly against the Total Income of the Company.

A. Business Segment (₹ in Lacs)								
Particulars	Yarn*		Fabric, Denim		Other items		Total	
	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2012	Year ended 31.03.2011
Segment Revenue								
External Sales / Other								
Operating Income	1,71,082	1,69,607	35,464	31,678	67	863	2,06,613	2,02,148
Less:Inter Segment Transfers	6,659	5,758		3			6,659	5,761
Gross Revenue	1,64,423	1,63,849	35,464	31,675	67	863	1,99,954	1,96,387
Segment Result (earnings before interest and taxes)	3,126	23,149	3,236	3,256	–	–	6,362	26405
Less: Interest expenses	–	–	–	–	–	–	(10,403)	(7,874)
Add: Interest recd. from Debtors	–	–	–	–	–	–	821	617
Unallocable expenses	–	–	–	–	–	–	(917)	(1,169)
Unallocable income	–	–	–	–	–	–	922	1,585
Corporate Guarantee								
Devolvement Expenses	–	–	–	–	–	–	–	(1,442)
Profit Before Tax	–	–	–	–	–	–	(3,215)	18,122
Less: Taxation	–	–	–	–	–	–	1,036	(5,826)
Net profit for the year	–	–	–	–	–	–	(2,179)	12,296
Other Information								
Segment Assets	1,03,764	1,22,601	35,856	33,735	33,687	9,781	1,73,307	1,66,117
Segment Liabilities	8,394	12,096	3,045	2,793	138	1,870	11,577	16,759
Capital Employed	95,370	1,10,505	32,811	30,942	33,549	7,911	1,61,730	1,49,358
Capital Expenditure incurred during the year	22,296	8,710	9,215	923	50	167	31,561	9,800
Depreciation	6,626	5,994	2,147	1,869	137	152	8,910	8,015
Other Non Cash Expenses	–	–	–	13	–	–	–	13

* Yarn includes captive and standby power.

B. Geographical segment

Particulars		India	Europe	Middle East	Africa, South East and Far East Asia	America	Total
Segments Revenue							
Based on location of the customers	This Year	1,27,347	31,770	6,572	32,251	2,014	1,99,954
	Previous Year	1,18,304	37,213	5,792	31,531	3,547	1,96,387
Segment Assets							
Based on location of the assets	This Year	1,67,388	2,086	979	2,773	81	1,73,307
	Previous Year	1,58,908	2,663	1,144	3,160	242	1,66,117

Notes to the Financial Statements

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Note: 43. RELATED PARTY TRANSACTIONS – AS – 18

a)	Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries).	Cheslind Textiles Limited.	
b)	Associates	None	
c)	Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.	None	
d)	Key Management Personnel and their relatives	1) Shri L. N. Jhunjhunwala	
		2) Shri Ravi Jhunjhunwala	
		3) Shri Shekhar Agarwal	
		4) Shri A. K. Churiwal	
		5) Shri J. C. Laddha	
e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence.			
S. No.	Company's Name	S. No.	Company's Name
01.	Aadi Marketing Co. Pvt. Ltd.	22.	India Texfab Marketing Limited
02.	A.D. Hydro Power Ltd.	23.	Indo Canadian Consultancy Services Ltd.
03.	Agarwal Finestate Pvt. Ltd.	24.	Jyoti Knits Pvt. Ltd.
04.	Agarwal Trademart Pvt. Ltd.	25.	Kalati Holdings Private Ltd.
05.	Apeksha Vyapaar Pvt. Ltd.	26.	LNJ Financial Services Ltd.
06.	Bhilwara Technical Textiles Ltd.	27.	Malana Power Company Ltd.
07.	Bhilwara Services Pvt. Ltd.	28.	Maral Overseas Ltd.
08.	Bhilwara Commerce Pvt. Ltd.	29.	Mayur Knits Pvt. Ltd.
09.	BMD Private Ltd.	30.	Maheshwari Vastra Bhandar
10.	BMD Power Pvt. Ltd.	31.	Mandawa Niyojan Pvt. Ltd.
11.	BMD Solar Power Pvt. Ltd.	32.	Nikita Electrotrades Pvt. Ltd.
12.	BSL Ltd.	33.	Nivedan Vanijiya Niyojan Limited
13.	Churiwala Properties and Investments Pvt. Ltd.	34.	PRC Niyojan Pvt. Ltd.
14.	Diplomat Leasing and Finance Pvt. Ltd.	35.	Puri Vanijiya Niyojan Ltd.
15.	Deepak Knits Pvt Limited	36.	Raghav Commercial Ltd.
16.	Essay Marketing Co. Ltd.	37.	Raghav Knits and Textiles Private Ltd.
17.	Expert Fabrics and Tex. Pvt Limited	38.	Shashi Commercial Co. Ltd.
18.	Ganga Yamuna Auto Pvt. Ltd.	39.	Sudiva Spinners Private Ltd.
19.	Giltedged India Securities Ltd.	40.	Vivek Garments Pvt. Ltd.
20.	HEG Limited	41.	Veronia Tie-up Pvt. Ltd.
21.	Investors India Ltd.		

Notes to the Financial Statements

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Note: 43. RELATED PARTY TRANSACTIONS – AS – 18 (Contd...)

- f) **Transaction with Related Parties**
The following transactions were carried out with the related parties in the ordinary course of business: (₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
I. For the parties referred to in item (a) above		
Interest Received	68.62	75.18
Commission received on IEX power	3.26	2.03
Sale of Stores	28.82	5.48
Purchase of Stores	2.97	0.89
Sale of Finished Goods and Raw Material	382.85	409.84
Purchase of Finished Goods and Raw Material	394.73	80.44
Reimbursement received of Revenue Expenditure	0.51	5.82
Reimbursement made on Revenue Expenditure	–	0.03
Management Consultancy Charges received	138.97	138.98
Loan Given	–	208.13
Loan Recovered	–	139.79
Rent Received	–	0.24
Trade Receivable	21.88	1.33
Trade Payable	–	(11.78)
Outstanding Loan	1,200.00	1,200.00
II. For the person referred to in item (b) above	–	–
III. For the person referred to in item (c) above	NI–	–
IV. For the persons referred to in item (d) above		
Remuneration and other perquisites	94.09	428.19
Directors’ Sitting fees	4.00	4.00
V. For the parties referred in (e) above		
Sale of Finished Goods	2,295.11	2,665.60
Purchase of Finished Goods	662.14	–
Sale of Raw Material	105.71	53.58
Purchase of Raw Material	1,177.40	876.49
Sale of Stores and Consumable	4.51	17.86
Purchase of Stores and Consumable	8.57	2.84
Rent received	502.19	502.19
Rent Paid	68.56	78.15
Sale of Land	–	41.50
Purchase of Land	–	25.20
Interest Received	4.47	1.06
Interest Paid	–	0.25
Commission received on IEX power	8.51	4.74
Reimbursement received of revenue expenditure	591.43	506.94
Reimbursement made of revenue expenditure	91.86	58.53
Job charges received	97.64	89.90
Job charges paid	47.69	5.93
Consultancy Charges paid	33.09	33.09
Trade Receivable	436.33	442.68
Trade Payable	264.25	(1.11)

Notes to the Financial Statements

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Note: 44. LEASES - AS - 19

Operating leases
The Company has taken cars on operating lease, which are non-cancelable for tenure of four years. The minimum rental payables under Operating Leases are as under: - (₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Lease rental charges for the year	29.36	37.17
Future Lease rental obligation payable		
- Not later than one year	0.24	26.08
- Later than one year and not later than five years	–	–

Note: 45. EARNINGS PER SHARE- AS – 20

The basic and diluted Earnings Per Share (EPS) have been calculated by dividing Net Profit for the year attributable to Equity Shareholders by the weighted average number of Equity Shares as per AS-20 are as under: -

Particulars	Unit	Year ended March 31, 2012	Year ended March 31, 2011
I) Calculation of Basic EPS			
a) Net Profit after Tax	₹ in Lacs	(2,178.92)	12,296.46
b) Dividend on OCPS / Redeemable Preference Share	₹ in Lacs	–	9.59
c) Net Profit available to Equity Share (a-b)	₹ in Lacs	(2,178.92)	12,286.87
d) Weighted Average Equity Share outstanding during the Year	Nos.	2,31,48,689	2,31,48,689
e) Basic Earning per share	₹	(9.41)	53.08
II) Calculation of Diluted EPS			
a) Warrants and OCPS / Redeemable Preference Shares	₹ in Lacs	–	–
b) Payment Received	₹ in Lacs	–	–
c) Diluted potential Equity Shares	Nos.	–	–
d) Total number of diluted weighted average shares	Nos.	2,31,48,689	2,31,48,689
e) Diluted earning per share	₹	(9.41)	53.08

Note: 46. CONTINGENT LIABILITIES AND COMMITMENTS (AS-29): (₹ in Lacs)

Sl. No.	Particulars	Year ended March 31, 2012	Year ended March 31, 2011
A.	Contingent liability not provided for :		
	a) Claims against the Company not acknowledged as debt	44.93	69.38
	b) Guarantees		
	i) Default deferred payment guarantee to Exim Bank, ICICI, IDBI, Canara Bank, SBI and SBOM for securing loan given to Cheslind Textile Ltd. Outstanding Loan {Maximum amount for which Company may be liable during next 12 Months - ₹ 289.66 Lacs}	816.31	1,047.73
	ii) The Company has provided Guarantee in favour of International Finance Corporation with M/s. HEG Ltd on joint and several basis on behalf of M/s. AD Hydro Power Limited	600.00	600.00
	c) Other money for which the Company is contingently liable.		
	i) Excise and Customs Duties, Sales tax and Other demands disputed by the Company	273.85	230.75
	ii) Future Export Obligation Against EPCG	10,997.00	231.16
B.	Commitments outstanding :		
	i) Estimated Value of contracts remaining to be executed on Capital Accounts and not provided for	9,797.46	24,582.23
	ii) Bills Discounted with Banks	9,151.68	11,737.16

C. The Rajasthan Government had imposed surcharge on shortfall in meeting Renewable Energy Obligation on the power produced from Captive Power plants vide their Notification dated March 23, 2007 on which stay has been granted by the Hon’ble High Court. The same has been challenged in the Hon’ble High Court of Rajasthan through Rajasthan Textiles Mills Association. On the basis of opinion

Notes to the Financial Statements

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Note: 46. CONTINGENT LIABILITIES AND COMMITMENTS (AS 29): (Contd...)

- of the consultant that the said notification and amended notifications to date on RE Surcharge are violative of the Article 19 (1) (g) of the Constitution so far as these relate to Captive Power Plants, the Management does not foresee any possible liability on this account and hence no provision of liability to date ₹ 2,920.83 Lacs (Previous Year ₹ 2,402.48 Lacs) has been made in the book of accounts.
- D. There is no other present obligations requiring provisions in accordance with the guiding principals as enunciated in Accounting Standard (AS) – 29 “Provisions, Contingent Liabilities and Contingent Assets”.

Note: 47. HEDGE ACCOUNTING - AS - 32

- a) The Company Hedges its realizations on export sales and import obligation for Capital Assets / Raw Material through Foreign Exchange Derivative and Hedge Contracts in the normal course of business so as to reduce the risk of exchange fluctuations. No Foreign Exchange Derivative and Hedge Contracts are taken / used for trading or speculative purpose.
- b) The Company has following gross derivatives exposure outstanding as on Balance Sheet date which have been designated as cash flow hedge to its exposure to movements in foreign exchange rates:

Fair value of gross derivatives exposure outstanding as on March 31, 2012

S No.	Particulars	Type of Hedge	Year ended March 31, 2012		Year ended March 31, 2011	
			Fair value in booking currency (in Lacs)	Fair value in INR (in Lacs)	Fair value in booking currency (in Lacs)	Fair value in INR (in Lacs)
1	Plain Vanilla Forwards					
	1(a) Sell					
	- USD / INR forward contracts	Cash Flow Hedge	234.60	12,089.05	287.60	13,274.61
	- EUR / INR forward contracts	Cash Flow Hedge	22.85	1,534.68	48.70	3,076.09
	1(b) Buy					
	- USD / INR forward contracts	Cash Flow Hedge	12.74	647.98	87.28	3,989.88
	- EUR / INR forward contracts	Cash Flow Hedge	–	–	8.81	537.36
2	Cross Currency Forwards					
	- EUR / USD forward contracts	Cash Flow Hedge	8.00	572.51	33.00	2,749.31
3	Options	Not Applicable	–	–	–	–
	Total			14,844.22		23,627.25

- c) The periods during which the cash flows from the cash flow hedges outstanding as at March 31, 2012 are expected to occur and affect the Statement of Profit and Loss are disclosed as under:

S No.	Period during which Cash Flows are expected to occur and effect Profit and Loss	Fair value in booking currency (in Lacs)			
		Buy - USD/INR	Buy - EUR/INR	Sell - USD/INR	Sell - EUR/USD
1	Quarter ending June 30, 2012	693.86	72.37	64.80	1.13
2	Quarter ending September 30, 2012	409.95	23.55	–	–
	Total	1,103.81	95.92	64.80	1.13

- d) The movement in hedging reserve during the year ended March 31, 2012 for derivatives designated as cash flow hedge is as follows:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Balance at the beginning of the year	–	–
Additions on account of changes in the fair value of effective portion of cash flow hedge		
- For transactions of expected sales in foreign currency	(145.22)	–
- For transactions of import of goods in foreign currency	(17.87)	–
Amount removed from hedge reserve and included in initial cost of a fixed asset / long term liability, whose acquisition or incurrence was a highly probable forecasted transaction	–	–
Amount transferred to Profit and Loss	–	–
Balance at the end of the year	(163.09)	–

Notes to the Financial Statements

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Note: 47. HEDGE ACCOUNTING - AS - 32: (Contd...)

- e) During the year there are no forecasted transactions for which hedge accounting had been used in the previous periods, but which is no longer expected to occur.
- f) The foreign currency exposures that are not hedged by derivative instruments or otherwise are as under:

S No.	Particulars	Currency	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
			Amount in (FC)	Amount in (FC)	Amount in (₹)	Amount in (₹)
a)	Secured Loans	USD	2.36	5.86	120.08	261.30
b)	Trade receivables	USD	15.70	20.48	798.66	913.20
		EURO	NIL	5.75	NIL	364.55
		GBP	NIL	0.70	NIL	50.18
c)	Commission payable	USD	10.09	4.33	513.38	193.07
		EURO	0.14	0.08	9.51	5.07
		GBP	0.01	0.01	0.82	0.72
d)	Advance from Customer	USD	20.76	12.60	1,056.27	561.83
		EURO	1.57	0.17	106.62	10.78
		GBP	0.06	0.001	5.33	0.07
e)	Creditors	EURO	NIL	0.34	NIL	21.56

Note: 48. VALUE OF IMPORTS CALCULATED ON CIF BASIS IN RESPECT OF

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
i) Raw Materials	3,870.07	2,832.33
ii) Components and Spare Parts	1,212.46	1,143.64
iii) Capital Goods	12,970.91	2,074.57
Total	18,053.44	6,050.54

Note: 49. VALUE OF RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	(₹ in Lacs)	Percentage	(₹ in Lacs)	Percentage
Raw Materials				
a) Imported	4,119.75	3.13	2,738.17	2.44
b) Indigenous	1,27,421.05	96.87	1,09,271.70	97.56
Total	1,31,540.80	100.00	1,12,009.88	100.00
Components and Spare Parts				
a) Imported	1,156.20	23.90	1,230.45	26.39
b) Indigenous	3,680.49	76.10	3,432.81	73.61
Total	4,836.68	100.00	4,663.26	100.00
Heavy Fuel Oil				
a) Imported	–	–	–	–
b) Indigenous	19.70	100.00	99.65	100.00

Notes to the Financial Statements

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Note: 50. EXPENDITURE IN FOREIGN CURRENCY (₹ in Lacs)		
Particulars	Year ended March 31, 2012	Year ended March 31, 2011
i) Travelling Expenses	163.13	122.17
ii) Commission / Claims / Ocean Freight		
a) Commission	938.38	905.16
b) Claims	146.56	247.67
c) Ocean Freight	1,781.21	2,087.51
Total	2,866.15	3,240.35
iii) Others	57.83	1,746.52
Total	3,087.11	5,109.04
Note: 51. EARNING IN FOREIGN CURRENCY (₹ in Lacs)		
Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Earning in Foreign Currency		
FOB value of Export	69,395.78	74,845.97
Note: 52. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND / INTERIM DIVIDEND		
Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Year to which Dividend relates	2010-2011	2009-2010
Number of non resident shareholders to whom dividend remitted	5	5
Number of shares on which remittance was made	53,53,270	53,52,670
Account remitted (₹ in Lacs)	267.66	802.90

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

per Sunil Bhargava
Partner
Membership No. 70964

Place : Noida
Dated : May 4, 2012

For A. L. Chechani & Co.
Chartered Accountants
Firm Reg. No. 005341C

per Sunil Surana
Partner
Membership No. 36093

Ravi Jhunjhunwala
Chairman
Arun Churiwal
Managing Director & CEO
J. C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Cash Flow Statement For the year ended March 31, 2012

(₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax and Extra Ordinary item	(3,215.20)	19,564.23
Add: Depreciation and Amortisation	8,910.27	8,014.68
Dividend received	(50.17)	(148.53)
Interest cost	10,403.62	7,874.27
Exchange Fluctuation	(67.42)	(16.74)
Profit / Loss on sale of Fixed Assets	110.64	(35.10)
Investment Loss on Liquidation	–	275.17
Loan and Advances written off	–	640.17
Provision for Bad and Doubtful Debts	64.41	86.19
Provision for Bad and Doubtful Advances	–	(571.82)
Provision for Diminution in Value of Investment	(20.36)	(277.30)
Provision for Entry Tax	60.74	33.19
Liabilities no longer required written back	(95.37)	(120.24)
Miscellaneous Expenses written off	–	48.42
Operating Profit Before Working Capital Changes	16,101.16	35,366.59
Inventories	10,745.93	(18,785.97)
Trade Receivables (Current and Non Current)	1,884.39	(4,879.52)
Loans and Advances (Current and Non Current)	(114.11)	(2,727.36)
Other Assets (Current and Non Current)	2,125.48	(192.92)
Trade payables (Current and Non Current)	(3,477.19)	3,887.24
Other Liabilities (Current and Non Current)	(88.26)	5,012.07
Cash Generated from operations	27,177.40	17,680.13
Direct Taxes	–	(3,439.72)
Extraordinary item	–	(1,442.05)
Net cash from operating activities	27,177.40	12,798.36
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(31,560.84)	(11,989.43)
Sales of Fixed Assets	153.26	270.20
Proceeds from / Sale of Investments (Shares)	20.36	2.13
Purchase of Shares	(11.70)	–
Dividend received	50.17	148.53
Net cash used in investing activities	(31,348.75)	(11,568.57)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	32,483.82	2,275.59
Repayment of Long Term Borrowings	(10,884.00)	(10,368.15)
Increase / Decrease in Short Term Borrowings	(6,188.78)	18,954.56
Exchange Fluctuation	67.42	16.74
Dividend / Interim Dividend paid	(1,345.19)	(3,587.75)
Interest cost	(10,403.62)	(7,874.27)
Redemption of RPS	–	(500.10)
Net cash from financing activities	3,729.65	(1,083.38)
Net Increase in Cash and Cash equivalents	(441.70)	146.41
Opening Cash and Cash equivalents	628.25	481.84
Closing Cash and Cash equivalents	186.55	628.25

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

per Sunil Bhargava
Partner
Membership No. 70964

Place : Noida
Dated : May 4, 2012

For A. L. Chechani & Co.
Chartered Accountants
Firm Reg. No. 005341C

per Sunil Surana
Partner
Membership No. 36093

Ravi Jhunjhunwala
Chairman
Arun Churiwal
Managing Director & CEO
J. C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Statement pursuant to approval under Section 212 (8) of the Companies Act, 1956

In terms of General approval granted by the Central Government under section 212(8) of the Companies Act, 1956, copies of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies have not been attached with the Balance Sheet of the Company. However, the consolidated Financial Statements of the Company, includes the results of the subsidiary Companies. The copies of the Annual accounts of the Company's subsidiary for the year ended 31st March, 2012 and related detailed information can be sought by any investor of the Company or its subsidiary on making a written request to the Company in this regard. The annual accounts of the subsidiary company are also available for inspection during business hours at the Company's registered office and at the concerned subsidiary's office.

Name of subsidiary	(₹ in lacs)	
	Cheslind Textiles Limited	
	This year	Previous year
1 Capital	2309.39	2309.39
2 Reserves	1251.22	(443.83)
3 Total Assets	10451.20	15358.99
4 Total liabilities	10467.83	12207.91
5 Details of Investment	250.00	-
6 Turnover	15189.27	18497.26
7 Profit/loss before taxation	(3167.70)	1172.59
8 Provision before taxation & DTL written back	-	-
9 Profit/loss after taxation	(3167.70)	1172.59
10 Proposed dividend	NIL	NIL

Auditors’ Report on the Consolidated Financial Statements

To the Board of Directors

RSWM Limited

1. We have audited the attached Consolidated Balance Sheet of RSWM Limited and its Subsidiary as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated Financial Statements are the responsibility of RSWM Limited’s Management and have been prepared by the Management on the basis of separate Financial Statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated Financial Statements based on our audit.

2. 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 test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the Accounting Principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We have not audited the Financial Statements of the Subsidiary Company, M/s. Cheslind Textiles Limited, whose Financial Statements reflect the Group’s share of total assets of ₹ 10,451 Lacs as at March 31, 2012, total revenue of ₹ 15,193 Lacs and net Cash inflows amounting to ₹ 25 Lacs for the year ended on that date as considered in the consolidated Financial Statements. These Financial Statements are unaudited and have been approved by the Board of Directors of Subsidiary, whose certificate has been furnished to us, and in our opinion, so far as it relates to these amounts included in respect of the subsidiary is based solely on the certificate.

4. We report that the consolidated Financial Statements have been prepared by RSWM Ltd’s Management in accordance with the requirements of Accounting Standard 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

5. The Group has provided depreciation on Plant and Machinery of Cheslind Textiles Limited (on year to year basis) considering the same as “Continuous Process Plant” based on technical expert’s advice (Refer Note No 32). This being a technical matter, no opinion is expressed thereon.

6. The Group has provided loss on foreign exchange derivative and Hedge Contracts of Cheslind Textiles Limited on ‘Mark to Market Basis’ (Refer Note No. 34 and 40).

7. Subject to para 5 and 6 above and based on our audit and on consideration of the approved copies of Financial Statements / information by Board of Directors as referred in para 3 above on separate Financial Statements and on the other financial information of the components in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated Financial Statements read together with Notes thereon give a true and fair view in conformity with the Accounting Principles generally accepted in India.

a) In case of Consolidated Balance Sheet of the state of affairs of RSWM Limited Group as at March 31, 2012,

b) In the case of Consolidated Statement of Profit and Loss, of the loss for the year ended on that date, and

c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S. Bhargava Associates

Chartered Accountants

Firm Reg. No.: 003191C

per Sunil Bhargava

Partner

Membership No.: 70964

Place: Noida

Dated: May 4, 2012

For A. L. Chechani & Co.

Chartered Accountants

Firm Reg. No.: 005341C

per Sunil Surana

Partner

Membership No.: 36093
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Consolidated Balance Sheet As at March 31, 2012

(₹ in Lacs)			
Particulars	Notes	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	2	2,314.87	2,314.87
b) Reserves and Surplus	3	22,369.53	26,804.44
Government Capital Grants	3	209.91	256.70
c) Money received against share warrants		–	–
d) Minority shareholders' interest		(5.57)	1,069.23
		24,888.74	30,445.24
2) Share application money pending allotment		–	–
3) Non-current Liabilities			
a) Long-term borrowings	4	87,493.91	64,926.03
b) Deferred tax liabilities (Net)	5	3,527.12	4,178.12
c) Other long term liabilities	6	635.22	823.15
d) Long-term provisions	7	1,485.56	1,516.72
		93,141.81	71,444.02
4) Current Liabilities			
a) Short-term borrowings	8	38,616.91	46,414.26
b) Trade payables	9	4,423.42	7,886.27
c) Other current liabilities	10	17,361.88	18,607.07
d) Short-term provisions	11	333.04	1,693.56
		60,735.25	74,601.16
Total		1,78,765.80	1,76,490.42
II. ASSETS			
1) Non-current Assets			
a) Fixed Assets	12		
i) Tangible Assets		84,858.79	87,856.07
ii) Intangible Assets		1,045.27	1,066.88
iii) Capital work-in-progress		25,098.91	541.95
iv) Intangible Assets under development		–	–
		1,11,002.97	89,464.90
b) Non-current Investments	13	2,072.62	1,805.92
c) Deferred Tax Assets (Net)		–	–
d) Long-term loans and advances	14	3,225.51	3,172.50
e) Other non-current assets	15	87.48	234.69
		1,16,388.58	94,678.01
2) Current Assets			
a) Current Investments		–	–
b) Inventories	16	33,756.91	48,436.26
c) Trade Receivables	17	19,038.28	21,222.66
d) Cash and Bank balances	18	356.28	836.70
e) Short-term loans and advances	19	3,160.44	3,084.24
f) Other current assets	20	6,065.31	8,232.55
		62,377.22	81,812.41
Total		1,78,765.80	1,76,490.42

See accompanying notes 1 to 40 forming part of Financial Statements

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A.L. Chechani & Co.
Chartered Accountants
Firm Reg.No.005341C

Ravi Jhunjhunwala
Chairman
Arun Churiwal
Managing Director & CEO
J. C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

per Sunil Bhargava
Partner
Membership No. 70964

per Sunil Surana
Partner
Membership No. 36093

Place : Noida
Dated : May 4, 2012

Consolidated Statement of Profit and Loss For the year ended March 31, 2012 (₹ in Lacs)

Particulars	Notes	Year ended March 31, 2012	Year ended March 31, 2011
I. Revenue from operations	21	2,13,889.02	2,13,564.48
II. Other Income	22	2,026.30	2,850.91
III. Total Revenue (I+II)		2,15,915.32	2,16,415.39
IV. Expenses:			
Cost of material consumed	23	1,41,849.43	1,22,936.71
Purchases of stock-in-trade	24	1,745.44	1,210.76
Change in inventories of finished goods, work-in-progress and stock-in-trade	25	(1,903.67)	(4,563.90)
Employee benefits expense	26	17,463.25	15,963.90
Finance costs	27	11,689.41	8,844.03
Depreciation and amortization expense	28	9,785.40	8,951.04
Other expenses	29	41,668.96	43,473.63
Total Expenses		2,22,298.22	1,96,816.17
V. Profit before exceptional and extraordinary items and tax (III-IV)		(6,382.90)	19,599.22
VI. Exceptional items	30	–	–
VII. Profit before extraordinary items and tax (V-VI)		(6,382.90)	19,599.22
VIII. Extraordinary Items		–	–
IX. Profit before tax (VII-VIII)		(6,382.90)	19,599.22
X. Tax expense:			
1) Current Tax		–	3,439.72
2) Deferred Tax		(651.00)	2,386.00
3) Provision for Income Tax written back		(385.28)	–
XI. Profit / (Loss) for the period from continuing operations (IX-X)		(5,346.62)	13,773.50
XII. Profit / (Loss) from discontinuing operations		–	–
XIII. Tax expense of discontinuing operations		–	–
XIV. Profit / (Loss) from discontinuing operations (after tax) (XII-XIII)		–	–
XV. Profit / (Loss) for the period before minority interest (XI+XIV)		(5,346.62)	13,773.50
XVI. Minority Interest		(1,074.80)	397.86
XVII. Profit / (Loss) for the period (XV-XVI)		(4,271.82)	13,375.64
XVIII. Earnings per Equity Share (₹):			
1) Basic		(18.45)	57.74
2) Diluted		(18.45)	57.74

See accompanying notes 1 to 40 forming part of Financial Statements

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A.L.Chechani & Co.
Chartered Accountants
Firm Reg.No. 005341C

Ravi Jhunjhunwala
Chairman
Arun Churiwal
Managing Director & CEO
J. C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

per Sunil Bhargava
Partner
Membership No. 70964

per Sunil Surana
Partner
Membership No. 36093

Place : Noida
Dated : May 4, 2012

Notes to the Consolidated Financial Statements

NOTES

Note: 1. SIGNIFICANT ACCOUNTING POLICIES

A) Basis and Principles of Consolidation

The Consolidated Financial Statements (CFS) of the Company and its Subsidiaries are prepared under historical cost convention and on the Accounting Principles of going concern, in accordance with Generally Accepted Accounting Principles ('GAAP') applicable in India and in the same manner as the Company has followed for its separate Financial Statements, using uniform accounting policies for similar transaction. All significant Intra-group balances, Intra-group transactions, resulting unrealized profits have been eliminated on consolidation and the figures have been recast, rearranged or regrouped, wherever considered necessary.

B) Components Considered

The following Components considered in preparation of consolidated Financial Statements:-

Subsidiary Company.

Name	Country	Ownership (%)	Period Considered	Audited / Board Approved
Cheslind Textiles Limited (CTL)	India	66.07%	01.04.2011 to 31.03.2012	Board Approved

The consolidation of the Financial Statements of the Parent and its Subsidiaries has been done on line-by-line basis by adding together, like items of assets, liabilities, income and expenses as per AS - 21.

C) Accounting policies

The Accounting Policies of the Parent and of its Subsidiaries / Joint Ventures are similar and inline with the Generally Accepted Accounting Principles ('GAAP') in India except for the policy for depreciation and accounting of foreign exchange derivatives and hedge contracts, mentioned as below:-

- a) The depreciation on Plant and Machinery of CTL has been provided on the rates considering as 'Continuous Process Plant' as against the rates applicable for 'Triple Shift Operation' depreciation applied by the Parent.
- b) The depreciation on Vehicles of CTL has been provided on Written Down Value Method on pro-rata basis in the manner and rates prescribed in Schedule XIV of the Companies Act, 1956 as against Straight Line Method adopted by the Parent.
- c) The subsidiary Cheslind Textiles Limited (CTL) has followed Accounting Standard-11 issued by Institute of Chartered Accountants of India for accounting of foreign exchange derivatives and hedge contracts.

As the Accounting Policies of the Parent have been mentioned in the separate Financial Statements of the Parent, therefore the same has not been reproduced here.

D) Goodwill

The excess of cost to the Company of its investment in the Subsidiaries over the Parent's portion of equity of the subsidiary at the date on which investment is made, is described as 'Goodwill' on consolidation and recognised as an asset in the Consolidated Financial Statements.

E) Minority interest

Minority Interest in the Net Assets of the subsidiaries consist of the amount of equity attributable to Minorities at the date on which investment is made and Minorities' share of movements in equity since the date when Parent Subsidiary relationship came into existence, to the date of Balance Sheet.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
F) a. Contingent Liabilities not provided for :		
I) Excise and Customs Duties, Sales Tax and other Demands Disputed by the Company	418.22	387.45
ii) Claims not acknowledged by the Company	44.93	69.38
iii) Guarantee in favour of International Finance Corporation with HEG Ltd. on Joint and several basis on behalf of AD Hydro Power Limited.	600.00	600.00
b) Obligations and commitments outstanding:		
i) Estimated value of contracts remaining to be executed on Capital Account and not provided for	9,797.46	24,582.23
ii) Bills Discounted with Banks	12,318.34	14,960.97

- c) The export obligations against EPCG licenses have been timely fulfilled. The future additional export obligations against EPCG licences are of ₹ 10,997.00 Lacs (Previous Year ₹ 231.16 Lacs) and are to be fulfilled within specified period.

Notes to the Consolidated Financial Statements

NOTES

Note: 2. SHARE CAPITAL

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised		
4,75,00,000 Equity Shares of ₹ 10/- each (Previous Year : 4,75,00,000 Equity Shares of ₹ 10/- each)	4,750.00	4,750.00
25,00,000 Optionally Convertible Redeemable Preference Shares of ₹ 150/- each (Previous Year : 25,00,000 Optionally Convertible Redeemable Preference Shares of ₹ 150/- each)	3,750.00	3,750.00
	8,500.00	8,500.00
Issued		
2,31,48,689 Equity Shares of ₹ 10/- each (Previous Year : 2,31,48,689 Equity Shares of ₹ 10/- each)	2,314.87	2,314.87
Subscribed and Fully Paid Up		
2,31,48,689 Equity Shares of ₹ 10/- each (Previous Year : 2,31,48,689 Equity Shares of ₹ 10/- each)	2,314.87	2,314.87
	2,314.87	2,314.87

1. Shareholders holding more than 5% of shares

Name of shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of shares	% of holding	No. of shares	% of holding
Microbase Limited	3,650,970	15.77	3,650,970	15.77
IDFC Sterling Equity Fund	1,450,000	6.26	1,450,000	6.26
LNJ Financial Services Limited	1,262,998	5.46	1,262,998	5.46
Purvi Vanijya Niyojan Limited	1,218,431	5.26	1,218,431	5.26

2. There are no shares issued for consideration other than cash in the last 5 financial years. However, 1,35,13,607 Equity Shares of ₹ 10/- each were issued as fully paid up bonus shares by capitalisation of reserves in earlier years. 12,28,689 Equity Shares of ₹ 10/- each were issued for consideration other than cash, pursuant to the scheme of merger of erstwhile Jaipur Polyspin Limited and Mordi Textiles and Processors Limited as approved by the Hon'ble High Court of Rajasthan.
3. The number of issued, subscribed and fully paid up shares remained unchanged during the year as there were no buy back or issue of share capital.
4. The Company has only one class of Equity Shares having a par value of ₹ 10/-. Each holder of Equity Shares is entitled to one vote per share. There are no restrictions attached to any Equity Shares. The Company declares and pays dividends, if any, in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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 respective shareholders.

Notes to the Consolidated Financial Statements

NOTES		
Note: 3. RESERVES AND SURPLUS (₹ in Lacs)		
Particulars	As at March 31, 2012	As at March 31, 2011
A. Reserve and Surplus		
a) Capital Reserve	700.97	700.97
b) Preference Share Capital Redemption Reserve		
i) Opening Balance	5,700.00	5,199.90
ii) Additions during the period	–	500.10
iii) Transfer to General Reserve	–	–
	5,700.00	5,700.00
c) Securities Premium Reserve	8,995.23	8,995.23
d) State Investment Subsidy	70.00	70.00
e) General Reserve		
i) Opening Balance	3,242.27	1,992.27
ii) Additions during the period	–	1,250.00
	3,242.27	3,242.27
f) Hedging Reserve		
i) Opening Balance	–	–
ii) Additions during the period	(163.09)	–
	(163.09)	–
g) Profit and Loss Account		
Opening Balance	8,095.97	459.22
Add : Profit for the period	(4,271.82)	13,375.64
	3,824.15	13,834.86
Less:Appropriations		
i) Transfer to General Reserve	–	1,250.00
ii) Preference Share Capital Redemption Reserve	–	500.10
iii) Transfer from other reserve	–	(65.33)
iv) Interim Dividend on Equity Shares	–	2,314.87
v) Proposed Dividend on Equity Shares	–	1,157.43
vi) Dividend on Preference Share	–	8.22
vii) Tax on Dividend	–	573.60
	–	5,738.89
	3,824.15	8,095.97
Total Reserves and Surplus	22,369.53	26,804.44
B. Government Capital Grants (Deferred Income Approach)		
TUF Capital Investment Subsidy		
i) Opening Balance	256.70	343.18
Less : Adjusted against depreciation	(46.79)	(86.48)
	209.91	256.70

Capital subsidy claim amounting to ₹ 32 Lacs receivable under revised TUF is not recognized in the books as it is contingent upon eligibility confirmation with Textile Ministry and hence not recognized in the books of accounts as on March 31, 2012.

Notes to the Consolidated Financial Statements

NOTES		
Note: 4. LONG-TERM BORROWINGS (₹ in Lacs)		
Particulars	As at March 31, 2012	As at March 31, 2011
I. Secured		
a) Bonds / Debentures	–	–
b) Term Loans		
From Banks	60,256.11	49,070.80
From Other Parties (FIs)	26,817.83	15,644.54
c) Deferred Payment Liabilities	–	–
d) Deposits	–	–
e) Long Term Maturities of Finance Lease Obligations	–	–
f) Other Loans and Advances	–	–
	87,073.94	64,715.34
II Unsecured		
a) Term Loans		
From Banks	–	–
From Other Parties (FIs)	250.00	–
b) Deferred Payment Liabilities	169.97	210.69
c) Deposits	–	–
d) Loans and Advances from Related parties	–	–
e) Long Term Maturities of Finance Lease Obligations	–	–
f) Other Loans and Advances	–	–
	87,493.91	64,926.03

Term Loans of RSWM Limited

I. Secured
Term loans are secured by way of joint equitable mortgage of all the present and future immovable properties of the Company and hypothecation of movable assets ranking pari passu amongst the term lenders and second charge on the current assets of the Company on pari passu basis with lenders of working capital loans and additional subservient charges over entire movable assets of the Company on term loan from banks mentioned herein below:

Conditions of Term Loans are summarised below:

- 1) Fixed Rate - Carrying fixed interest rate of 10% to 12.50% as on March 31, 12
RSWM:

Date of maturity	Outstanding as on March 31, 2012			Installments due after March 31, 2012
	Total outstanding	Long term maturity	Current maturity	
From Bank				
1-Jan-2013	15.48	–	15.48	3
20-Sep-2017	4,104.00	3,654.00	450.00	22
20-Jun-2018	4,419.00	3,852.48	566.52	25
Total	8,538.48	7,506.48	1,032.00	

Notes to the Consolidated Financial Statements

NOTES

Note: 4. LONG-TERM BORROWINGS (Contd...) (₹ in Lacs)
2. A) Floating Rate - Carrying floating interest rate of Base Rate + 1.25% to 4% as on March 31, 2012

Date of maturity	Outstanding as on March 31, 2012			Installments due after March 31, 2012
	Total outstanding	Long term maturity	Current maturity	
a) From Banks:				
31-May-2012	194.00	–	194.00	1
15-Sep-2013	433.00	141.00	292.00	6
30-Sep-2013	28.40	9.48	18.92	6
15-Mar-2015	563.00	400.50	162.50	12
22-Mar-2015	1,381.00	1,009.00	372.00	12
15-Mar-2016	1,664.00	1,368.00	296.00	16
25-Mar-2016	3,352.00	2,702.00	650.00	16
30-Mar-2016	3,242.00	2,674.00	568.00	16
25-May-2016	1,203.00	987.00	216.00	16
20-Dec-2016	2,619.00	2,119.00	500.00	19
20-Sep-2017	10,140.00	8,927.00	1,213.00	22
25-Feb-2018	13,514.09	13,514.09	–	20
20-Jun-2018	9,921.45	8,663.57	1,257.88	25
20-Mar-2020	5,895.00	5,675.00	220.00	32
Total	54,149.94	48,189.64	5,960.30	
b) From Other Parties (FIs):				
20-Sep-2016	730.00	620.00	110.00	18
20-Sep-2017	13,958.00	12,147.00	1,811.00	22
20-Feb-2018	13,055.34	13,055.34	–	20
Total	27,743.34	25,822.34	1,921.00	

2. B) Floating Rate - Carrying floating interest rate of Base Rate + 2.75% to 4% as on March 31, 2012
From Banks:*

Date of maturity	Outstanding as on March 31, 2012			Installments due after March 31, 2012
	Total outstanding	Long term maturity	Current maturity	
28-Feb-2013	880.00	–	880.00	4
30-Apr-2012	375.00	–	375.00	1
Total	1,255.00	–	1,255.00	

* Above term loans are secured by way of subservient charge over the entire movable assets of the Company.

Term Loans of Subsidiary

Secured

Term loans are secured by way of joint equitable mortgage of all the present and future immovable properties of the Company and hypothecation of movable assets ranking pari passu amongst the term lenders and second charge on the current assets of the Company on pari passu basis with lenders of working capital loans mentioned herein below:

Date of maturity	Outstanding as on March 31, 2012			Installments due after March 31, 2012
	Total outstanding	Long term maturity	Current maturity	
From Bank				
01-Jan-18	398.00	398.00	–	16
01-Jul-18	199.84	199.84	–	18
15-Sep-20	511.31	507.31	4.00	34
31-Dec-20	88.53	84.53	4.00	35
31-Dec-20	1,276.02	1,276.02	–	27
01-Mar-21	1,325.99	1,289.99	36.00	36
From Other Parties (FIs)				
20-Mar-21	999.49	995.49	4.00	36
Total	4,799.18	4,751.18	48.00	

Above term loans are additionally secured by letter of comfort of RSWM Limited.

Notes to the Consolidated Financial Statements

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Note: 4. LONG-TERM BORROWINGS (Contd...) (₹ in Lacs)
Date of maturity

Date of maturity	Outstanding as on March 31, 2012			Installments due after March 31, 2012
	Total outstanding	Long term maturity	Current maturity	
31-Mar-15	41.43	29.43	12.00	12
01-Jan-18	92.33	92.33	–	16
31-Dec-20	330.00	330.00	–	21
28-Feb-21	352.55	352.55	–	83
Total	816.31	804.31	12.00	

Above term loans are additionally secured by Default Deferred Payment Guarantee of RSWM Limited.

II. Unsecured Loans of RSWM Limited

Date of maturity	Outstanding as on March 31, 2012			Installments due after March 31, 2012
	Total outstanding	Long term maturity	Current maturity	
A) Deferred Payment Liability under Sales tax Deferment Scheme 1987 of State Government				
15th December 2015	142.24	106.68	35.56	8
	142.24	106.68	35.56	
B) Deferred Payment Liability under Sales tax Deferment Scheme 1998 of State Government				
April 1, 2015	34.63	23.09	11.54	12
April 1, 2015	40.20	40.20	–	1
	74.83	63.29	11.54	
Total (A+B)	217.07	169.97	47.10	

Note: 5. DEFERRED TAX LIABILITY

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred tax liability has been calculated as per Accounting Standard 22 “Accounting for Taxes on Income” of ICAI. Major components are as under:		
Deferred Tax Liability for		
Depreciation	7,717.77	7,810.47
Total	7,717.77	7,810.47
Deferred Tax Assets*		
Unabsorbed depreciation	918.33	–
Disallowance under IT Act	801.24	522.08
Provision for doubtful debts	152.08	133.27
Total	1,871.65	655.35
Deferred Tax Liability	5,846.12	7,155.12
Less : MAT available	2,319.00	2,977.00
Net Deferred Tax Liability	3,527.12	4,178.12

*The primary evidence on probability are the profit projections of the Company's Management as "Business Plan" projections. The secondary evidences of existence are the Company tax returns and Financial Statements.

Note: 6. OTHER LONG TERM LIABILITIES

a) Trade Payable	–	–
b) Security Deposits	586.75	740.83
c) Other Liabilities	48.47	82.32
	635.22	823.15

Notes to the Consolidated Financial Statements

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Note: 7. LONG TERM PROVISIONS

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
a) Provision for employee benefits (Refer Note no. 41)	500.02	558.97
b) Others	–	–
i) Provision for Entry Tax (Refer Note no. 30)	985.54	957.75
	1,485.56	1,516.72

Note: 8. SHORT-TERM BORROWINGS

I. Secured		
a) Loan repayable on demand		
From Banks	33,721.28	38,143.23
From Others	4,894.63	8,271.03
b) Deposits	–	–
c) Other Loans and Advances	–	–
	38,615.91	46,414.26
II. Unsecured		
a) Loan Repayable on Demand		
From Banks	–	–
From Others	–	–
b) Loans and Advances from Related parties	–	–
c) Other Loans and Advances	1.00	–
	1.00	–
	38,616.91	46,414.26

1. Secured loans repayable on demand include working capital loans (except from Axis Bank of ₹ 3,454.10 Lacs which are secured by pledge and possessive lien on stocks of ₹ 4,605.46 Lacs) secured by hypothecation of remaining raw materials, stock in process, finished goods, semi finished goods, stores, spares, book debts and other current assets as well as second charge on Fixed Assets of the Company on pari-passu basis.
2. All loans repayable on demand carry floating interest rate of 10.60% to 13.75%.

Note: 9. TRADE PAYABLES

a) Trade Payable to Related Party		
BSL Ltd.	266.20	–
b) Trade Payable		
Others	4,157.22	7,886.27
	4,423.42	7,886.27

Based on the information so far obtained by the Company, payment to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006. (MSMED ACT) has been made within 45 days and disclosure in accordance with Section 22 of MSMED ACT is as under:-

1.	Principal amount remaining unpaid	8.76	44.11
2.	Principal amount remaining unpaid above 45 days*	2.90	–
3.	Interest due on above	–	–
4.	Total of (1) and (2) (included in trade payable others)	11.66	44.11
5.	Interest paid in terms of Section 16	–	–
6.	Interest due and payable for the period of delay in payment	–	–
7.	Interest accrued and remaining unpaid	–	–
8.	Interest due and payable even in succeeding years	–	–

* The amounts unpaid are on account of detention due to non-resolution of quality claims.

Notes to the Consolidated Financial Statements

NOTES

Note: 10. OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
a) Current maturities of long-term debt	10,228.37	11,533.74
b) Current maturities of deferred payment liabilities	47.10	44.22
c) Interest accrued but not due on borrowing	301.73	122.67
d) Interest accrued and due on borrowings	42.53	1.92
e) Income received in advance	–	–
f) Unpaid dividend	63.06	68.81
g) Application money received for allotment of securities and due for refund and interest accrued there on	–	–
h) Unpaid matured deposits and interest accrued thereon	–	–
i) Unpaid matured debentures and interest accrued thereon	–	–
j) Security deposits	323.84	129.80
k) Advance from customers	698.99	956.84
(l) Liability towards staff and worker	1,571.29	1,462.59
m) Government dues	303.99	300.60
n) Other payables	14.77	15.25
o) Commission, discounts etc. payable on sales	1,591.71	1,589.10
p) Other liabilities for expenses	2,174.50	2,381.53
	17,361.88	18,607.07

Note: 11. SHORT TERM PROVISIONS

a) Provision for employees benefits	267.85	240.38
b) Others		
i) Proposed dividend on Equity Share	–	1,157.43
ii) Tax on Dividend	–	187.76
ii) Provision for taxation	65.19	107.99
	333.04	1,693.56

Notes to the Consolidated Financial Statements

NOTES														
Note: 12. NON-CURRENT ASSETS - FIXED ASSETS (₹ in Lacs)														
Sl.. No.	Particulars	GROSS BLOCK						DEPRECIATION / AMORTISATION					NET CARRYING VALUE	
		As at 01.04.2011	Additions	Acquisitions through business combination	Total	Disposals*	As at 31.3.2012	Up to 01.04.2011	Deductions **	Impairment loss / reversal of impairment loss (Net)	For the year 2011-12	Total upto 31.3.2012	As at 31.3.2012	As at 31.3.2011
1	2	3	4	5	6 (3+4+5)	7	8 (6-7)	9	10	11	12	13 (9-10+11+12)	14 (8-13)	15
A	Tangible Assets													
	Free Hold Land	1641.60	4.30	–	1,645.90	3.45	1,642.45	–	–	–	–	–	1,642.45	1,637.58
	Lease Hold Land	387.08	–	–	387.08	–	387.08	4.02	–	–	1.15	5.17	381.91	387.08
	Buildings (Including Roads)***	24,290.32	771.50	–	25,061.82	–	25,061.82	5,353.72	–	–	648.57	6,002.29	19,059.53	18,936.59
	Plant and Machinery	1,30,071.17	5,565.61	–	1,35,636.78	1,006.52	1,34,630.26	71,949.78	888.99	–	8,380.13	79,440.92	55,189.34	58,122.28
	Furniture Fixture and Other	3,443.81	185.56	–	3,629.37	61.14	3,568.23	1,089.19	47.41	–	227.59	1,269.37	2,298.86	1,044.02
	Vehicles	1,190.36	296.19	–	1,486.55	225.82	1,260.72	445.19	118.33	–	116.06	442.92	817.80	745.17
	Vehicle under lease	–	–	–	–	–	–	–	–	–	–	–	–	–
	Office Equipments	995.08	75.75	–	1,070.83	65.26	1,005.57	445.24	38.93	–	94.16	500.47	505.10	1,860.44
	Electric Fitting and Water Supply Installation	7,140.24	180.46	–	7,320.70	0.90	7,319.79	2,017.33	0.79	–	339.47	2,356.01	4,963.79	5,122.91
	Total (A)	1,69,159.66	7,079.37	–	1,76,239.03	1,363.09	1,74,875.94	81,304.47	1,094.45	–	9,807.13	90,017.15	84,858.79	87,856.07
B)	Intangible Assets (Acquired)													
	Computer Software	79.40	2.91	–	82.31	–	82.31	62.33	–	–	3.74	66.07	16.23	16.19
	Non-competition Rights	–	–	–	–	–	–	–	–	–	–	–	–	–
	Enabling Assets	673.30	–	–	673.30	–	673.30	47.86	–	–	21.65	69.51	603.79	625.44
	Goodwill on Consolidation	425.25	–	–	425.25	–	425.25	–	–	–	–	–	425.25	425.25
	Total (B)	1,177.95	2.91	–	1,180.86	–	1,180.86	110.19	–	–	25.40	135.59	1,045.27	1,066.88
	Total (A + B)	1,70,337.61	7,082.28	–	1,77,419.89	1,363.09	1,76,056.79	81,414.66	1,094.45	–	9,832.53	90,152.74	85,904.06	88,922.95
C)	Capital Work in Progress :													
	Building Under Construction	381.75	5,339.07	–	5,720.82	113.26	5,607.56	–	–	–	–	–	5,607.56	381.75
	Plant and Machinery Under Erection / Commissioning	160.20	18,782.15	–	18,942.36	423.48	18,518.87	–	–	–	–	–	18,518.87	160.20
	Pre-operative Expenses pending allocation	–	972.48	–	972.48	–	972.48	–	–	–	–	–	972.48	–
	Total (C)	541.96	25,093.70	–	25,635.65	536.74	25,098.91	–	–	–	–	–	25,098.91	541.95
D)	Intangible Assets under development	–	–	–	–	–	–	–	–	–	–	–	–	–
	Total (A+B+C+D)	1,70,879.56	32,175.98	–	2,03,055.54	1,899.83	2,01,155.71	81,414.66	1,094.45	–	98,32.53	90,152.74	1,11,002.97	89,464.90
	Previous Year	1,63,252.26	11,351.54	–	1,74,603.80	3,724.24	1,70,879.56	73,631.65	1,391.73	–	91,74.73	81,414.66	89,464.90	83,102.89

* Deduction from Gross Block represents Sale / Transfer / Discarding of Fixed Assets / written off.

** Deduction in depreciation ₹ 1,094.45 Lacs (Previous Year ₹ 1,391.73 Lacs) represents adjustment on account of Sale / Transfer / Discarding of Fixed Assets.

*** Roads and Buildings includes value of irrevocable Licensing right to use of a flat in New Delhi ₹ 10.00 Lacs.

Notes to the Consolidated Financial Statements

NOTES		
Note: 13. NON CURRENT INVESTMENTS (AT COST) (₹ in Lacs)		
Particulars	As at March 31, 2012	As at March 31, 2011
A. Quoted, Non-Trade		
In Equity Shares of ₹ 10/-each (Unless stated otherwise) fully paid up (At cost)		
Holding Name of the Company		
a) 9,78,000 HEG Limited	34.94	34.94
b) 372 Whirlpool India Limited	0.01	0.01
c) 30 Vardhman Holding Limited	–	–
d) 150 Tata Construction and Project Limited	0.02	0.02
e) 775 Graphite India Limited (of ₹ 2/- each)	0.03	0.03
f) 8,600 State Bank of Bikaner and Jaipur	14.72	3.02
g) 943 Punjab National Bank	3.68	3.68
h) 180 Vardhman Textiles Ltd.	0.01	0.01
i) 36 Vardhman Special Steel Limited	–	–
j) 31,396 BSL Limited	0.50	0.50
Total Value of Non-Trade Investments	53.91	42.21
B. Unquoted, Non-Trade		
a) 2,64,55,650 Bhilwara Energy Limited	1,763.71	1,763.71
b) 2,03,589 India Insulators Ltd.	–	20.36
Less: Investment carrying Fund	–	(20.36)
c) 25,00,000 Ind Eco Ventures Ltd.	250.00	–
d) 50,000 Indowind Power Pvt. Ltd.	5.00	–
Total Value of unquoted, Non-Trade Investments	2,018.71	1,763.71
Total Cost of Investments	2,072.62	1,805.92
Aggregate Market Value of Quoted Investments	4,305.50	4,025.10
1. All investments have been classified as non-trade investments based on the Management's business assessment and legal expert, relied upon by the Auditors.		
2. The investment in India Insulators Ltd. carried in the books as at March 31, 2011 has been recovered from the official liquidator during the year. Consequently the corresponding investment carrying fund has been written back.		
Note: 14. LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
a) Capital Advances	2,312.98	2,358.47
b) Security Deposits	775.59	706.87
c) Other Loans and Advances		
- To Directors of the Company	–	–
- To Officers and Staff of the Company	100.85	67.77
- To Firm or Company under the same Management	–	–
- Advance Against Supply	15.75	10.66
- To Others	20.34	28.73
	3,225.51	3,172.50
Note: 15. OTHER NON-CURRENT ASSETS		
(Unsecured, considered good unless otherwise stated)		
i) Long Term Doubtful Trade Receivable	469.29	411.37
Less: Provision for doubtful debts	(469.29)	(411.37)
ii) Others		
a) Duty claims and other receivables	81.98	222.00
b) Bank deposits with more than 12 months maturity	5.50	12.69
	87.48	234.69

Notes to the Consolidated Financial Statements

NOTES		
Note: 16. INVENTORIES (at lower of the Cost or Realisable Value - refer Accounting Policy No.IV - Note 1) (₹ in Lacs)		
Particulars	As at March 31, 2012	As at March 31, 2011
Raw Material		
- Fibre (Includes in-transit ₹ 214.69 Lacs, Previous Year ₹ 356.82 Lacs)	13,833.94	31,132.22
- Yarn	973.03	1,321.74
- Others - Dyes and Chemicals	238.58	102.00
Work in Progress		
- Yarn	6,214.34	5,629.57
- Fabric	720.19	615.82
Finished Goods		
- Yarn	4,834.09	5,197.52
- Fabric	3,320.05	1,812.53
- Garment	18.27	–
Stock in Trade		
- Yarn	76.88	–
- Fabric	125.85	157.87
- Garment	9.83	10.73
Stores and Spares (Includes in-transit ₹ 2.41 Lacs, Previous Year ₹ 33.94 Lacs)	3,057.60	2,258.35
Loose Tools	240.00	159.63
Others - Waste	94.26	38.28
	33,756.91	48,436.26

Note: 17. TRADE RECEIVABLES (CURRENT)

(Unsecured, considered good)		
Trade Receivable	18,775.02	20,968.69
Due by Directors	–	–
Due by Officers	–	–
Due by Firms / Companies under the same Management	–	–
Due from Related Parties		
- BSL Limited	235.50	157.04
- Maral Overseas Limited	27.76	96.93
	19,038.28	21,222.66

Trade receivable include amount due over 180 days ₹ 98.02 Lacs (Previous Year ₹ 43.91 Lacs)

Note: 18. CASH AND BANK BALANCE

a) Balance with bank		
i) Current accounts	76.64	533.76
ii) Un-paid dividend account	63.06	68.80
iii) Margin money account	154.16	171.32
b) Cheques, Drafts in hand	21.64	0.58
c) Cash-in-hand	38.78	62.01
d) Others	–	–
e) Bank deposits within 3 months maturity	2.00	0.23
	356.28	836.70

Notes to the Consolidated Financial Statements

NOTES		
Note: 19. SHORT- TERM LOANS AND ADVANCES (₹ in Lacs)		
Particulars	As at March 31, 2012	As at March 31, 2011
A. Loans and Advances (Unsecured, considered good)		
a) To Related Parties		
i) BSL Ltd	–	1.59
ii) HEG Ltd.	–	12.50
iii) Indo Canadian Consultancy Services Ltd.	158.93	175.65
iv) Malana Power Co. Ltd.	0.07	0.07
v) Bhilwara Energy Ltd.	14.91	–
b) To Directors	–	–
c) To Officers	–	–
d) To Director / Partners in Companies / Firms under the same Management	–	–
B. Loans and Advances (Unsecured, considered doubtful)		
a) To Related Parties	–	–
b) To Directors	–	–
c) To Officers	–	–
d) To Director / Partners in Company / Firm under the same Management	–	–
	173.91	189.81
Less: Provisions for doubtful advances	–	–
	173.91	189.81
C. Other Loans and Advances (Unsecured, considered good)		
a) Security Deposit	31.02	26.31
b) Advance tax	351.41	89.41
c) Advance against supply	2,132.56	2,311.12
d) Others	471.54	467.59
	2,986.53	2,894.43
	3,160.44	3,084.24

Note: 20. OTHER CURRENT ASSETS

Duties, Claims and Other Receivables	1,361.42	1,341.30
Subsidies Receivable	1,846.81	3,003.22
DEPB, DBK and Advance Licence Receivable	949.90	1,581.31
Export Growth Entitlement Receivable	192.32	120.51
Excise Rebate Claim Receivables	1,494.77	2,040.73
Interest receivable from trade debtors	210.83	140.62
Bank deposits above 3 months but within 12 months maturity	9.26	4.86
	6,065.31	8,232.55

Notes to the Consolidated Financial Statements

NOTES		
Note: 21. REVENUE FORM OPERATIONS		(₹ in Lacs)
Particulars	Year ended March 31, 2012	Year ended March 31, 2011
A) Sales		
<i>Manufactured Goods</i>		
Yarn	1,75,380.88	1,79,952.22
Fabric	32,033.04	28,061.18
Garment	138.71	26.75
<i>Traded Goods</i>		
Yarn	813.17	162.77
Fabric	1,413.77	1,381.28
Garment	75.81	12.01
B) Services and Job Processing Charges		
Job and Processing Charges	2,338.80	2,125.31
Other Services	–	–
C) Other Operating Income		
Sale of Waste	3,010.01	3,000.54
Less: Excise duty on above	(1,315.17)	(1,157.58)
	2,13,889.02	2,13,564.48

Note: 22. OTHER INCOME		
a) Interest Income	752.44	542.25
b) i) Dividend from Subsidiary Companies	–	–
ii) Dividend from others	50.17	148.53
c) Net Gain / Loss on sale of investment	–	–
d) Other non-operating income		
i) Rent	715.26	706.35
ii) Consultancy fees	18.03	156.00
iii) Liability no longer required written back	95.37	108.55
iv) Insurance and other claims received	32.74	5.10
v) Profit on sale of stores / raw material	–	0.67
vi) Net Profit / Loss on sale of Fixed Assets	0.43	35.10
vii) Miscellaneous Receipts	219.52	139.57
e) Excess provision on specific liabilities and commitments written back	20.36	277.30
f) Net Gain / Loss on foreign currency translation and transaction (Other than considered as finance cost)	121.98	147.98
g) Provision for Doubtful Loans and Advances Written Back	–	583.51
	2,026.30	2,850.91

Note: 23. COST OF MATERIAL CONSUMED		
A) Raw Materials		
Opening Stock	32,555.95	15,617.31
Add: Purchases	1,28,050.18	1,46,175.55
	1,60,606.13	1,61,792.86
Less: Sales, Returns and Adjustments	3,711.15	6,402.19
	1,56,894.98	1,55,390.67
Less: Closing Stock	15,045.55	32,453.96
Raw Material Consumed	1,41,849.43	1,22,936.71

Notes to the Consolidated Financial Statements

NOTES		
Note: 23. COST OF MATERIAL CONSUMED (Contd...)		(₹ in Lacs)
Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Raw Material Consumption under broad heads:		
A) Synthetic Fibres		
Polyester	52,274.55	39,162.05
Viscose	27,950.08	29,633.96
Other	2,779.96	2,925.20
B) Natural Fibre		
Cotton	45,199.14	37,622.77
Other	–	–
C) Yarn		
Synthetic	8,090.99	8,723.27
Cotton	1,739.62	0.88
D) Grey Fabric	223.45	82.92
E) Coal	36.53	1,763.54
F) Dyes and Chemicals	3,555.11	3,022.12
	1,41,849.43	1,22,936.71

Note: 24. PURCHASES OF TRADED GOODS		
Fabric	849.29	1,044.54
Garment	62.12	3.45
Yarn	834.03	162.77
	1,745.44	1,210.76

Note: 25. CHANGE IN INVENTORY		
Closing Inventory		
Finished Goods	8,337.19	7,178.65
Waste	94.26	38.28
Stock in Process	6,934.54	6,245.39
	15,365.99	13,462.32
Opening Inventory		
Finished Goods	7,178.65	4,456.12
Waste	38.28	146.29
Stock in Process	6,245.39	4,296.01
	13,462.32	8,898.42
Increase/(Decrease) in Inventory	1,903.67	4,563.90

Note: 26. EMPLOYEE BENEFITS EXPENSES		
a) Salaries, Wages and Bonus	14,901.19	13,615.48
b) Contribution to Provident, Gratuity and Other Funds	2,289.35	2,058.98
c) Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP)	–	–
d) Workmen and Staff Welfare	272.71	289.44
	17,463.25	15,963.90

Note: 27. FINANCE COST		
a) Interest Expenses	11,161.53	8,371.52
b) Other borrowing costs	187.85	142.67
c) Bank charges	347.75	341.06
d) Applicable net gain / loss on foreign currency translations and transactions	(7.72)	(11.22)
	11,689.41	8,844.03

Notes to the Consolidated Financial Statements

NOTES		
Note: 28. DEPRECIATION AND AMORTISATION EXPENSES		(₹ in Lacs)
Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Tangible Assets	9,807.13	9,148.03
Intangible Assets	25.40	26.70
Total	9,832.53	9,174.73
Amortisation on Government Capital Grants	46.79	86.48
Written Back on Cenvat De-capitalisation	0.34	137.21
	47.13	223.69
	9,785.40	8,951.04

Note: 29. OTHER EXPENSES

A. Manufacturing Expenses		
a) Stores and Spare parts Consumed (Net of scrap sales ₹ 418.25 Lacs, Previous Year ₹ 367.59 Lacs)	4,935.10	4,771.68
b) Power and Fuel	19,863.06	19,223.07
c) Packing Expenses	2,738.47	2,798.10
d) Processing and Job Charges	718.59	503.40
e) Research and Development	105.56	91.50
f) Repairs to Building	366.90	377.86
g) Repairs to Machinery	895.97	1,005.13
h) Repair and Maintenance (Other)	239.07	201.23
	29,862.72	28,971.97
B. Administrative Expenses		
a) Rent	96.35	145.24
b) Insurance (Net of Recovery ₹ 121.55 Lacs, Previous Year ₹ 120.25 Lacs)	243.84	175.48
c) Rates and Taxes	99.71	88.43
d) Lease Rent	35.11	38.77
e) Directors' Remuneration and Fees	109.04	440.00
f) Directors' Travelling	20.32	15.62
g) Charity and Donations	–	3.33
h) Payment to Auditors*		
As Auditors	35.84	24.89
For taxation matters	5.64	5.76
For Management services	8.50	6.00
For Others	7.66	18.95
For reimbursement of exp.	8.47	4.43
i) Other Miscellaneous expenses	1,721.06	2,209.06
	2,391.54	3,175.96
*Payment to Auditors during the year include Service Tax amounting to ₹ 3.13 Lacs (Previous Year Nil)		
C. Selling Expenses		
a) Commission	540.59	511.59
b) Brokerage	144.79	141.22
c) Incentives and Discounts	1,600.05	1,520.04
d) Claims and Rebates	94.27	82.87
e) Freight, Forwarding and Octroi	873.13	634.60
f) Expenses on Export Sales:		
Ocean Freight	2,992.61	3,353.87
Commission	1,330.32	1,461.25
Others	448.07	492.03
g) Advertisement	331.42	276.74
h) Foreign Travelling Expenses	150.28	122.23
i) Other Selling Expenses	569.05	430.42
	9,074.58	9,026.86

Notes to the Consolidated Financial Statements

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Note: 29. OTHER EXPENSES (Contd...)		(₹ in Lacs)
Particulars	Year ended March 31, 2012	Year ended March 31, 2011
D. Other expenses		
a) Net loss on Foreign currency transaction and translation (other than considered as finance cost)	97.29	1.68
b) Bad debts and provision for doubtful debts and advances	64.41	86.19
c) Loans and advances written off	–	68.35
d) Deferred revenue expenses written off	–	48.42
e) Provision for entry tax	60.74	33.19
f) Provision for losses of Subsidiary companies	–	–
g) Adjustment to the carrying amount of investments	–	–
h) Investment loss on liquidation	–	2,053.92
i) Net loss on sale / discarding of Fixed Assets	114.25	2.71
j) Profit on sale of stores / raw material	1.71	–
k) Extraordinary item of expenses	–	–
l) Prior period expenses	1.72	4.38
	340.12	2,298.84
	41,668.96	43,473.63

Note: 30.

Jodhpur Bench of the Hon’ble Rajasthan High Court, which had earlier in its interim order stayed payment of Entry Tax on the grounds of constitutional validity, has vide order dated January 21, 2011 modified its earlier order following the judgement dated January 12, 2011 of The Hon’ble Supreme Court of India in the case of Binani Cement Ltd’s Special Leave Petition and directed the Company to pay 50% of the assessed Entry Tax and provide solvent guarantee for the balance assessed and non-assessed tax and interest thereon till the date of payment. Accordingly, the Company has paid ₹ 265.27 Lacs against the entry tax payable up to March 31, 2009 being 50% of assessed Entry Tax and provided solvent guarantee to the State Government for the balance amount as on March 31, 2012 of ₹ 985.54 Lacs (Previous Year ₹ 957.75 Lacs) including interest of ₹ 344.08 Lacs.

Note: 31.

The depreciation on Plant and Machinery of Cheslind Textiles Limited has been provided at the rates applicable on ‘Continuous Process Plant’ on year to year basis based on technical expert’s advice. Had the depreciation been provided on the rates applicable for ‘Triple Shift Operation’, the depreciation would have been higher by ₹ 401 Lacs (Previous Year ₹ 585 Lacs). (Up to this year ₹ 2,827 Lacs).

Note: 32.

Under the Technology Up-gradation Fund Scheme (TUFS) established by Government of India for Textiles, the Company has incurred an expenditure of ₹ 1,27,296.79 Lacs on various projects (Previous Year ₹ 95,218.02 Lacs). The interest subsidy accrued for the year under this scheme is ₹ 3,094.09 Lacs (Previous Year ₹ 3,453.83 Lacs) which has been credited to the Statement of Profit and Loss.

Note: 33.

The capital subsidy under TUFS is accounted adopting Deferred Income Approach and is recognized in Statement of Profit and Loss on a systematic and rational basis over useful life of the assets. A sum of ₹ 432.67 Lacs up to date is therefore considered as deferred income, out of which, a sum of ₹ 46.81 Lacs (Previous Year ₹ 86.48) has been recognized against depreciation during the year (up to this year ₹ 209.91 Lacs).

Note: 34.

Interest on Term Loan taken from Bank of Maharashtra in December, 2006 @ 9% was due for resetting in December, 2009 which was inordinately delayed by the Bank until March 24, 2011 when it communicated to the Company to pay interest @ 11.75% with retrospective effect. Aggrieved by Bank’s action, Company approached Ombudsman, RBI, Rajasthan who vide his order dated February 24, 2012 directed bank to charge interest only prospectively from the date of communication to borrower. Bank vide its letter dated April 3, 2012 waived off excess interest charged to account up to March 24, 2011 but demanded interest @ 16.70% for period thereafter. Without prejudice to Company’s legal position, it has offered to settle the issue by paying interest @11.75% w.e.f. March 24, 2011. The difference of interest payable @ 11.75% up to March 31, 2012 amounting to ₹ 42.53 Lacs is fully provided for.

Note: 35.

The Parent Company has been hitherto, following the guidelines issued by the Institute of Chartered Accountants of India on “Accounting

Notes to the Consolidated Financial Statements

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for Derivatives” dated March 29, 2008, wherein the variations at the reporting dates on mark to market basis on Foreign Exchange Derivatives / Hedge were acknowledged through the Statement of Profit and Loss.

During the year Parent Company has early adopted AS-30 “Financial Instruments: Recognition and Measurement” and the gain / loss on account of change in effective portion of such forward contracts is taken into Hedging Reserve (₹ 163.09 Lacs as on March 31, 2012, Previous Year Nil) and gain on ineffective portion of hedge is taken into Statement of Profit and Loss (₹ 121.98 Lacs, Previous Year Nil). As a result thereof the loss for the period is understated by ₹ 163.09 Lacs.

However, Subsidiary Cheslind Textiles Limited hedged its export realizations through Foreign Exchange Derivative and Hedge Contracts in the normal course of business so as to reduce the risk of exchange fluctuations. No Foreign Exchange Derivative and Hedge Contracts are taken / used for trading or speculative purpose. Pursuant to the announcement on “Accounting for Derivatives” issued by the Institute of Chartered Accountants of India on March 29, 2008 and as per the Accounting Policy, the Company has accounted for gains aggregating ₹ 6.51 Lacs (Previous Year ₹ 16.74 Lacs loss) during the current year, computed on mark to market basis on the Foreign Exchange Derivative and Hedge Contracts, outstanding as on March 31, 2012.

Note: 36. SEGMENT RESULTS

The Company's operations predominantly relates to manufacturing of Yarn and Fabric and on the basis of assessment of the risk and return differential in terms of AS-17, the Company has identified Yarn and Fabric as primary reportable business segments. Further the geographical segments have been considered as secondary segments and bifurcated into India, Europe, Middle East, America and Other Countries.

The Accounting Policy in respect of Segments is in conformity with the accounting policies of the enterprise as a whole. The inter segment transfers are accounted at the prevailing market prices charged to unaffiliated customers for similar goods. These transfers are eliminated in consolidation.

The revenue and expenditure in relation to the respective segments have been identified and allocated to the extent possible. Other items i.e. extraordinary items, Loss / Profit on sale of investments and foreign currency transactions, corporate office expenses, etc. not allocable to specific segments are being disclosed separately as unallocated and adjusted directly against the Total Income of the Company.

A. Business Segment (₹ in Lacs)

Particulars	Yarn*		Fabric, Denim		Other items		Total	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 31.03.2011	Year ended March 31, 2012	Year ended March 31, 2011
Segment Revenue								
External Sales / Other								
Operating Income	1,86,259	1,88,644	35,464	31,678	67	863	2,21,791	2,21,185
Less:Inter Segment Transfers	6,659	5,758	–	3	–	–	6,659	5,761
Gross Revenue	1,79,600	1,82,886	35,464	31,675	67	863	2,15,131	2,15,424
Segment Result	1,451	26,203	3,236	3,298	–	–	4,687	29,501
Less: Interest expenses	–	–	–	–	–	–	(11,689)	(8,844)
Add: Interest recd. from Debtors	–	–	–	–	–	–	752	542
Unallocable expenses	–	–	–	–	–	–	(916)	(2,611)
Unallocable income	–	–	–	–	–	–	783	1,011
Corporate Guarantee								
Devolvement Expenses	–	–	–	–	–	–	–	–
Profit Before Tax	–	–	–	–	–	–	(6,383)	19,599
Less: Taxation	–	–	–	–	–	–	1,036	(5,826)
Net profit for the year	–	–	–	–	–	–	(5,347)	13,773
Other Information								
Segment Assets	1,13,217	1,32,973	35,856	33,735	29,692	9,781	1,78,765	1,76,489
Segment Liabilities	10,780	14,286	3,045	2,793	138	1,870	13,963	18,949
Capital Employed	1,02,437	1,18,687	32,811	30,942	29,554	7,911	1,64,802	1,57,540
Capital Expenditure incurred during the year	22,374	8,710	9,215	923	50	167	31,639	9,800
Depreciation	7,501	6,930	2,147	1,869	137	152	9,785	8,951
Other Non Cash Expenses	–	–	–	13	–	–	–	13

Notes to the Consolidated Financial Statements

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B. Geographical segment (₹ in Lacs)

Particulars		India	Europe	Middle East	Africa, South East and Far East Asia	America	Total
Segments Revenue							
Based on location of the customers	This Year	1,33,455	32,200	6,608	40,814	2,054	2,15,131
	Previous Year	1,37,341	37,213	5,792	31,531	3,547	2,15,424
Segment Assets							
Based on location of the assets	This Year	1,69,348	2,171	979	6,186	81	1,78,765
	Previous Year	1,69,280	2,663	1,144	3,160	242	1,76,489

* Includes captive and Standby power

Note: 37. RELATED PARTY TRANSACTIONS – AS – 18

a) Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes Holding Companies, Subsidiaries and Fellow Subsidiaries).	None
b) Associates	None
c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.	None
d) Key Management Personnel and their relatives	1) Shri L. N. Jhunjhunwala
	2) Shri Ravi Jhunjhunwala
	3) Shri Shekhar Agarwal
	4) Shri A. K. Churiwal
	5) Shri J. C. Laddha

e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence.

S. No.	Company's Name	S. No.	Company's Name
01.	Aadi Marketing Co. Pvt. Ltd.	22.	India Texfab Marketing Limited
02.	A.D. Hydro Power Ltd.	23.	Indo Canadian Consultancy Services Ltd.
03.	Agarwal Finestate Pvt. Ltd.	24.	Jyoti Knits Pvt. Ltd.
04.	Agarwal Trademart Pvt. Ltd.	25.	Kalati Holdings Private Ltd.
05.	Apeksha Vyapaar Pvt. Ltd.	26.	LNJ Financial Services Ltd.
06.	Bhilwara Technical Textiles Ltd.	27.	Malana Power Company Ltd.
07.	Bhilwara Services Pvt. Ltd.	28.	Maral Overseas Ltd.
08.	Bhilwara Commerce Pvt. Ltd.	29.	Mayur Knits Pvt. Ltd.
09.	BMD Private Ltd.	30.	Maheshwari Vastra Bhandar
10.	BMD Power Pvt. Ltd.	31.	Mandawa Niyojan Pvt. Ltd.
11.	BMD Solar Power Pvt. Ltd.	32.	Nikita Electrotrades Pvt. Ltd.
12.	BSL Ltd.	33.	Nivedan Vanijiya Niyojan Limited
13.	Churiwala Properties and Investments Pvt. Ltd.	34.	PRC Niyojan Pvt. Ltd.
14.	Diplomat Leasing and Finance Pvt. Ltd.	35.	Puri Vanijya Niyojan Ltd.
15.	Deepak Knits Pvt Limited	36.	Raghav Commercial Ltd.
16.	Essay Marketing Co. Ltd.	37.	Raghav Knits and Textiles Private Ltd.
17.	Expert Fabrics and Tex. Pvt Limited	38.	Shashi Commercial Co. Ltd.
18.	Ganga Yamuna Auto Pvt. Ltd.	39.	Sudiva Spinners Private Ltd.
19.	Giltedged India Securities Ltd.	40.	Vivek Garments Pvt. Ltd.
20.	HEG Limited	41.	Veronia Tie-up Pvt. Ltd.
21.	Investors India Ltd.		

Notes to the Consolidated Financial Statements

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Note: 37. RELATED PARTY TRANSACTIONS – AS – 18 (Contd...)

f) Transaction with Related Parties

The following transactions were carried out with the related parties in the ordinary course of business: (₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
I) For the parties referred to in item (a) above	–	–
II) For the person referred to in item (b) above	–	–
III) For the person referred to in item (c) above	–	–
IV) For the persons referred to in item (d) above		
Remuneration and other perquisites	94.09	428.19
Directors Sitting fees	4.00	4.00
V) For the parties referred in (e) above		
Sale of Finished Goods	2,295.11	2,665.60
Purchase of Finished Goods	662.14	–
Sale of Raw Material	105.71	53.58
Purchase of Raw material	1,177.40	876.49
Sale of Stores and Consumable	4.51	17.86
Purchase of Store and Consumable	8.57	2.84
Rent received	502.19	502.19
Rent Paid	68.56	78.15
Sale of Land	–	41.50
Purchase of Land	–	25.20
Interest Received	4.47	1.06
Interest Paid	–	0.25
Commission received on IEX power	8.51	4.74
Reimbursement received of revenue expenditure	591.43	506.94
Reimbursement made of revenue expenditure	91.86	58.53
Job charges received	97.64	89.90
Job charges paid	47.69	5.93
Consultancy Charges	33.09	33.09
Trade Receivable	436.33	442.68
Trade Payable	264.25	(1.11)

Note: 38. EARNINGS PER SHARE

The basic and diluted Earnings per Share (EPS) have been calculated by dividing Net Profit for the year attributable to Equity Shareholders by the weighted average number of Equity Shares as per AS - 20 are as under:

Particulars	Unit	Year ended March 31, 2012	Year ended March 31, 2011
I) Calculation of Basic EPS			
a) Net Profit after Minority Interest, Earning in Joint Ventures, Associates and Tax	₹ in Lacs	(4,271.82)	13,375.64
b) Dividends on OCPS / Redeemable Preference shares including tax	₹ in Lacs	–	(9.59)
c) Net Profit available to Equity Shares (a-b)	₹ in Lacs	(4,271.82)	13,366.05
d) Weighted Average Equity Shares Outstanding during the year	Nos.	2,31,48,689	2,31,48,689
e) Basic Earning per share	₹	(18.45)	57.74
II) Calculation of Diluted EPS			
a) Warrants and OCPS / Redeemable Preference shares	₹ in Lacs	–	–
b) Payment Received		–	–
c) Diluted potential Equity Shares	Nos.	–	–
d) Total no. of diluted weighted average Shares	Nos.	2,31,48,689	2,31,48,689
e) Diluted earning per share	₹	(18.45)	57.74

Notes to the Consolidated Financial Statements

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Note: 39. HEDGE ACCOUNTING - AS - 32

a) The Company hedges its realizations on export sales and import obligation for Capital Assets / Raw Material through Foreign Exchange Derivative and Hedge Contracts in the normal course of business so as to reduce the risk of exchange fluctuations. No Foreign Exchange Derivative and Hedge Contracts are taken / used for trading or speculative purpose.

b) The Company has following gross derivatives exposure outstanding as on Balance Sheet date which have been designated as cash flow hedge to its exposure to movements in foreign exchange rates:

Fair value of gross derivatives exposure outstanding as on March 31, 2012

S No.	Particulars	Type of Hedge	Year ended March 31, 2012		Year ended March 31, 2011	
			Fair value in booking currency (in Lacs)	Fair value in INR (in Lacs)	Fair value in booking currency (in Lacs)	Fair value in INR (in Lacs)
1	Plain Vanilla Forwards					
	1(a) Sell					
	- USD / INR forward contracts	Cash Flow Hedge	234.60	12,089.05	287.60	13,274.61
	- EUR / INR forward contracts	Cash Flow Hedge	22.85	1,534.68	48.70	3,076.09
	1(b) Buy					
	- USD / INR forward contracts	Cash Flow Hedge	12.74	647.98	87.28	3,989.88
	- EUR / INR forward contracts	Cash Flow Hedge	–	–	8.81	537.36
2	Cross Currency Forwards					
	- EUR / USD forward contracts	Cash Flow Hedge	8.00	572.51	33.00	2,749.31
3	Options	Not Applicable	–	–	–	–
	Total			14,844.22		23,627.25

c) The periods during which the cash flows from the cash flow hedges outstanding as at March 31, 2012 are expected to occur and affect the statement of Statement of Profit and Loss are disclosed as under:

Periods during which cash flow hedges outstanding as at March 31, 2012 are expected to occur and affect the Statement of Profit and Loss

Sl No.	Period during which Cash Flows are expected to occur and effect Profit and Loss	Fair value in booking currency (in Lacs)			
		Buy - USD/INR	Buy - EUR/INR	Sell - USD/INR	Sell - EUR/USD
1	Quarter ending June 30, 2012	693.86	72.37	64.80	1.13
2	Quarter ending September 30, 2012	409.95	23.55	–	–
	Total	1,103.81	95.92	64.80	1.13

d) The movement in hedging reserve during the year ended March 31, 2012 for derivatives designated as cash flow hedge is as follows: (₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Balance at the beginning of the year	NIL	NIL
Additions on account of Changes in the fair value of effective portion of cash flow hedge		
- For transactions of expected sales in foreign currency	(145.22)	NIL
- For transactions of import of goods in foreign currency	(17.87)	NIL
Amount removed from hedge reserve and included in initial cost of a fixed asset / long term liability, whose acquisition or incurrence was a highly probable forecasted transaction	NIL	NIL
Amount transferred to Profit and Loss Account	NIL	NIL
Balance at the end of the year	(163.09)	NIL

e) During the year there are no forecasted transactions for which hedge accounting had been used in the previous periods, but which is no longer expected to occur.

Notes to the Consolidated Financial Statements

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Note: 39. HEDGE ACCOUNTING - AS - 32: (Contd...)

f) The foreign currency exposures that are not hedged by derivative instruments or otherwise are as under: (₹ in Lacs)

S No.	Particulars	Currency	As at March 31, 2012 Amount in (FC)	As at March 31, 2011 Amount in (FC)	As at March 31, 2012 Amount in (₹)	As at March 31, 2011 Amount in (₹)
a)	Secured Loans	USD	2.36	5.86	120.08	261.30
b)	Trade receivables	USD	15.70	20.48	798.66	913.20
		EURO	NIL	5.75	NIL	364.55
		GBP	NIL	0.70	NIL	50.18
c)	Commission payable	USD	10.09	4.33	513.38	193.07
		EURO	0.14	0.08	9.51	5.07
		GBP	0.01	0.01	0.82	0.72
d)	Advance from Customer	USD	20.76	12.60	1,056.27	561.83
		EURO	1.57	0.17	106.62	10.78
		GBP	0.06	0.001	5.33	0.07
e)	Creditors	EURO	NIL	0.34	NIL	21.56

Note: 40.

The figures for the previous year have been regrouped and / or rearranged wherever found necessary to make these comparable with those of the current year.

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A.L.Chechani & Co.
Chartered Accountants
Firm Reg.No. 005341C

Ravi Jhunjunwala
Chairman
Arun Churiwal
Managing Director & CEO

per Sunil Bhargava
Partner
Membership No. 70964

per Sunil Surana
Partner
Membership No. 36093

J. C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer

Place : Noida

Dated : May 4, 2012

Surender Gupta
Company Secretary

Consolidated Cash Flow Statement For the year ended March 31, 2012 (₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax and Extra Ordinary item	(6,382.90)	19,599.22
Add: Depreciation and Amortisation	9,785.40	8,951.04
Dividend received	(50.17)	(148.53)
Interest cost	11,689.41	8,844.03
Exchange Fluctuation	(24.69)	(146.30)
Profit / Loss on sale of Fixed Assets	113.82	(32.39)
Investment Loss on Liquidation	–	2,053.92
Loan and Advances written off	–	68.35
Provision for Bad and Doubtful Debts	64.41	86.19
Provision for Bad and Doubtful Advances	–	(571.82)
Provision for Diminution in Value of Investment	(20.36)	(277.30)
Provision for Entry Tax	60.74	33.19
Liabilities no longer required written back	(95.37)	(120.24)
Miscellaneous Expenses written off	–	49.63
Operating Profit Before Working Capital Changes	15,140.29	38,388.99
Inventories	14,679.35	(20,918.21)
Trade Receivables (Current and Non Current)	2,119.97	(5,254.20)
Loans and Advances (Current and Non Current)	(129.21)	(2,776.59)
Other Assets (Current and Non Current)	2,314.45	(78.04)
Trade payables (Current and Non Current)	(3,462.85)	4,669.90
Other Liabilities (Current and Non Current)	79.70	5,075.84
Cash Generated from operations	30,741.70	19,107.69
Direct Taxes	–	(3,439.72)
Extraordinary item	–	–
Net cash from operating activities	30,741.70	15,667.97
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(31,639.24)	(12,136.69)
Sales of Fixed Assets	155.16	340.47
Proceeds from / Sale of Investments (Shares)	20.36	94.54
Purchase of Shares	(266.70)	–
Dividend received	50.17	148.53
Net cash used in investing activities	(31,680.25)	(11,553.15)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	32,149.39	2,275.59
Repayment of Long Term Borrowings	(10,884.00)	(13,603.54)
Increase / Decrease in Short Term Borrowings	(7,797.35)	20,134.42
Exchange Fluctuation	24.69	146.30
Dividend / Interim Dividend paid	(1,345.19)	(3,587.74)
Interest cost	(11,689.41)	(8,844.03)
Redemption of RPS	–	(500.10)
Net cash from financing activities	458.13	(3,979.10)
Net Increase in Cash and Cash equivalents	(480.42)	135.72
Opening Cash and Cash equivalents	836.70	700.98
Closing Cash and Cash equivalents	356.28	836.70

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A.L.Chechani & Co.
Chartered Accountants
Firm Reg.No.005341C

per Sunil Bhargava
Partner
Membership No. 70964

per Sunil Surana
Partner
Membership No. 36093

Place : Noida

Dated : May 4, 2012

Ravi Jhunjunwala
Chairman
Arun Churiwal
Managing Director & CEO
J. C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

FINANCIAL INDICATORS

(₹ in Crores)

S. No.	Description	2006-07	2007-08	2008-09	2009-10	Revised Schedule VI	
						2010-11	2011-12
1	Gross Turnover	1,064.69	1,173.83	1,302.24	1,538.49	1,962.16	2,000.15
2	Net Turnover	1,042.00	1,167.83	1,292.55	1,530.76	1,950.59	1,987.00
1	PBIDT	116.26	121.55	76.97	192.88	340.11	160.99
2	Interest	20.71	43.75	67.99	56.73	78.74	104.04
2	PBDT	95.55	77.80	8.98	136.15	261.37	56.95
3	Depreciation (Net)	47.37	66.39	72.67	87.64	80.15	89.10
3	Surplus Depreciation Written Back	16.03					
4	(Loss) on disposal of Garment Business		(10.30)				
5	(Loss) from foreign Exchange Fluctuations	0.51	0.31	(31.64)	0.00		
7	P B T	64.72	1.42	(95.33)	48.51	181.22	(32.15)
8	TAX	20.65	1.15	(31.48)	12.48	58.26	(10.36)
9	PAT	44.07	0.27	(63.85)	36.03	122.96	(21.79)
1	EPS (IN ₹)	19.04	0.12	(28.01)	14.68	53.08	(9.41)
2	Equity	23.15	23.15	23.15	23.15	23.15	23.15
1	Total Capital Employed	1,227.32	1,419.76	1,312.40	1,284.55	1,661.17	1,733.21
2	Net Worth	307.15	311.55	227.30	234.23	310.78	286.90
3	Deferred Tax Liability (DTL)	47.64	47.86	15.46	17.92	41.78	35.27
4	Net Worth and DTL	354.79	359.41	242.76	252.15	352.56	322.17
5	Long Term Loans	683.82	818.76	845.39	782.17	592.21	815.18
6	Working Capital Loans	188.66	241.53	223.30	248.43	437.98	376.09
7	Unsecured Loans	0.04	0.06	0.95	1.79	2.11	1.70
8	Total Borrowings(5+6+7)	872.52	1,060.35	1,069.64	1,032.39	1,032.30	1,192.97
9	Fixed Assets (Net)	840.62	910.53	866.03	802.07	807.44	1,030.84
10	Investments	46.46	73.59	64.44	60.15	60.15	60.27
1	Operating Profit Margin %	11.16	10.41	5.95	12.60	17.44	8.10
2	Return on Capital Employed % (PBIT/Capital Emp.)	5.61	3.89	0.33	8.19	15.65	4.15
3	Return on Sales % (PAT/ Turnover)	4.23	0.02	(4.94)	2.35	6.30	(1.10)
4	Return on Net Worth %	14.35	0.09	(28.09)	15.38	39.56	(7.59)
5	Debt Equity Ratio	1.93	2.28	3.49	3.11	1.69	2.54
6	Interest Cover Ratio	5.61	2.78	1.13	3.40	4.32	1.55
7	Fixed Assets Cover Ratio	1.23	1.11	1.02	1.03	1.36	1.26

Corporate Information



BOARD OF DIRECTORS

L. N. Jhunjunwala	<i>Chairman-Emeritus</i>
Ravi Jhunjunwala	<i>Chairman</i>
Shekhar Agarwal	Vice Chairman
Arun Churiwal	Managing Director & CEO
Kamal Gupta	Director
D. N. Davar	Director
Sushil Jhunjunwala	Director
A. N. Choudhury	Director
T. G. Regunathan	Director (Nominee, EXIM Bank)
J. C. Laddha	Executive Director

KEY EXECUTIVES

Corporate Office

Prakash Maheshwari	Chief Executive (Corporate Management Services)
B. M. Sharma	Chief Financial Officer
T. Dev Joshi	President (Corporate HR & OD)
M. L. Jhunjunwala	President, Mumbai

Business Heads

J. C. Laddha	Chief Executive (Yarn & TPP)
S. C. Garg	Chief Executive (Melange yarn)
Y. C. Gupta	Chief Executive (Denim)
Nirmal Jain	Chief Executive (Fabric)

COMPANY SECRETARY

Surender Gupta

AUDITORS

S. Bhargava Associates
A. L. Chechani & Co.

BANKERS

State Bank of Bikaner & Jaipur
AXIS Bank Ltd.
Bank of Baroda
Bank of Maharashtra
Central Bank of India
Dena Bank
Export-Import Bank of India
ICICI Bank Ltd.
IDBI Bank Ltd.
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
State Bank of Hyderabad
State Bank of Mysore
UCO Bank
Union Bank of India

REGISTERED OFFICE

Kharigram, P.O. Gulabpura – 311 021
Distt. Bhilwara (Rajasthan)

CORPORATE OFFICE

Bhilwara Towers, A-12, Sector – 1,
Noida – 201 301, U.P.

PLANT LOCATIONS

- ♦ Kharigram, P.O. Gulabpura – 311 021
Distt. Bhilwara, Rajasthan
- ♦ LNJ Nagar, Mordī, P.O. Banswara – 327 001, Rajasthan
- ♦ Mayur Nagar, Lodha, P.O. Banswara - 327 001, Rajasthan
- ♦ Mandpam, Bhilwara – 311 001, Rajasthan
- ♦ Rishabhdev – 313 802, Distt. Udaipur, Rajasthan
- ♦ Ringas – 332404, Distt. Sikar, Rajasthan



RSWM Limited

Regd. Office: Kharigram P.O. Gulabpura – 311 021
District Bhilwara (Rajasthan)

NOTICE

Notice is hereby given that the Fifty-First Annual General Meeting of the members of the Company will be held on Tuesday the 18th day of September, 2012 at 2.00 P.M. at the Registered Office of the Company at Kharigram, P.O. Gulabpura-311 021, District Bhilwara, Rajasthan to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at the 31st March, 2012 and the Statement of Profit & Loss for the period ended on that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri L. N. Jhunjhunwala, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Shekhar Agarwal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri D. N. Davar, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

Special Business

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION:
“RESOLVED THAT
a) pursuant to the provisions of Sections 198, 269, 309, 316 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII and subject to such approvals as may be necessary, approval of the members be and is hereby accorded to the re-appointment of Shri Arun Churiwal, as Managing Director of the Company with effect from the 17th March, 2012 on the remuneration as set out in the Explanatory Statement annexed hereto for a period upto 16th March, 2015.
b) the Board of Directors of the Company be and is hereby authorised to :
i) agree to such increase or decrease or variations, modifications or amendments in the terms of remuneration set out in Explanatory Statement annexed hereto as considered reasonable by the Board and acceptable to

Shri Arun Churiwal subject to such approval(s) as may be necessary.

- ii) take all such steps and actions as may be considered necessary by the Board for the purpose of implementing this Resolution.”

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for creation of such mortgage(s) and charge(s) in addition to the existing mortgages, charges and hypothecations created by the Company as the Board may direct on the assets of the Company, both present and future and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of:

- Oriental Bank of Commerce (OBC) in connection with Term Loan of ₹ 59.50 crores under Technology Upgradation Fund Scheme (TUFS).
- Dena Bank in connection with Term Loan of ₹ 40.25 crores together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and other monies payable by the Company to OBC and Dena Bank under the Loan Agreements entered into by the Company in respect of the said borrowings.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with OBC and Dena Bank the documents for creating the aforesaid mortgage(s) and/or charge(s) and to do all such acts and things as may be necessary for giving effect to the above Resolution.”

By order of the Board
For **RSWM Limited**

Place : Noida
Date : 9th July, 2012

Surender Gupta
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under item No. 6 & 7 and relevant details in respect of item Nos. 2, 3, 4 & 6 pursuant to clause 49 of the Listing Agreement are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 14th September, 2012 to Tuesday, the 18th September, 2012 (both days inclusive).
4. Members are requested to:
 - (i) Quote their Folio number/client ID in all correspondence with the Company.
 - (ii) Notify immediately to the Company all changes with respect to their bank details, mandate, nomination, Power of Attorney and Change of Address. Members holding shares in electronic form should send their requests regarding the same to their respective Depository Participants.
5. Members who are holding Company's shares in electronic form are required to bring details of their Depository Account such as Client ID and DPID numbers for identification.
6. Members seeking any information/clarification with regard to accounts and audit are requested to write to the Company in advance and their queries should reach the registered office of the Company at least seven days prior to the date of meeting,

so as to enable the Management to keep the information/clarification ready.

7. In accordance with the provisions of Section 205A of the Companies Act, 1956, the dividend remaining unpaid/unclaimed for 7 years is required to be transferred to the Investor Education and Protection Fund. Accordingly, the shareholders who have not encashed the dividend warrants so far for the financial year ended the 31st March, 2005 and subsequent financial years are requested to make their claims to the Company.

Members may please note that the unclaimed dividends prior to year 2004-2005 have already been transferred to appropriate authorities.

8. Members holding shares in physical form are requested to furnish their email ID through e-mail at rswm.investor@lnjbhilwara.com and/or send letter to us quoting their Folio No. and e-mail ID to enable us to serve any document, notice, communication, annual reports etc. through e-mail. Members holding shares in demat form may get their email ID updated with their respective Depository Participants. We request the members to continue to support the Green Initiative introduced by MCA and make it a success.
9. The Annual Report of the Company will also be available on the website of the Company, www.rswm.in. Documents in physical form shall be sent to members upon request.
10. Members holding shares in physical form are requested to dematerialize their holdings in their own interest.
11. In case of transfer of Shares, transferee is requested to furnish a copy of the of PAN card to the Registrar & Transfer Agent for registration of transfer of shares in physical form.

ANNEXURES TO NOTICE

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

Item no. 6

The term of appointment of Shri Arun Churiwal, Managing Director expired on the 16th March, 2012. The Board of Directors in their meeting held on the 4th February, 2012 have re-appointed Shri Arun Churiwal as Managing Director for a further period of three years commencing from the 17th March, 2012 in accordance with the provisions of the Companies Act, 1956 readwith Schedule XIII thereto. The terms of remuneration have also been approved by the Remuneration Committee of the Board of Directors as per the requirement of the Companies Act, 1956 read with

Schedule XIII. The terms and conditions of his appointment are as under:

Salary : ₹2,50,000/- per month with annual increase of ₹40,000/- per month.

Commission : Not more than 1% of the net profits of the Company as computed in the manner laid down in Section 309(5) of the Companies Act, 1956.

Perquisites : In addition to salary and commission, Shri Arun Churiwal shall be entitled to the following perquisites.

Category ‘A’

- i) Housing:

a) The expenditure incurred by the Company on hiring unfurnished accommodation for him shall be subject to a ceiling, namely 60% of the basic salary, over and above 10% payable by him, or

b) In case the accommodation is owned by the Company 10% of the basic salary shall be deducted by the Company, or

c) In case no accommodation is provided by the Company, house rent allowance subject to a ceiling laid down in (a) above shall be paid.

The expenditure incurred by the Company on Gas, Electricity, Water and furnishing shall be valued as per Income Tax Rules, 1962 and will be subject to a ceiling of 10% of the basic salary.
- ii) Medical Reimbursement:

Expenditure incurred for the Managing Director and his family, subject to a ceiling of one month's basic salary in a year or three months basic salary over a period of three years.
- iii) Leave Travel Concession:

For the self and family once in a year in accordance with the rules specified by the Company.
- iv) Club Fee(s):

Fee for clubs subject to maximum of two clubs will be allowed. This will not include admission and life membership fees.
- v) Personal Accident Insurance:

Of an amount, the annual premium of which not to exceed ₹10,000/-.

For the purpose of this category “family” means the spouse, the dependent children and dependent parents.

Category ‘B’

- i) Provident Fund:

Company's contribution to Provident Fund shall be as per the scheme of the Company.
- ii) Superannuation/Annuity Funds:

Company's contribution to Superannuation/Annuity fund shall be in accordance with the scheme of the Company.
- iii) Gratuity:

Payable as per the rules of the Company.

Category C

- i) Car:

Provision of car for use on Company's business. Use of car for private purpose shall be billed by the Company.
- ii) Telephone:

Telephone at residence. Personal long distance calls shall be billed by the Company.

Minimum Remuneration

Notwithstanding anything to the contrary hereinabove contained, where, in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or has inadequate profits, the Company will pay remuneration to the Managing Director by way of salary, perquisites and allowances not exceeding the sum specified in Para 1(B) of Section II of Part II of the Schedule XIII of the Companies Act, 1956.

The re-appointment of Shri Arun Churiwal as Managing Director of the Company and payment of remuneration to him requires the approval by the Company in general meeting by special resolution in accordance with the relevant provisions of the Companies Act, 1956 read with Para 1(B) of Section II of Part II of the Schedule XIII to the said Act. The Resolution set out in the notice at Item no. 6 is intended for this purpose.

None of the Directors except Shri Arun Churiwal himself is in anyway interested or concerned in the Resolution.

INFORMATION PURSUANT TO THE PARA 1(B) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956

I. General Information

1. Nature of Industry:

The Company is in the business of manufacturing textiles, primarily it is in the business of Yarn, Fabric and Denim.
2. Date or expected date of commercial production:

Subsequent to the incorporation of the Company on the 17th October, 1960, the Company obtained certificate of commencement of business on the 28th December, 1960.

3. Financial performance based on given indicators:

The financial performance of the Company during the previous three financial years is as under: (₹ crore)

	Financial Year Ended 31.03.2012	Financial Year Ended 31.03.2011	Financial Year Ended 31.03.2010
Turnover			
Export	730.35	783.62	566.70
Domestic	1269.80	1178.54	971.79
Total	2000.15	1962.16	1538.49
Profit before Interest & Depreciation	160.99	340.11	193.26
Less: Interest	104.04	78.74	56.82
Profit before Depreciation	56.95	261.37	136.44
Less: Depreciation	89.10	80.15	87.64
Profit/(Loss) before Tax	(32.15)	181.22	48.51
Less: Current Tax	(3.85)	34.40	10.02
Deferred Tax Liability	(6.51)	23.86	2.46
Profit/(Loss) after Tax	(21.79)	122.96	36.03

4. Export performance and net foreign exchange collaborations:

Export sales of the Company has decreased to ₹ 730.35 crore in 2011-12 from ₹ 783.62 crore in 2010-11. The earning in foreign currency was ₹ 693.96 crore in 2011-12 as compared to ₹ 748.46 crore in 2010-11.

5. Foreign investments or collaborators, if any:

During this financial year, there is no foreign investment or collaboration.

II. Information about the appointee(s):

Shri Arun Churiwal, Managing Director

1. Background details:

Shri Arun Churiwal aged 62 years holds a degree in B.A (Hons) from Calcutta University. He is an Industrialist with a rich business experience and expertise in textile industry. He was appointed as Managing Director of the Company on the 17th March, 2009.

He is also Chairman and Managing Director of BSL Limited. He is also Non-Executive Director of LNJ Financial Services Limited, LA OPALA RG Limited besides other Private Limited Companies. He is also member on the Board Committees of various companies.

2. Past Remuneration:

The Board of Directors in their meeting held on the 4th February, 2012 re-appointed Shri Arun Churiwal as Managing Director of the Company for a period of three years w.e.f the 17th March, 2012 in accordance with the provisions of the Companies Act, 1956 and Schedule XIII thereto. The terms of remuneration have also been approved by the Remuneration Committee of the Board as per the requirement of the Companies Act, 1956. The terms and conditions of his appointment have been stated above in this explanatory statement. A comparison of past remuneration and the proposed remuneration is given below:

Remuneration	Past Remuneration (17 th March 2011 to 16 th March 2012) (In ₹)	Proposed Remuneration (17 th March 2012 to 16 th March 2013) (In ₹)
Basic Salary	25,80,000	30,00,000
Allowances, Perquisites & Retiral Benefits	10,15,382*	35,31,231
Commission	Not more than 1% of the net profits of the Company .*	Not more than 1% of the net profits of the Company

* Restricted in view of losses incurred

3. Recognition or awards:

Shri Arun Churiwal has represented the Company in various business associations. He is the past president of Merchant Chamber of Commerce, Kolkata and Mewar Chamber of Commerce, Bhilwara. He is also the past Chairman of Indian Woolen Mills Federation Mumbai.

4. Job profile and his suitability:

Shri Arun Churiwal has been acting as Managing Director of the Company w.e.f 17th March 2009. Shri Arun Churiwal had a long Association with the Company and has a valuable contribution towards the considerable growth of the Company. He holds a degree in B.A(Hons) from Calcutta University and is an industrialist with rich business experience and expertise in textile industry for over 33 years. It is expected that with re-appointment of Shri Arun Churiwal as Managing Director, the Company would further benefit from his rich experience and knowledge in the field of textile. Taking into account the qualification and long experience of Shri Arun Churiwal, the Board considers it appropriate to appoint him as Managing Director on the terms and conditions as set out in the above explanatory statement.

5. Remuneration proposed:

Remuneration is as set out above in the explanatory statement. The remuneration to the Managing Director has the approval of the Board and Remuneration Committee.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details with reference to the country of his origin)

The Company has a paid up share capital of ₹ 23.15 crores, and is presently listed on two stock exchanges with approx. 14,000 shareholders. It is in the business of Manufacturing Yarn, Fabric, and Denim. Considering the size of the Company, the profile of Shri Arun Churiwal, the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other Companies.

7. Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

Excepting the payment of remuneration for his service as Managing Director, as approved and detailed hereinabove, he has no other direct or indirect pecuniary relationship with the Company.

None of the Directors of the Company is interested in his re-appointment as Managing Director.

III. Other Information:

1. Reasons for loss or inadequate profits:

The Company earned Profit/(Loss) before Tax of ₹(32.15) crore for the financial year ended the 31st March, 2012, as compared to Profit before Tax of ₹181.22 crore for the financial year ended 31st March, 2011. The Company does not have profits for the year ended 31st March, 2012 in terms of Section 198 read with Section 309 of the Companies Act, 1956.

The main reasons for the Loss for the year ended 31st March, 2012 are appreciation of INR, lesser margin on account of low realization and higher input cost of raw materials and also due to impact of high volatility in cotton prices.

2. Steps taken or proposed to be taken for improvement:

The Company has recently completed expansion and modernization programmes. The Company is focusing on the marketing and value addition to achieve the optimum benefits in its operations. Company has implemented various corrective steps and cost reduction measures so as to improve its operational efficiencies. The Company is hopeful that the remedial measures will yield good returns in future.

The operations of the Company have shown good recovery in the last quarter of the financial year, thereby reducing the overall losses.

3. Expected increase in productivity and profits in measurable terms:

The Company has taken initiatives to improve the profitability of the Company and will continue in its endeavour to improve performance. Although certain constraints can be addressed only over a period of time, the management expects a reasonable improvement in operations in future years.

Item No.7

The Company had approached Oriental Bank of Commerce (OBC) and Dena Bank for financial assistance in the form of Rupee Term Loan of ₹59.50 crores and ₹40.25 crores respectively, under Technology Upgradation Fund Scheme (TUFS) for part financing the expansion project of the Company and to take over the high cost loan of Bank of Maharashtra. The referred financial assistance(s) from the lenders are to be secured by mortgage/charge of the assets of the Company, both present and future.

Section 293(1)(a) of the Companies Act, 1956, provides inter-alia that the Board of Directors of the Company shall not, without the consent of members of the Company in general meeting sell, lease or otherwise dispose off the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole or substantially the whole, of any such undertaking. Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of OBC and Dena Bank may be regarded as disposal of Company's properties/undertaking, it is necessary for the Company's members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copies of sanction letters received from the lenders and copies of relevant documents/correspondence are open for inspection at the Registered Office of the Company during the office hours on any working day prior to the date of meeting.

Your Directors recommend the resolution for approval.

None of the Directors is concerned or interested in the resolution.

By order of the Board
For **RSWM Limited**

Place: Noida
Date : 9th July, 2012
Surender Gupta
Company Secretary

Details of the Directors Seeking appointment/re-appointment in forthcoming Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreements)

Name of Director	Shri Arun Churiwal	Shri L. N. Jhunjhunwala	Shri Shekhar Agarwal	Shri D. N. Davar
Category	Promoter Executive	Promoter - Non Executive	Promoter - Non Executive	Independent - Non Executive
Interse relationship	N.A.	Father in Law of Shri Shekhar Agarwal	Son in Law of Shri L. N. Jhunjhunwala	N.A.
Date of Birth	15 th May, 1950	17 th October, 1928	9 th October, 1952	8 th August, 1934
Date of Appointment	23 rd October, 2003	17 th October, 1960	13 th February, 1984	10 th November, 2004
Qualification	B.A. (Hons)	B.A. Maths. (Hons)-Gold Medalist, Calcutta University	B.Tech (M.E), M.Sc (Chicago)	B.Com(Hons), M.A-Economics, CAIIB, Fellow of the Economic Development Institute of the World Bank
Expertise in specific functional areas	Rich Experience of Textile Industry	Renowned industrialist with wide experience and diversified business interest	Industrialist with rich experience of Textile Industry	Consultant in the areas of finance, accounting and corporate laws. Part time consultant to World Bank, UNIDO and Kreditanstalt fur, Weideraufbau(KFW), Former Executive Chairman of IFCl
List of other Public Companies in which Directorships held	1. BSL Ltd. 2. LNJ Financial Services Ltd. 3. La Opala RG Ltd.	1. AD Hydro Power Ltd. 2. HEG Ltd. 3. Indo Canadian Consultancy Services Ltd. 4. LNJ Financial Services Ltd. 5. Malana Power Company Ltd. 6. Maral Overseas Ltd.	1. Bhilwara Technical Textiles Ltd. 2. BSL Ltd. 3. Essay Marketing Company Ltd. 4. HEG Ltd. 5. Maral Overseas Ltd.	1. Adayar Gate Hotel Ltd. 2. Ansal Properties & Infrastructure Ltd. 3. Cimmco Ltd. 4. HEG Ltd. 5. Hero Fincorp Ltd. 6. Indo-Continental Hotels & Resorts Ltd. 7. Landmark Property Development Co. Ltd. 8. Maral Overseas Ltd. 9. OCL India Ltd. 10. Parsvnath Hotels Ltd. 11. Parsvnath SEZ Ltd. 12. Sandhar Technologies Ltd. 13. Titagarh Wagons Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Nil	Audit Committee - Member	Shareholders' / Investors' Grievances Committee- Member	1. Audit Committee- Member 2. Shareholders' / Investors' Grievance Committee – Member
Chairman/Member of the Committees of Directors of other Companies :				
a) Audit Committee	Nil	Maral Overseas Ltd – Member	1. BSL Ltd. – Member 2. HEG Ltd. – Member	1. Ansal Properties & Infrastructure Ltd. – Chairman 2. CIMMCO Ltd. – Member 3. HEG Ltd. – Chairman 4. Hero Fincorp Ltd. – Chairman 5. Maral Overseas Ltd. – Member 6. OCL India Ltd. – Chairman 7. Titagarh Wagons Ltd. - Chairman
b) Shareholders' / Investors' Grievances Committee	BSL Ltd.-Member	HEG Ltd. – Chairman	Maral Overseas Ltd. – Member	Maral Overseas Ltd. – Member
No. of Equity Shares held in Company	1,610	1,37,112	Nil	Nil



RSWM Limited

Regd. Office: Kharigram P. O. Gulabpura - 311 021, District Bhilwara, Rajasthan

PROXY FORM

DP Id* Folio No
Client Id* No. of Share(s) held

I/We of being a
member/members of RSWM Limited, hereby appoint
of..... failing him/her
of..... or failing him
of as my/our Proxy in my/our absence to attend and vote for me/us on my/our
behalf at the 51st Annual General Meeting of the Company to be held on Tuesday, the 18th of September, 2012 at 2.00 P.M. and
at any adjournment thereof.

As WITNESS my/our hand/hands this day of 2012.

Signed by the said

Please affix
Re. 0.15
Revenue
Stamp here

Note: The Proxy must be deposited at the Registered Office of the Company at Kharigram, P.O. Gulabpura - 311 021,
District Bhilwara, Rajasthan not less than forty eight hours before the time of holding the meeting.

* Applicable for investors holding Shares in electronic form



RSWM Limited

Regd. Office: Kharigram P. O. Gulabpura - 311 021, District Bhilwara, Rajasthan

ATTENDANCE SLIP

DP ID/CL ID/Folio No No. of Shares held

Full name of shareholder

Full name of Proxy / Representative

I hereby record my presence at the 51st Annual General Meeting of the Company being held on Tuesday, the 18th of September,
2012 at 2.00 P.M. at the Registered Office of the Company at Kharigram, P.O. Gulabpura - 311 021, District Bhilwara, Rajasthan.

Signature of the Shareholder / Proxy / Representative*

Note: Please fill in this attendance slip and hand over at the entrance of the meeting hall.

* Strike out whichever is not applicable





Registered Office:
Kharigram, P.O.: Gulabpura - 311 021
Distt. Bhilwara (Rajasthan), India.
website: www.rswm.in/www.lnjbhilwara.com

