

Hind Syntex Limited

**Annual Report
2007 - 2008**



Board of Directors

Directors

Shri Manohar Keshav
Shri Ravi Mohan
Shri Chandra Mohan
Shri Manoj Maheshwari
Shri S L Moondhra (Senior Executive Director)
Shri Vikas Pande (Nominee Bank of India)

Auditors

Messers Bansi S. Mehta & Co., Mumbai

Solicitor

Crawford Bayley & Co., Mumbai

Bankers

Bank of India
Union Bank of India
State Bank of India
IDBI Ltd.

Registered Office

1A/8A, Industrial Area,
Agra Bombay Road,
Dewas (M.P.) 455 001
Tel: 07272-258293 (5 lines)
Fax: 07272-258717, 400363
E-Mail - hslindr@sancharnet.in
Visit us at: www.hind-syntex.com

Mumbai Office

1521, Maker Chamber V,
221, Backbay Reclamation,
Nariman Point, Mumbai-400 021,
Tel: 022-22830878 & 22830306
Fax: 022-22041738

Works

1. Village BIRGOD
Block Tonk Khurd,
District Dewas (M.P.) 455 116
2. Plot No. 2, 3, 4 & 5 Sector A,
Industrial Growth Centre,
PILLUKHEDI,
District Rajgarh (M.P.) 465 667

Shri M C Shukla, Executive President

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that Twenty Seventh Annual General Meeting of the Members of HIND SYNTEX LIMITED will be held at the Registered Office of the Company, at 1A & 8A Industrial area, A. B. Road, Dewas (M.P.) 455 001, on Tuesday, the 2nd day of September, 2008 at 12.00 Noon to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To elect a Director in place of Shri Ravi Mohan, who retires by rotation, and being eligible, offers himself for reappointment.
3. To elect a Director in place of Shri Chandra Mohan, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and fix their remuneration. The retiring Auditors Messrs Bansi S Mehta & Co., Chartered Accountants, Mumbai, are eligible for reappointment.

Dewas

Dated: June 28, 2008

By Order of the Board,

Registered Office:

1A & 8A Industrial Area,
Dewas - (M.P.) 455 001

S. L. Moondhra
Senior Executive Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 25th day of August, 2008 to Tuesday, the 2nd day of September, 2008 (both days inclusive).
3. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends upto the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government. The members concerned may therefore, submit their claims in the prescribed form to the Registrar of Companies, Sanjay Complex, Jainendra Ganj, Gwalior (M.P.). Pursuant to the provision of Section 205A (5) and 205C of the Companies Act, 1956 the Company has transferred the unpaid / unclaimed dividends for the financial year 1995 - 96, 1996 - 97 and 1997 - 98 to the Investor Education and Protection Fund (IEPF) established by the Central Government.
4. Members are requested to bring their copies of Annual Report to the Meeting.

Reappointment of Directors:

At the ensuing Annual General Meeting Shri Ravi Mohan, and Shri Chandra Mohan retires by rotation and being eligible, offer themselves for reappointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange are as under:

Shri Ravi Mohan, aged about 61 years, is a Promoter Director of the Company. He holds a Bachelors Degree in Mechanical Engineering from University of Jabalpur and Masters Degree in Industrial Engineering from Kansas State University, USA. He is a Director in Companies Viz. Hind Filters Limited (Chairman), Dhoot Compack Limited.

Mr Chandra Mohan, aged about 59 years is Director of the Company since 1990. He holds M.com. degree from Jabalpur University. He is a businessman and a Director in the Companies Viz. Vishwa Securities & Finance Pvt Ltd., Hitkarini Prakashan Limited, Binani Infrastructure Pvt Ltd and Omo Properties Pvt Ltd.

Directors' Report

To the Shareholders,

Your Directors present Twenty Seventh Annual Report together with the Audited Statements of Accounts for the year ended March 31, 2008.

Operations

The total Income during the year was Rs 8010.21 lacs. The operating results are as under:

	<u>2007-2008</u>	(Rs. in lacs) <u>2006-2007</u>
Surplus before Interest and Depreciation	190.71	558.90
Less: Interest	<u>559.75</u>	<u>545.57</u>
Profit / (Loss) before Depreciation	(369.04)	13.33
Less: Depreciation	<u>460.20</u>	<u>488.05</u>
Profit / (Loss) before Tax	(829.24)	(474.72)
Less: Provision for Taxation		
Income Tax		
Wealth Tax	0.01	0.02
Fringe Benefit Tax	<u>2.13</u>	<u>2.31</u>
	(831.38)	(477.05)
Add : Deferred Tax	<u>197.42</u>	<u>218.77</u>
Net Profit / (Loss) after Tax	(633.96)	(258.28)
Add / Less: Excess / short provision for Income Tax for earlier years	<u>1.32</u>	<u>5.37</u>
	(635.28)	(263.65)
Add : Provision for Retrenchment Compensation (Under section 25(o) of IDA 1947) Closure of Birgod Unit	<u>144.07</u>	-
	(779.35)	(263.65)

Dividend

In the absence of profits, your Directors regret their inability to propose any dividend.

Working of the Company

Birgod :

Hon'ble Madhya Pradesh High Court has confirmed closure of Birgod unit effective from March 15, 2004 by quashing the Industrial Tribunal order for wages up to July 6th, 2005 vide its order dated March 31, 2008.

Pillukhedi:

The gross turnover was Rs. 77.28 crores (previous year Rs. 77.69 crores). During the year the Company made direct export of yarn Rs. 18.38 crores (previous year Rs. 16.42 crores).

Finance

Due to inordinate delay in pronouncement of order by Hon'ble Madhya Pradesh High Court, settlement of workers of Birgod Unit and shifting of machinery has not taken place, which has affected the viability of Pillukhedi unit. The projected level of production and profitability could not be achieved as envisaged in the CDR scheme time frame.

Based on Hon'ble Madhya Pradesh High Court decision, the Company is required to pay retrenchment compensation, gratuity and wages for the period from January, 2004 to March 15, 2004 to workers of Birgod unit for which it has requested the banker's to provide funds, enabling the company to shift machinery of Birgod unit to Pillukhedi unit.

Public Deposit

Your Company has not accepted any public deposits and as such no amount of principal and interest was outstanding as on the date of Balance Sheet.

Directors

Shri Ravi Mohan, and Shri Chandra Mohan, retire by rotation at the ensuing Annual General Meeting, and are eligible for reappointment.

Particulars of Employees

There is no employee coming within the provisions as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Directors' Report - Continued

Conservation of Energy

In terms of Section 217 (1) (e) of the Companies Act, 1956 the Companies (disclosure of particulars in respect of Board of Directors), Rules 1988 additional information regarding Energy Conservation, Technology Absorption and R & D activities, are given in (Annexure A & B) forming part of this report.

Foreign Exchange Earnings and Outgo

During the year, the Company was able to actualise export earnings of Rs. 1987.27 lacs on F.O.B. realisation basis. The total foreign exchange outgo, during the year amounted to Rs. 42.80 lacs for payment of commission on export sales. The particulars of foreign exchange earned / utilised during the year are given in Schedule 15 to the accounts.

Corporate Governance Report

A separate report on Corporate Governance is furnished as a part of the Annual Report and the certificate from the Company's Auditors regarding compliance with the said Code annexed to the said Report.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement on the basis of the information made available to the Directors, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2008 on a 'going concern' basis.

Auditors

Messrs Bansi S. Mehta & Co., Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

On the basis of technical opinion, the Company continues to treat plant and machinery as continuous process plant, which is required and designed to operate 24 hours a day. Consequently depreciation has been charged at the rate pursuant to notification GSR No: 756E dated 16/12/1993 on straight line method, as continuous process plant. In respect of observations in the Auditor's report pertaining to depreciation charged on Plant & Machinery, the Company continues to treat on the basis of technical opinion all plant & machinery as continuous process plant, which is required and designed to operate 24 hours a day. The other observations in the Auditors' Report with regard to Impairment of Assets are dealt with in the notes to the accounts at appropriate place and are self explanatory.

Your Directors wish to place on record their appreciation to the team of dedicated executives and employees, who have shown devotion to their duties.

We thank the various Departments of Central & State Governments, and Financial Institutions, viz. Assets Reconstruction Company (India) Limited (ARCIL), Bank of India, Union Bank of India, State Bank of India and IDBI Ltd., for their continued support to your Company.

On behalf of the Board,

Dewas
Dated: June 28, 2008

S L Moondhra Vikas Pande
Senior Executive Director Nominee Director (Bank of India)

**ANNEXURE
FORM-A**

Form for disclosure of particulars with respect to conservation of energy :

	Current Year	Previous Year	
A. Power and Fuel Consumption:			
1. Electricity			
(a) Purchase Unit	2,52,96,370	2,50,96,847	
Total Amount	Rs 9,74,08,350	Rs 9,43,06,048	
Rate / Unit	Rs 3.85	Rs 3.76	
(Including 3,58,539 Units generated through Wind Electric Generators and fed into MPEB grid)			
(b) Own Generation			
i) Through Diesel Generators			
Units produced	2,962	10,593	
Units / Litres	1.84	1.67	
Cost / Unit	Rs 19.86	Rs 18.46	
ii) Through Furnace Oil based Power Plants			
Units Produced	--	--	
Units/Litres	--	--	
Cost / Unit	Rs --	Rs --	
2. Coal (Specify Quality and where used)			
Steam Coal used in boiler for Generation of Steam for Dye House			
Qty. (Tonnes)	--	--	
Total Cost	Rs --	Rs --	
Average Rate	Rs --	Rs --	
3. Furnace Oil based Boiler			
Qty. (K. Litres)	--	--	
Total cost	Rs --	Rs --	
Average Rate	Rs --	Rs --	
4. Others / internal generation (please give details)			
Qty.	N.A.	N.A.	
Total	N.A.	N.A.	
Rate / Unit	N.A.	N.A.	
B. Consumption per unit of production :			
	Standards (if any)	Current Year	Previous Year
Product (with details)	--	Synthetic Blended Yarn	Synthetic Blended Yarn
Unit	--	Kg	Kg
Electricity		3.61 (Units)	3.71 (Units)
Coal (Specify quality) Steam Coal		- (Kg)	- (Kg)

On behalf of the Board,

Dewas
Dated: June 28, 2008

S L Moondhra Vikas Pande
Senior Executive Director Nominee Director (Bank of India)

ANNEXURE FORM-B

Form for disclosure of particulars with respect to Absorption Research and Development (R&D)

- | | | |
|---|---|--|
| 1. Specific area in which R & D carried out by the Company | : | The Company manufactures standard product for which technology has established in past several years, therefore, no further research is being carried out. |
| 2. Benefit derived as a result of the above R & D | : | - |
| 3. Future Plan of action | : | - |
| 4. Expenditure on R & D | : | - |
| (a) Capital | : | - |
| (b) Recurring | : | - |
| (c) Total | : | - |
| (d) Total R & D expenditure as a percentage of total turnover | : | - |

Technology Absorption, Adaptation and Innovation.

- | | | |
|---|---|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation. | : | <p>(a) The Company has installed, Machinery to produce international quality Synthetic Blended Yarn. Chute Feed System from Blow Room Line to Cards have been installed, resulting in uniform silver and higher production. Autoconers, Two-for-One Twister Machines, Electronic yarn clearers and splicer units on winding Machines etc. have been installed, to manufacture uniform knotless yarn.</p> <p>(b) Web Masters are put on Cards to get better quality of sliver</p> <p>(c) Doffer Drivers are put on Cards to reduce break down of Gear box and Clutches.</p> |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction product development, import substitution. | : | <p>The Company has been able to manufacture international quality yarn by continuous improvement.</p> <p>The Company made direct exported of yarn Rs 18.38 crores (previous year Rs 16.42 crores) earning valuable foreign exchange for the Country.</p> |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished. | : | No foreign technology has been imported by the Company during last 5 years or since inception. |
| (a) Technology imported | : | - |
| (b) Year of Import | : | - |
| (c) Has technology been fully absorbed | : | - |
| (d) If fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. | : | - |

On behalf of the Board,

Dewas
Dated: June 28, 2008

S L Moondhra Vikas Pande
Senior Executive Director Nominee Director (Bank of India)

Management Discussion and analysis

1. Overall Review

The financial results for the year 2007-2008 were not satisfactory due to depressed market conditions. The liquidity problem and adverse market conditions for Polyester Viscose Blended Yarn affected the working of Pillukhedi unit. Due to almost 10% appreciation of Rupee, the export realization was lower.

The projected level of production and profitability as envisaged in the CDR scheme could not be achieved due to delay in judgment by Hon'ble Madhya Pradesh High Court, which was pronounced on March 31, 2008, almost three years after sanction of CDR scheme. The company has submitted revised restructuring scheme to ARCIL for its approval.

Considering the future market potential of Polyester Viscose blended textile and barring any unforeseen circumstance, the management is confident that after implementation of revised restructuring scheme, the Company would be able to do well in future.

2. Review Operations

For the year 2007-2008, production was 7009 MT (previous year 6770 MT), Gross Turnover was Rs.77.28 crores (previous Rs.77.69 crores). During the year company made direct export of yarn Rs 18.38 crores (previous year Rs.16.42 crores). More emphasis is being given for exports.

3. Industry structure and development

The Indian textile industry is going through a difficult phase. Government of India has approved the Technology Upgradation Fund Scheme (TUFS) and Scheme for integrated Parks (SITP). These schemes not only provide environment conducive to the growth of sector but also enable the industry to expand and modernize its capacity.

To tide over the crisis emanating from the steep upsurge in Rupee value, the Government announced a set of measure during the year to provide relief to exporters by way of accelerated reimbursement dues to exporters, reduction in interest rate on pre-shipment and post-shipment credit and revised drawback rates and Duty Entitlement Pass Book (DEPB) rates. This will have positive effect on the industry.

4. Opportunity & Threats

The textile industry in India, in the recent past, has been growing at a fast pace. The sale of yarn in both the domestic as well as export markets have increased, which is likely to continue during the current year 2008- 09.

5. Risk & Concern

Currently the company perceives the following main business risks :-

- i) Increase in prices of raw materials and other inputs.
- ii) Continuous increase in labour and power cost.
- iii) Threats from import of cheaper fabric and consequent pressure on domestic prices.

6. Outlook

The outlook for textile industry in India is very optimistic. It is expected that Indian textile industry would continue to grow at an impressive rate. India can also grab opportunities in the export market.

7. Internal Control System & their adequacy

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorised use or disposition; and that transactions are authorised, recorded and reported correctly.

8. Company's Financial Performance & Analysis :

	<u>2007-2008</u>	<u>2006-2007</u>
Surplus before Interest and Depreciation	190.71	558.90
Less: Interest	<u>559.75</u>	<u>545.57</u>
Profit / (Loss) before Depreciation	(369.04)	13.33
Less: Depreciation	<u>460.20</u>	<u>488.05</u>
Profit / (Loss) before Tax	(829.24)	(474.72)
Less: Provision for Taxation		
Income Tax	-	-
Wealth Tax	0.01	0.02
Fringe Benefit Tax	<u>2.13</u>	<u>2.31</u>
	(831.38)	(477.05)
Add: Deferred Tax	<u>197.42</u>	<u>218.77</u>
Net Profit / (Loss) after Tax	(633.96)	(258.28)
Add / Less: Excess / short provision for Income Tax for earlier years	<u>1.32</u>	<u>5.37</u>
	(635.28)	(263.65)
Add: Provision for Retrenchment Compensation (Under section 25(o) of IDA 1947) Closure of Birgod Unit	<u>144.07</u>	-
	(779.35)	(263.65)

9. Human Resources Development/Industrial Relations

The company is committed to create a healthy workplace for everybody in the organization. The company lays significant emphasis in training its employees to achieve the desired goal.

Corporate Governance Report

1. Company's Philosophy on Code of Governance

Company's philosophy on corporate governance envisages transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

2. Board of Directors

The Board of Directors consists of 6 directors.

The composition of the Board, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of directorships in other public companies and committee across various public companies of which the Director is a Member / Chairman are given below:

Name of the Director	Category	Financial Year 2007-08 Attendance at		No of Outside Directorships	Committee Positions**	
		Board Meeting	Last AGM		Member	Chairman
Shri H L Somany*	Non Executive Chairman Independent	1	No	-	-	-
Shri Ravi Mohan	Promoter & Director	4	Yes	2	None	None
Shri Chandra Mohan	Independent Director	3	Yes	1	2	None
Shri Manoj Maheshwari	Non-Independent Director	1	No	6	5	1
Shri Manohar Keshav	Independent Director	4	Yes	None	2	1
Shri S L Moondhra	Senior Executive Director	4	Yes	1	None	1
Shri Vikas Pande (Nominee Director, Bank of India)	Independent Director	4	No	None	1	None

* Shri H L Somany has resigned from the Chairmanship and Directorship with effect from 26th July, 2007.

** Includes Audit Committee and Shareholders' / Investors' Grievance Committee in all Companies including Hind Syntex Limited.

Number of Board Meetings held and the dates on which held

Four Board Meetings were held during the year, on 29th June, 2007, 23rd July, 2007, 31st October, 2007, 31st January 2008.

3. Audit Committee

The Board of Company has constituted an audit committee comprising, 3 Non Executive Director viz. Shri Manohar Keshav, Chairman, Shri Chandra Mohan and Shri Vikas Pande. The constitution of audit committee also meets requirements u/s 292(A) of the Companies Act, 1956.

The terms of reference stipulated by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement. The scope of the committee includes:

- 1] Discussion with the auditors periodically about internal control systems.
- 2] Review of the quarterly results and Annual financial statements before submission to the Board and to ensure compliance of internal control systems.
- 3] Review the accounting practices, financial statements and reports of the Auditors.

The attendance of the members at these meeting are as under:

Name of Member	Meetings held	Number of Meetings attended
Shri Manohar Keshav	4	4
Shri Chandra Mohan	4	3
Shri Vikas Pande	4	4

Corporate Governance Report - Continued

4. Remuneration Committee

The Board of Directors of the Company has constituted Remuneration Committee, comprising Shri H L Somany (Chairman) (resigned on 26th July,2007), Shri Manoj Maheshwari, Shri Manohar Keshav and Shri Vikas Pande. The Remuneration committee has been constituted to recommend remuneration package for Whole time director.

5 Shareholders' / Investors' Grievance Committee

The Board of the company has constituted a shareholders' / Investors' Grievance Committee comprising of Shri H L Somany (Chairman) (resigned on 26th July,2007), Shri Chandra Mohan, Shri Manoj Maheshwari and Shri Manohar Keshav The committee look into redressal of shareholders' complaints like transfer of shares, non receipt of balance sheets, non receipt of declared dividends, etc.

No complaints / queries were received during the year under review. There was no pending complaints / transfers as on 31/03/2008.

During the year the Committee held one meeting on June 29, 2007 :

Name	Category	Number of Meetings During the year 2007 - 08	
		Held	Attended
Shri H L Somany	Chairman	1	1
Shri Chandra Mohan	Independent	1	1
Shri Manohar Keshav	Independent	1	1
Shri Manoj Maheshwari	Non independent	1	1

6. General Body Meetings

Location and time for last three Annual General Meeting were:

Year	AGM	Location	Date	Time
2004 - 2005	AGM	Hind Syntex Ltd 1A/8A Industrial Area, A B Road, Dewas - 455 001 (MP)	21st Sept '05	12.00 Noon
2005- 2006	AGM	Same as above	29th Sept'06	12.00 Noon
2006 - 2007	AGM	Same as above	29th Sept'07	12.00 Noon

All special resolutions moved at the last Annual General Meeting were passed, by show of hands unanimously by all members present at the meeting. No postal ballots were used / invited for voting at these meetings.

7. Disclosure

- (A) a. Disclosure on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc that may have potential conflict with the interest of the company at large.

None of the transactions with any of the related parties have potential conflict with the interest of the Company.

- b. Details of non compliance by the company, penalties, strictures imposed on the Company by stock exchanges or SEBI, or any statutory authority, on any matter related to capital markets during the last three years.

None.

- c. None of the Non Executive Directors are holding shares in the Company except Shri Ravi Mohan who holds 233400 Shares (2.15%) and Shri Chandra Mohan 113602 shares (1.04%).

Corporate Governance Report - Continued

- (B) Regarding qualification of auditors pertaining to gratuity liability of employees as per AS-15 (revised) though valuation has not been done by an actuary, but as per calculation made by the company, funds available with LIC under Employees Group Gratuity Scheme are adequate to meet gratuity liability. The Company has determined the liability for the leave at the credit of its employees on the basis of their current salaries and made a provision for such a liability (without an actuarial valuation).

8. Means of Communication

Quarterly & yearly results	Are published in Free Press Journal & Dainik Swadesh
Any website, where displayed, whether it also displays Official news releases, and the presentation to institutions investors or to the analysts	www.hind-syntex.com Yes
Whether MD&A is a part of Annual Report or not	Yes

9. General Share holders information

- 9.1 Annual general Meeting :
Date and time : 2nd September 2008, at 12.00 Noon
Venue : 1A/8A Industrial Area,
A B Road, Dewas - 455 001 (MP)
- 9.2 Financial Calendar : Annual General Meeting 2nd September, 2008
Results for quarter ending 30th June, 2008 Last week of July'2008
Results for quarter ending 30th Sept, 2008 Last week of Oct'2008
Results for quarter ending 31st Dec, 2008 Last week of Jan' 2009
Results for quarter ending 31st Mar, 2009 Last week of June'2009
- 9.3 Book closure date : 25th August, 2008 to 2nd September, 2008
- 9.4 Dividend payment date: The Directors have not recommended any dividend on equity shares for the financial year 2007 - 2008.
- 9.5 a. Listing of equity shares
on Stock Exchange at : The Bombay Stock Exchange Ltd, Mumbai
National Stock Exchange, Mumbai
- The Company has applied for delisting of shares vide application dated 12th December 2003 in terms of Clause 5.2 of Securities & Exchange Board of India (Delisting of Securities) Guide lines 2003, from The Calcutta Stock Exchange Association Ltd, Kolkata.
- 9.6 a. Stock Code : 503881
b. Demat ISIN No: in NSDL
& CDSL for equity Shares : INE 155BO1012
- 9.7 Stock market data: The market price data at National Stock Exchange (NSE) where shares were actively traded as under: (In Rs.)

Months	Month's High Price	Month's Low Price
April'07	5.65	4.60
May'07	5.50	4.55
June'07	5.45	4.45
July'07	6.65	4.60
August'07	6.50	4.65
September'07	7.00	5.25
October'07	7.20	4.65
November'07	9.35	4.55
December'07	10.35	6.80
January'08	12.25	6.55
February'08	7.35	5.55
March'08	6.25	4.10

Corporate Governance Report - Continued

9.8 Registrar and Transfer Agents:

Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound
L B S Marg, Bhandup (W), Mumbai - 400 078, E-mail: isrl@intimespectrum.com

9.9 Share transfer system:

The Board has reconstituted a share transfer committee for physical transfer of shares. Shares lodged for transfer are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects.

9.10 Distribution of Shareholding as on 31st March 2008

Number of Shares	No. of Shareholders	% of Shareholders	No. of Share held	Voting Strength (%)
Upto 500	4064	66.73	1012497	9.31
501 - 1000	927	15.22	824091	7.57
1001 - 2000	550	9.03	935787	8.60
2001 - 3000	183	3.01	474268	4.36
3001 - 4000	95	1.56	355703	3.27
4001 - 5000	74	1.22	354595	3.26
5001 - 10000	116	1.90	874698	8.04
10001 and above	81	1.33	6046961	55.59
	6090	100.00	10878600	100.00

Shareholding pattern:

Category	As on 31st March 2008	
	No of Shares.	%
Promoters / Persons acting in concert	3863055	35.51
UTI & Mutual Funds	1771	0.02
Financial Institutions / Banks /Insurance Companies	105142	0.97
Private Corporate Bodies	1227583	11.28
Resident Individuals	5485848	50.43
NRI's / OCB's	195201	1.79
Total	10878600	100.00

9.11 Dematerialisation of shares

Over 90% of the outstanding shares have been dematerialised upto 31st March, 2008. Trading in equity shares of the Company is permitted only in dematerialised form w.e.f. 28th August, 2000, as per Notification issued by Securities and Exchange Board of India (SEBI).

9.12 Outstanding GDR / Warrants and convertible Bonds, conversion date and likely impact on equity : None

9.13 Plant Location

- (a) Village: BIRGOD, Block Tonk khurd, District Dewas (MP) 455 116
(b) Plot No: 2, 3, 4, & 5 Sector A, Industrial Growth Centre, PILLUKHEDI,
District Rajgarh (MP) 465 667

9.14 Investors correspondence

Registrar & Transfer Agent:

Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai 400078, E-mail:isrl@intimespectrum.com

Registered Office of the Company:

Hind Syntex Limited, 1A/8A Industrial Area, A B Road, Dewas 455 001 (MP)
Tel No: 258293(5 lines) Fax No: 07272 400363/258717, E-mail:hsindr@sancharnet.in

10. Code of Conduct:

Your Company has always encouraged and supported compliance to ethical business practices in personal and corporate by its employees. Your Company in order to further strengthen corporate practices has framed a specific code of conduct, for the members of the Board of Directors and Senior Management personnel of the Company.

Corporate Governance Report - *Continued*

Auditors' Certificate on compliance with the condition of Corporate Governance under Clause 49 of the Listing Agreement.

To the members of Hind Syntex Limited

We have examined the compliance of conditions of corporate governance by Hind Syntex Limited, for the year ended on March 31, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state the no investor grievance are pending for a period exceeding one month against the company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

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

For Bansi S Mehta & Co.
Chartered Accountants

Place : Mumbai
Dated : June 30, 2008

Amit A Desai
Partner
Membership No: 48512

Auditors' Report to the Members of HIND SYNTEX LIMITED

1. We have audited the attached Balance Sheet of HIND SYNTEX LIMITED as at March 31, 2008 and also the Profit and Loss Account and the Cash Flow Statement of the Company 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the basis of such checks we considered appropriate and the information and explanations given to us, on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) 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;
 - (b) In our opinion proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) **Refer to Note No. 9 of Schedule 15 to Notes to Accounts relating to the charge to the Profit and Loss Account of Rs.15,82,144 and non adjustment as per transitional provisions against opening General Reserves in respect of the Gratuity liability.**

Also refer to the aforesaid Note relating to the charge to the Profit and Loss Account of Rs. 22,60,953 and non adjustment as per transitional provisions against opening General Reserves in respect of compensated absences.

In the absence of detailed information from independent actuary, inter alia, as to the present value of obligation and employee benefits cost to be recognised respectively in the Balance Sheet and Profit and Loss Account, we are unable to ascertain the adjustment and the charges which should have been made to the opening General Reserves and Profit and Loss Account, respectively, in respect of Gratuity and Compensated absences, as contemplated by the Accounting Standard-15 ("AS-15") on "Employees Benefits" [AS-15 (Revised)] and accordingly, we are unable to comment on the effect thereof on the Loss for the year and the consequential effect on Debit balance in the Profit and Loss Account, General Reserves and Current Liabilities and Provisions carried forward at the year end.

Further, in view of the absence of the information as aforesaid, the Company has not made disclosures of reconciliation of obligation, fair value of plan assets, actuarial assumptions, etc. as required by AS-15 (Revised).

Further, as stated in Note 15 of Schedule 15 to the Accounts, the basis of the working prepared by the Company to ascertain the impairment in terms of Accounting Standard-28, "Impairment of Assets", no impairment loss has been recognised. However, in view of the uncertainty involved with the internal restructuring (refer note 15 of schedule 15), and since the future cash flow prepared to determine the value in use are on basis of such restructuring we are unable to comment whether there is an impairment of assets.

Subject to our observation as mentioned in above paragraph (d) above, in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

Auditors' Report - Continued

- (e) On the basis of written representations received from the Directors, as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of Companies Act, 1956;
- (f) Based on a technical opinion, the Company has provided depreciation on all plant and machinery (including Power Plant) as continuous process plants at the rate pursuant to notification in GSR No.756E dated 16.12.1993 on straight line method.

On the basis of the Guidance Note issued by the Institute of Chartered Accountants of India on "Some Important Issues Arising From The Amendments To Schedule XIV to the Companies Act, 1956", in our opinion, depreciation should have been provided at the rate other than that provided for continuous process plant Schedule XIV of the Companies Act, 1956.

Had depreciation been provided at the rate other than that provided for continuous process plant, depreciation for the year would have been Rs. 4,64,40,613 (instead of Rs. 4,60,19,700), Loss for the year (Net of Deferred Tax Assets of Rs. 1,43,068 for such depreciation) would have been Rs. 7,82,12,376 (instead of Rs. 7,79,34,531) and at the year end, Net Block of Fixed Assets would have been Rs. 20,73,72,853 (instead of Rs. 46,50,19,009), Debit Balance in the Profit and Loss Account, after adjusting balances in Reserves and Surplus (except to the extent of Rs. 89,17,860 on account of Capital Reserves), (Net of Deferred Tax Liability of Rs.8,75,73,928 for such depreciation) would have been Rs. 28,50,52,856 [instead of Debit Balance in the Profit and Loss Account, after adjusting balances in Reserves and Surplus (except to the extent of Rs.89,17,860 on account of Capital Reserves), of Rs.11,49,80,628] and there would have been Deferred Tax Asset (Net) of Rs. Nil (instead of Deferred Tax Liability (Net) of Rs. 2,66,49,639).

Subject to our observations as mentioned in paragraph (d) and (f) above, 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 thereon and significant Accounting Policies state in Schedule 14 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
- (ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date;
- (iii) in the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For Bansi S. Mehta & Co.
Chartered Accountants

Amit A Desai
Partner

Membership No:48512

Place : MUMBAI
Dated: JUNE 30, 2008

Annexure referred to in paragraph 3 of the Auditors' Report of even date to the members of HIND SYNTEX LIMITED on the accounts for the year ended March 31, 2008.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- (i) (a) The Company is generally maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a phased programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern.
- (ii) (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) (a) As per the information furnished, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, Clause (iii) (b) of the Order relating to the rate of interest and terms and conditions being prima facie prejudicial to the Company, Clause (iii) (c) relating to regularity of receipt of principal amount and interest and Clause (iii) (d) relating to steps taken for recovery of overdue principal and interest of more than rupees one lakh, are not applicable.
- (e) During the year, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (f) As the Company has not taken any loans secured or unsecured from Companies, Firms or other parties covered & in Register maintained under Section 301 of the Act, Clause (iii) (f) of the Order relating to rate of interest and terms & conditions being prima facie prejudicial to the interest of Company, Clause (iii) (g) relating to regularity in repayment of principal amount and interest, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. As informed to us, the Company is not engaged in the sale of any services. During the course of our audit, no major weakness has been noticed in these internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section; and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of each party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time, wherever applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Hence, the question of complying with the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA or any relevant provision of the Act, and the rules framed thereunder, does not arise. Accordingly clause 4(vi) of the order is not applicable.
- (vii) **In lieu of Corporate Debt Restructuring, Asset Reconstruction Company (India) Ltd. (ARCIL) has appointed an independent firm of Chartered Accountants as Concurrent Auditor to conduct concurrent audit of the Company on monthly basis, in view of which, the Board of Directors had decided to discontinue separate internal audit of the Company.**
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956, in respect of the manufacturing activities of the company to which the said rules are applicable and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records examined by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise-duty, Cess and other material Statutory dues, applicable to it and there were no arrears of such statutory dues as on March 31, 2008 for a period of more than six months from the date they became payable.

Auditors' Report - Continued

- (b) According to the information and explanations given to us, given herein below are the details of dues of sales tax, income tax, wealth tax, service tax, customs duty, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending:

Sr. No.	Name of the statute	Nature of The dues	Amount in Rupees	Period to which the amount relate	Forum where dispute is pending
1.	Entry Tax	Entry Tax Assessment dues	4,10,968 1,43,727 24,389	1997-98 2000-01 2003-04	Tribunal, Bhopal Dy. Commissioner, Commercial Tax, Ujjain
2.	M.P. Commercial Tax	DEPB	22,57,136	1999 - 00 to 2004 - 05	Dy. Commissioner Commercial Tax, Ujjain and Tribunal Bhopal

- (x) In our opinion, the accumulated losses of the Company as at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the year under audit. However, no cash losses were incurred during the preceding financial year.
- (xi) In view of the sanction of CDR package and related extension of the due dates, the Company has defaulted in repayment of dues to Financial Institutions or Banks are as follows:

	Period	Amount Due Rs.	Amount Paid Rs.	Year of Payment	Outstanding Rs.
Principal	2007-2008	6,09,26,092	2,01,08,957	2007-2008	4,08,17,136
Interest	2007-2008*	5,39,82,295	2,40,23,842	2007-2008*	2,99,58,453

* Payable monthly

- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As the Company is not a chit fund, Nidhi, mutual benefit fund or society the provisions of Clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations given to us, in our opinion the Company is not dealing or trading in shares, securities, debentures and other investments and hence, the requirements of Clause 4(xiv) of the Order are not applicable to the Company.
- (xv) As the Company has not given any guarantee for loans taken by others from banks or financial institutions, clause 4(xv) of the Order is not applicable to the Company.
- (xvi) As the Company has not taken any term loan during the year, Clause 4(xv) of the Order is not applicable.
- (xvii) **According to the information and explanations given to us and on examination of the financial statements of the company, we report that, short-term funds amounting to Rs. 3,54,36,359 have been utilised for long term purposes.**
- (xviii) According to the information and explanations given to us, as the Company has not made any preferential allotment of shares during the year, Clause 4 (xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us, as the Company has not issued any debentures and hence, the question of creating security or charges in respect thereof does not arise, Clause 4 (xix) of the Order is not applicable.
- (xx) As the Company has not raised any money by public issues during the year, Clause 4 (xx) of the Order is not applicable.
- (xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Bansi S. Mehta & Co.
Chartered Accountants

Place : MUMBAI
Dated: JUNE 30, 2008

Amit A Desai
Partner
Membership No: 48512

Hind Syntex Limited
Balance Sheet as at March 31, 2008

	Schedule	Rupees	As At March 31, 2008 Rupees	As At March 31, 2007 Rupees
SOURCES OF FUNDS:				
SHAREHOLDERS' FUNDS:				
Share Capital	1		10,88,72,250	10,88,72,250
Reserves and Surplus	2		89,17,860	89,17,860
LOAN FUNDS:				
Secured Loans	3		56,73,56,695	56,24,71,564
Unsecured Loans	4		1,11,20,448	1,04,02,717
Deferred Tax Liability (Net)			<u>2,66,49,639</u>	<u>4,63,91,485</u>
TOTAL			<u>72,29,16,892</u>	<u>73,70,55,876</u>
APPLICATION OF FUNDS:				
FIXED ASSETS:				
Gross Block	5		1,20,01,95,547	1,20,02,03,201
Less: Depreciation			<u>73,51,76,538</u>	<u>68,91,64,098</u>
Net Block			46,50,19,009	51,10,39,103
CURRENT ASSETS, LOANS AND ADVANCES:				
Inventories		13,49,87,872		10,24,95,665
Sundry Debtors		2,95,86,951		4,79,32,324
Cash and Bank Balances		8,81,792		86,85,227
Loans and Advances		<u>10,42,65,410</u>		<u>11,70,47,643</u>
		26,97,22,025		27,61,60,859
Less: Current Liabilities and Provisions	7	<u>12,68,04,770</u>		<u>8,71,90,183</u>
NET CURRENT ASSETS			14,29,17,255	18,89,70,676
Profit and Loss Account		40,14,99,322		-
Less: Credit Balance in General Reserve		<u>(28,65,18,694)</u>	<u>11,49,80,628</u>	<u>3,70,46,097</u>
TOTAL			<u>72,29,16,892</u>	<u>73,70,55,876</u>
Statement of Significant Accounting policies	14			
Notes on Accounts	15			

As per our Report of even date:

For BANSI S. MEHTA & CO.
Chartered Accountants

Amit A Desai

Partner
Membership No.48512

Place : Mumbai,
Dated : June 30, 2008

S.L. Moondhra
Senior Executive Director

Vikas Pande
Nominee Director (Bank of India)

Place : Dewas
Dated : June 28, 2008

Hind Syntex Limited

Profit and Loss Account for the year ended March 31, 2008

	Schedule	For the year ended March 31, 2008 Rupees	For the year ended March 31, 2007 Rupees
INCOME:			
Gross Turnover		77,28,15,032	77,68,55,406
Less: Excise Duty recovered on sales		<u>1,58,335</u>	<u>16,71,591</u>
Net Turnover		77,26,56,697	77,51,83,815
Other Income	8	3,41,550	20,18,975
Increase(Decrease) in Stock	9	<u>2,80,22,786</u>	<u>39,08,553</u>
		80,10,21,033	78,11,11,343
EXPENDITURE:			
Raw Materials Consumed	10	55,32,32,821	51,40,06,427
Manufacturing and Other Expenses	11	20,65,52,427	19,00,59,734
Interest	12	5,59,75,195	5,45,57,106
Selling and Distribution Expenses	13	2,21,65,234	2,11,55,223
Depreciation		<u>4,60,19,700</u>	<u>4,88,04,721</u>
		<u>88,39,45,377</u>	<u>82,85,83,211</u>
Profit / (Loss) before Taxation		(8,29,24,344)	(4,74,71,868)
Profit/(Loss) from continuing operations before tax(Refer Note 15(14))		(5,14,86,341)	(1,77,68,256)
Less :- Income Tax expenses		-	-
Wealth Tax		495	1,609
Fringe Benefit Tax		1,59,827	1,73,686
Add :- Deferred Tax		<u>1,37,01,294</u>	<u>1,55,20,619</u>
Profit from continuing operations after tax (A)		<u>(3,79,45,369)</u>	<u>(24,22,932)</u>
Profit/(Loss) from discontinuing operations before tax(Refer Note 15(14))		(3,14,38,003)	(2,97,03,612)
Less :- Income Tax expenses		-	-
Wealth Tax		-	-
Fringe Benefit Tax		52,845	57,894
Add :- Deferred Tax		<u>60,40,552</u>	<u>63,56,010</u>
Profit from discontinuing operations after tax (B)		<u>(2,54,50,296)</u>	<u>(2,34,05,496)</u>
Profit / (Loss) from operating activities after tax (A+B)		(6,33,95,665)	(2,58,28,428)
Add/Less: Excess/Short provision for Income Tax of earlier year		<u>1,32,174</u>	<u>5,37,172</u>
		(6,35,27,839)	(2,63,65,600)
Extra Ordinary Items			
Provision for Retrenchment Compensation (Under section 25 (o) of IDA 1947) Closure of Birgod Unit		<u>1,44,06,692</u>	-
		(7,79,34,531)	(2,63,65,600)
Add: Balance of Profit/(Loss) brought forward from previous years		<u>(32,35,64,791)</u>	<u>(29,71,99,191)</u>
Balance Carried to Balance Sheet		<u>(40,14,99,322)</u>	<u>32,35,64,791</u>
Basic and Diluted Earnings per Equity Share (Note 15(12))		(5.84)	(2.42)
Statement of Significant Accounting Policies	14		
Notes on Accounts	15		

As per our Report of even date:

For BANSI S. MEHTA & CO.
Chartered Accountants

Amit A Desai

Partner
Membership No.48512

Place : Mumbai,
Dated : June 30, 2008

S.L. Moondhra
Senior Executive Director

Vikas Pande
Nominee Director (Bank of India)

Place : Dewas
Dated : June 28, 2008

**Schedules forming part of the
Balance Sheet as at March 31, 2008**

	Rupees	As At March 31, 2008 Rupees	As At March 31, 2007 Rupees
SCHEDULE 1 :			
SHARE CAPITAL:			
AUTHORISED:			
1,60,00,000 Equity Shares of Rs. 10 each (Previous year 1,60,00,000 Equity Shares of Rs. 10 each)		<u>16,00,00,000</u>	<u>16,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID UP :		10,87,86,000	10,87,86,000
1,08,78,600 Equity Share (Previous year 1,08,78,600) of Rs.10 each fully paid (Out of the above shares 81,58,950 Equity Shares of Rs.10 each have been allotted as fully paid up Bonus Shares by Capitalisation of General Reserves)			
Add: Shares Forfeited		<u>86,250</u>	<u>86,250</u>
		<u>10,88,72,250</u>	<u>10,88,72,250</u>
 SCHEDULE 2 :			
RESERVES AND SURPLUS:			
(1) CAPITAL RESERVE:			
Central Investment Subsidy		15,00,000	15,00,000
State Investment Subsidy		25,00,000	25,00,000
Diesel Generator Set Subsidy		<u>4,46,371</u>	<u>4,46,371</u>
		44,46,371	44,46,371
(2) POWER SUBSIDY RESERVE:		44,71,489	44,71,489
(3) GENERAL RESERVE:			
As per Last Balance Sheet	28,65,18,694		27,97,95,336
Add: Reversal of Deferred Tax Liabilities	<u>-</u>		<u>67,23,358</u>
	28,65,18,694		28,65,18,694
Less: Debit Balance in Profit and Loss Account to the extent of General Reserve	<u>(28,65,18,694)</u>		<u>(28,65,18,694)</u>
		<u>89,17,860</u>	<u>89,17,860</u>

Schedules forming part of the Balance Sheet as at March 31, 2008

	As At March 31, 2008 Rupees	As At March 31, 2007 Rupees
SCHEDULE 3 :		
SECURED LOANS:		
A. TERM LOANS FROM:		
I (1) Asset Reconstruction Company (India) Ltd.	20,50,13,132	20,50,13,132
(2) Bank of India (Secured by first Equitable Mortgage of all the immovable properties, both present and future, ranking pari passu and first charge by way of hypothecation of all movable assets (except stock of inventories and book debts), subject to prior charge in favour of the Company's Bankers for securing working capital requirements).	<u>2,90,25,000</u> 23,40,38,132	<u>3,42,00,000</u> 23,92,13,132
II (1) Union Bank of India	2,92,42,926	3,44,85,000
(2) Bank of India (Secured by specific charge on Assets).	<u>1,54,27,795</u> 4,46,70,721	<u>2,13,35,851</u> 5,58,20,851
B. WORKING CAPITAL TERM LOANS :		
(1) Bank of India	2,29,78,125	2,70,75,000
(2) IDBI Ltd.	2,06,25,000	2,29,44,669
(3) Union Bank of India	1,53,18,750	1,80,50,000
(4) State Bank of India (Secured / to be secured by first charge on fixed assets of the Company and second charge over current assets of the Company both present and future).	1,02,06,859	1,18,75,000
	<u>6,91,28,734</u>	<u>7,99,44,669</u>
C. FUNDED INTEREST TERM LOANS (FITL) :		
(1) Asset Reconstruction Company (India) Ltd.	4,77,42,692	4,77,42,692
(2) IDBI Ltd.	62,18,232	71,60,387
(3) Union Bank of India	1,36,20,810	1,68,18,931
(4) State Bank of India	31,77,379	37,54,753
(5) Bank of India (Secured / to be secured by first charge on fixed assets of the Company and second charge over current assets of the Company both present and future).	1,73,37,813	2,09,15,457
	<u>8,80,96,926</u>	<u>9,63,92,220</u>
D. WORKING CAPITAL LOANS FROM BANKS:		
Rupee Loan with Banks (Secured by hypothecation of Stores and Spare parts, Raw Materials, Work-in-progress, Finished goods and Book debts and second charge on Fixed Assets).	13,14,22,182	9,11,00,692
	<u>56,73,56,695</u>	<u>56,24,71,564</u>
SCHEDULE 4 :		
UNSECURED LOANS:		
Hind Filters Limited {Refer Note 15(3a)}	<u>1,11,20,448</u>	<u>1,04,02,717</u>
	<u>1,11,20,448</u>	<u>1,04,02,717</u>

Schedules forming part of the Balance Sheet as at March 31, 2008

SCHEDULE 5 : FIXED ASSETS:

(Amount in Rs.)

	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at April 1, 2007	Additions during the year	Deductions and/or transfers	As at March 31, 2008	Upto April 1, 2007	On March 31, 2008	For the year	Upto March 31, 2008	As at March 31, 2008	As at March 31, 2007
Leasehold Land	71,79,913	-	-	71,79,913	-	-	-	-	71,79,913	71,79,913
Buildings	17,91,71,816	-	-	17,91,71,816	6,98,87,203	-	55,93,039	7,54,80,242	10,36,91,574	10,92,84,613
Tube Wells	6,03,349	-	-	6,03,349	1,83,898	-	9,834	1,93,732	4,09,617	4,19,451
Plant and Machinery	92,92,94,467	-	-	92,92,94,467	55,51,86,075	-	3,80,45,499	59,32,31,574	33,60,62,893	37,41,08,392
Electrical Installations	3,89,31,979	-	-	3,89,31,979	2,35,14,942	-	16,49,110	2,51,64,052	1,37,67,927	1,54,17,037
Wind Electric Generators	2,20,00,000	-	-	2,20,00,000	2,09,00,000	-	-	2,09,00,000	11,00,000	11,00,000
Furniture and Fixtures	40,42,697	-	912	40,41,785	35,60,640	866	93,955	36,53,729	3,88,056	4,82,057
Office Equipments	30,07,340	-	5,971	30,01,369	18,73,854	5,709	1,14,226	19,82,371	10,18,998	11,33,486
Computers	1,01,99,610	-	-	1,01,99,610	95,70,937	-	50,920	96,21,857	5,77,753	6,28,673
Vehicles	57,72,030	-	771	57,71,259	44,86,549	685	4,63,117	49,48,981	8,22,278	12,85,481
	1,20,02,03,201	-	7,654	1,20,01,95,547	68,91,64,098	7,260	4,60,19,700	73,51,76,538	46,50,19,009	51,10,39,103
Previous Year	1,19,99,77,654	2,82,223	56,676	1,20,02,03,201	64,04,13,219	53,842	4,88,04,721	68,91,64,098	51,10,39,103	

Note:- *Excluding machinery (1Blow room, 2Cards with autolevler and 1 Draw Frame) physically lying at Birgod unit on behalf of M/s.Hind Filters Limited, which were originally taken on hire purchase. The hire purchase arrangement since 2004-05 stands terminated.

SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES:

(a) INVENTORIES:

(As taken and certified by the Management)

Stores and Spares

Raw Materials

(including goods in transit Rs. 39,74,670/-)

(Previous Year Rs. 21,97,092/-)

Packing Materials

Work-in-progress

Finished Goods

Waste

Coal

(b) SUNDRY DEBTORS:

(Unsecured, considered good unless otherwise stated)

Debts outstanding for a period exceeding six months

Other debts

(c) CASH AND BANK BALANCES:

Cash in hand

Balance with scheduled Banks on Current Accounts

(d) LOANS AND ADVANCES:

Advances Recoverable in cash or in kind or for value to be received

Advance against Capital expenditure

Deposits

Balance with Central excise authorities

	Rupees	As At March 31, 2008 Rupees	As At March 31, 2007 Rupees
Stores and Spares	2,24,02,639		2,34,63,899
Raw Materials	2,52,50,315		1,98,98,686
Packing Materials	13,60,669		11,81,617
Work-in-progress	2,43,23,667		2,36,20,266
Finished Goods	6,07,78,771		3,34,51,388
Waste	7,035		15,033
Coal	8,64,776		8,64,776
		13,49,87,872	10,24,95,665
Debts outstanding for a period exceeding six months			
Other debts	2,95,86,951		4,79,32,324
		2,95,86,951	4,79,32,324
Cash in hand	53,748		46,718
Balance with scheduled Banks on Current Accounts	8,28,044		86,38,509
		8,81,792	86,85,227
Advances Recoverable in cash or in kind or for value to be received	5,02,26,962		5,29,29,511
Advance against Capital expenditure	22,00,000		22,00,000
Deposits	76,61,890		76,62,909
Balance with Central excise authorities	4,41,76,558		5,42,55,223
		10,42,65,410	11,70,47,643
		26,97,22,025	27,61,60,859

Schedules forming part of the Balance Sheet as at March 31, 2008

	Rupees	As At March 31, 2008 Rupees	As At March 31, 2007 Rupees
SCHEDULE 7 :			
CURRENT LIABILITIES AND PROVISIONS:			
CURRENT LIABILITIES:			
Sundry Creditors - Micro, Small and Medium Enterprises @ - Others	-	-	-
	<u>2,53,55,556</u>	2,53,55,556	<u>3,53,18,506</u> 3,53,18,506
<p>@ The Company has not received Information from vendors regarding their Status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.</p>			
Other Liabilities		5,19,23,407	3,14,08,989
Interest Accrued and due {Refer Note 15(2d)}		<u>4,95,25,807</u>	<u>2,04,62,688</u>
		<u>12,68,04,770</u>	<u>8,71,90,183</u>

Schedules annexed and forming part of the Profit and Loss Account for the year ended March 31, 2008

	Rupees	As At March 31, 2008 Rupees	As At March 31, 2007 Rupees
SCHEDULE 8 :			
OTHER INCOME :			
Profit on sale of Fixed Assets		4,215	69,350
Miscellaneous Income		<u>3,37,335</u>	<u>19,49,625</u>
		<u>3,41,550</u>	<u>20,18,975</u>
SCHEDULE 9 :			
INCREASE/(DECREASE) IN STOCK:			
CLOSING STOCK:			
Work-in-progress	2,43,23,667		2,36,20,266
Finished Goods	6,07,78,771		3,34,51,388
Waste	<u>7,035</u>		<u>15,033</u>
		8,51,09,473	<u>5,70,86,687</u>
Less: OPENING STOCK:			
Work-in-progress	2,36,20,266		2,21,26,617
Finished Goods	3,34,51,388		3,21,03,914
Waste	<u>15,033</u>		<u>7,878</u>
		5,70,86,687	5,42,38,409
Excise duty on Finished Goods		<u>-</u>	<u>(10,60,275)</u>
		<u>2,80,22,786</u>	<u>39,08,553</u>
SCHEDULE 10 :			
RAW MATERIALS CONSUMED:			
Opening Stock	1,77,01,594		1,88,56,226
Add: Purchases	<u>55,68,06,872</u>		<u>51,28,51,795</u>
		57,45,08,466	53,17,08,021
Less: Closing Stock		<u>2,12,75,645</u>	<u>1,77,01,594</u>
		<u>55,32,32,821</u>	<u>51,40,06,427</u>

**Schedules annexed and forming part of the Profit and Loss Account
for the year ended March 31, 2008**

	Rupees	As At March 31,2008 Rupees	As At March 31,2007 Rupees
SCHEDULE 11 :			
MANUFACTURING AND OTHER EXPENSES:			
Consumption of Stores,Spare parts etc.		2,02,96,644	1,77,16,823
Consumption of Packing Materials		80,21,965	68,37,172
Power, Fuel and other charges		9,66,79,516	9,37,65,857
REPAIRS AND MAINTENANCE:			
Building	3,84,517		93,222
Plant and Machinery	57,52,879		53,39,476
Others	<u>7,36,131</u>		<u>5,75,866</u>
		68,73,527	60,08,564
EMPLOYEES COST:			
Salaries,wages,Bonus,Provident Fund and other funds	5,69,27,243		4,81,83,365
Staff and Labour Welfare Expenses	8,46,182		7,94,227
Director's Remuneration	<u>9,51,000</u>		<u>7,28,000</u>
		5,87,24,425	4,97,05,592
Lease Rent and Hire Charges		6,16,709	6,16,709
Rates and Taxes		10,20,783	9,49,451
Insurance		24,32,484	30,15,998
Water Charges		17,20,142	17,57,754
Postage and Telegram		2,55,627	2,43,287
Transportation		17,15,418	19,48,042
Travelling Expenses (Directors' Travelling Rs.82,177/- (Rs.71,468/-)		5,54,993	6,17,219
Legal and professional Charges		10,16,366	7,48,213
Telephone		2,78,314	3,33,934
Printing and Stationary		4,17,615	4,44,874
Books and Periodicals		87,133	88,892
Conveyance		4,04,302	3,98,953
Advertisement		35,281	34,088
Gardening and Cleaning Expenses		43,353	33,668
Licence and other Fees		4,74,006	5,27,395
Bank Commission and other charges		36,36,190	35,00,118
Exchange Difference Net		9,87,634	5,47,131
Auditors' Remuneration :			
Audit fees	1,25,000		1,25,000
Tax Audit fees	40,000		40,000
Other matters fees	<u>95,000</u>		<u>55,000</u>
		<u>2,60,000</u>	<u>2,20,000</u>
		<u>20,65,52,427</u>	<u>19,00,59,734</u>
SCHEDULE 12 :			
INTEREST			
Term Loan	4,23,41,391		4,45,05,303
Others (Net) (Note No 15(6))	<u>1,36,33,804</u>		<u>1,00,51,803</u>
		<u>5,59,75,195</u>	<u>5,45,57,106</u>
SCHEDULE 13 :			
SELLING AND DISTRIBUTION EXPENSES:			
Commission		1,01,17,258	1,00,29,795
Brokerage		-	1,01,872
Freight,Insurance and Other Expenses (Net)		<u>1,20,47,976</u>	<u>1,10,23,556</u>
		<u>2,21,65,234</u>	<u>2,11,55,223</u>

Schedules annexed and forming part of the Profit and Loss Account for the year ended March 31, 2008

SCHEDULE 14 :

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

1. **Basis of Accounting :**

The Financial Statements of the Company are prepared in accordance with the requirements of the Companies Act, 1956, including the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, under the historical cost convention, going concern concept and on the accrual system of accounting.
2. **Revenue Recognition:**

Sales are recognized at the time of despatch of goods from the factory and are recorded including excise duty but exclusive of Sales Tax Returns and Trade Discounts, wherever applicable.
3. **Basis of valuation of Fixed assets :**
 - (a) Leasehold land - at cost.
 - (b) Owned Fixed - at cost less depreciation, Cost includes all costs incurred till the asset is put to use (including borrowing costs).
4. **Method of Depreciation :**

Depreciation on Fixed assets has been provided on straight line method at the rates as specified in Schedule XIV of the Companies Act, 1956, as amended vide notification GSR No. 756E dated 16.12.1993 and subsequent notification GSR No. 101 (E) dated 1.3.1995. Further fixed assets whose aggregate cost is Rs 5000 or less are depreciated fully in the year of acquisition.
5. **Valuation of Inventories :**

Inventories are valued at lower of cost and net realisable value. Cost for manufactured goods comprise of materials, labour and other appropriate overheads. Cost for raw materials is determined on first-in-first-out basis and stores and packing materials are determined on weighted average basis.
6. **Foreign Exchange Transactions :**

Transactions in foreign exchange are accounted at exchange rates prevailing on the date of transaction. Gain / losses on foreign exchange rate fluctuations relating to current assets and current liabilities are translated at the rates of exchange ruling on the Balance sheet date. Gain / losses arising out of fluctuations in the exchange rates are accounted for in the profit and loss account. Gains / Losses on forward exchange contracts are recognised over the life of the contract.
7. **Employees Benefits :**
 - (i) **Post Employment Benefit Plans**

Defined Contribution Plan :
Contribution as per employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Funds are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

Defined Benefit Plans :
Liability in respect of Employees' Group Gratuity Cash Accumulation Cum-Life Assurance Scheme and Group Superannuation Scheme are funded by way of contribution to Life Insurance Corporation of India.
 - (ii) **Other Benefits**

Provision has been made in respect of leave standing to the credit of the employees on the basis of their current salaries and not on the basis of actuarial valuation method.
8. **Taxation:**
 - (a) **Provision for Taxation:**

Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.
 - (b) **Deferred Taxation:**

In accordance with Accounting Standard 22 - Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences is accounted for, using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets arising from timing differences are recognized only on the consideration of prudence.
 - (c) **Provision for Fringe Benefit Tax:**

Provision for Fringe benefit tax has been made as per the requirements of Income Tax Act, 1961.
9. **Impairment of Assets:**

In terms of AS 28 'Impairment of Assets' the Company assesses impairment of the assets on the reporting date, as per criteria prescribed in the Standard.
10. **Provisions, Contingent Liabilities and Contingent Assets:**
 - a. The Company recognizes as Provisions, the liabilities being present obligations arising out of past events, the settlement of which is expected to result in an outflow of resources and which can be measured only by using a substantial degree of estimation.
 - b. Contingent liabilities are disclosed by way of a note to the financial statements after careful evaluation by the management of the facts and legal aspects of the matter involved.
 - c. Contingent Assets are neither recognized nor disclosed.

Schedules annexed and forming part of the Profit and Loss Account for the year ended March 31, 2008

SCHEDULE 15 :

NOTES TO ACCOUNTS :

1. CONTINGENT LIABILITIES NOT PROVIDED FOR :
 - a. Estimated amount of contracts remaining to be executed on capital account of Rs 23,50,000 (Rs 23,50,000) - advances paid Rs 22,00,000 (Rs 22,00,000).
 - b. Counter Guarantees:

Bank Guarantee for Rs.48,61,588 (Rs.48,61,588) given by Bank in favour of M.P.M.K.V.V.Co. Ltd., Bhopal on behalf of the Company
 - c. Income tax demands disputed in Appeals Rs 1,71,28,471 (Rs 2,18,56,582) against which amount deposited - Rs 1,71,28,471 (Rs 2,03,98,291).
 - d. Entry Tax / Commercial Tax demands disputed in Appeals Rs 35,81,532 (Rs. 24,69,707) against which amount deposited Rs.7,45,312 (Rs 4,26,912) .
 - e. Central Excise Duty demands disputed in Appeals Rs 5,60,182 (Rs 5,60,182) against which amount deposited Rs 5,60,182 (Rs 5,60,182).
2. Corporate Debt Restructuring Scheme:
 - a) As per the Restructuring Scheme, the interest on Term Loans and Working Capital Term Loans is payable at the rate of 9% p.a. payable monthly. The interest on these loans was funded from April 1, 2004 to June 30, 2006 (the Company has made request for modification / extension in the existing scheme, with regards to funding of interest till September, 2009 and repayment of term loan from December, 2010). The interest on Funded Interest Term Loan is payable at the rate of 9% p.a. payable monthly.

These loans are repayable, as per the proportion specified in the scheme; in 24 quarterly installments commencing from December 15, 2006.
 - b) The relief and concessions availed from Banks as per the scheme relating to waiver of interest amounting to Rs. 9,37,193 received from Bank of India (which was received in current year as pending receipt from last year) has been credited to Interest on Term Loan account.
 - c) For the purpose of implementation of the scheme and to comply with the post implementation requirements ICICI Bank was appointed as Monitoring Agent, ICICI Bank had assigned and transferred the facilities to Asset Reconstruction Company (India) Limited (ARCIL).
 - d) As per schedule of repayment of the loan a sum of Rs. 6,09,26,092 (Rs. 4,63,40,846) was payable during the current year. This includes Rs. 2,81,38,045 (Rs. 2,10,65,264) payable to banks other than ARCIL of which Rs. 2,01,08,957 (Rs.1,13,37,863) was paid during the year. Remaining amount of Rs. 80,29,088 (Rs. 97,27,401) is still unpaid. Amount of Rs.97,27,401 pertaining to previous year was paid in the current year.As regards payments to ARCIL, loan of Rs. 3,27,88,047 (Rs. 2,52,75,582) and interest of Rs. 2,57,02,891 (Rs. 2,04,62,688) was payable (interest is reflected as interest accrued and due in current liabilities and provisions), neither principal nor interest has been paid.
 - e) In the event of default for compliance of the Restructuring Scheme, the lenders have the right to convert 100% of the debt into equity, at par, during the tenure of the assistances on default.
3.
 - a) In compliance with the scheme, the Promoters of the Company has brought Rs.1 crore as advance against the issue of equity shares which is deposited in an Escrow Account. This amount shall be allowed to be refunded by the Company to the promoter in case strategic investor is inducted resulting in change in the present management.
 - b) Considering the future market potential of Polyester Viscose blended textile barring any unforeseen circumstances, the management is confident that after implementation of the revised CDR scheme, the Company would be able to generate sufficient returns to make its net worth positive in future. The labour dispute has, however, been settled by the Hon'ble High Court Judicature, Indore Bench in favour of the Company. Accordingly, the accounts of the Company are prepared on Going Concern basis.
4. The Company has decided to grant encashment of leave standing at the credit of the employees in order to retain employees having regard to current job scenario. Accordingly, Provision of Rs. 22,60,953 has been recognised in respect of leave standing at the credit of the employees on the basis of their current salaries.

Schedules annexed and forming part of the Profit and Loss Account for the year ended March 31, 2008

NOTES ON ACCOUNTS : *Continued*

5. Advances recoverable in cash or in kind or for value to be received includes a sum of Rs 51,32,394 (Rs 49,52,588) in respect of interest receivable on sale from customers are outstanding for more than six months etc., and a sum of Rs. 1,80,49,472 (Rs. 2,15,58,737) as Income Tax paid in advance after net of provision for Income Tax. Out of the above information in respect of interest receivable, an amounting of Rs. 45,77,635 (Rs.45,77,635) is outstanding from S. Kumars Nationwide since August, 2006 of which the Management is confident of realization.
6. Other interest shown under Schedule 12 is net of income by way of interest from customers amounting to Rs. 42,36,261 (Rs. 39,10,158).
7. A sum of Rs 56,82,179 (Rs 66,66,049) has been deducted in consumption of raw material on account of receivable amount of export benefits, under the Duty Entitlement Pass Book (DEPB) scheme of the Government of India, framed under the provisions of EXIM Policy. Such benefits have been quantified, based on entitlements, and on the basis of applications for the issue of DEPB - post shipment basis, at the rates as notified from time to time and the extent to which the Company perceives to import, duty free goods for use in its manufacture process or face value of saleable entitlements, to offset the cost of materials used for the manufacture of such exported goods.
8. The Hon'ble High Court, Indore Bench has upheld the Company's contention for full eligibility of exemption from payment of Commercial tax upto Rs 2,20,00,000 under Notification No: A-3-32-94-ST-V (5) dtd 28/02/1995 and deferment of payment of Commercial tax upto Rs 3,30,00,000 under Notification No: A-3-32-94-ST V (6) dated 28/02/95, issued by the Govt. of Madhya Pradesh, for using power by the Company generated through non conventional power generating units, as against the permanent eligibility certificate issued for Rs 1,38,75,400 and Rs 2,08,13,100 respectively. The Govt. has contested before a larger bench against the above decision.
9. Provision for Gratuity and Leave Encashment :

Accounting Standard-15 ("AS-15") on "Employees Benefits" [AS-15 (Revised)] is applicable to the Company with effect from April 1, 2007. AS-15 (Revised) requires an enterprise to recognise its obligation and employee benefits cost under defined benefit plans such as gratuity and compensated absences, based on an actuarial valuation. The obligation and employee benefits cost are to be reflected in the balance sheet and profit and loss account, respectively. As per the transitional provisions under AS-15 (Revised), at the time an enterprise first adopts AS-15 (Revised), the difference between the transitional liability as determined for defined benefit plans and the liability that would have been recognised at the same date as per the pre-revised AS-15 is required to be adjusted against opening balance of revenue reserves and surplus.

As regards gratuity, the Company is under the Employee Group Gratuity Scheme of the Life Insurance Corporation of India ("LIC") and as per LIC's renewal intimation, the Company has contributed a sum of Rs.15,82,144. However, since the Company does not have a certificate either from "LIC" or any other source to the effect that the contribution so made has been worked out by a qualified actuary in accordance with the provisions of AS-15 (Revised), the contribution so made is charged to the profit and loss account. Further in the absence of information, the Company has not adjusted any amount against the opening balance in General Reserves as required by the transitional provisions. Accordingly, in respect of the liability for gratuity, the Company is not in a position to determine its liability and charge the same to profit and loss account and adjust it against General Reserves in conformity with AS-15(Revised). However, as per the calculations made by the Company, the funds available with LIC is adequate to meet the Company's gratuity liability as on the date of the balance sheet.

Hitherto Company had no policy for encashment of leaves standing to the credit of the employees and leave encashment was made on case to case basis at the discretion of management. However, in the current year, the Company has determined the liability for the leave at the credit of its employees on the basis of their current salaries and made a provision for such a liability. Accordingly, a provision of Rs.22,60,953 has been made at the year end on an estimate basis (without an actuarial valuation) in respect of the aggregate leave at the credit of its employees. However, since the Company does not have a certificate from independent actuary to the effect that the provision so made has been worked out by a qualified actuary in accordance with the provisions of AS-15 (Revised), the provision so made is charged to the profit and loss account. Further in the absence of information, the Company has not adjusted any amount against the opening balance in the General Reserves as required by the transitional provisions. Accordingly, in respect of liability for leave at the credit of employees, the Company is not in a position to determine its liability and charge the same to the profit and loss account and adjust it against General Reserves in conformity with AS-15(Revised).

In the absence of availability of the detailed information for determining the liabilities for gratuity and compensated absences in terms of AS-15 (Revised), the disclosures regarding reconciliation of obligation, fair value of plan assets, actuarial assumptions, etc. as required in terms of AS-15 (Revised) have also not been made.

Schedules annexed and forming part of the Profit and Loss Account for the year ended March 31, 2008

NOTES ON ACCOUNTS : Continued

10. The Company's operation relate only to Synthetic Blended Yarn and thus has only one reportable segment under Accounting Standard 17.
11. Information on related party transaction as per Accounting Standard 18 on related party disclosures.

Related Party	Relationship	Description of Transaction	Amount (in Rs.)	
			31.03.2008	31.03.2007
S L Moondhra Senior Executive Director	Key Management personnel	Payment of Remuneration and other benefits	10,04,872	7,72,278

12. Information on Earning per Share as per Accounting Standard 20, on Earning per Share:

	31.03.2008	31.03.2007
a) Profit / (Loss) available to equity Shareholders (in Rupees)	(6,35,27,839)	(2,63,65,601)
b) No. of Equity Shares Out standing during the year	10878600	10878600
c) Nominal Value per equity Share (in Rupees)	Rs 10.00	Rs. 10.00
d) Basic & Diluted Earning Per Share (b/a) (in Rupees)	(Rs 5.84)*	(Rs 2.42)*

*The approved Corporate Debt Restructuring Scheme has a conversion clause allowing conversion of 100% of debt (including overdue amounts) into equity, at par, during the tenure of assistances on default. The Company has made request for modification / relief in the existing scheme and has resubmitted the new Restructuring Scheme after the settlement of pending labour dispute by the Hon'ble High Court Judicature, Indore Bench. Hence in view of Management, Diluted Earnings Per Share is not to be considered.

13. The break up of Deferred Tax Assets and Liabilities, and the effect on the reserves and the profit after tax are as under:

(Amount in Rupees)

Nature of Timing Difference	Deferred Tax (Assets) /Liabilities as at April 1, 2007	(Charge)/Credit during the year	Deferred Tax (Assets)/ Liabilities as at March 31, 2008
a. Deferred Tax liability on account of:			
- Depreciation	9,47,49,004	(98,67,455)	8,48,81,549
b. Deferred Tax Asset on account of:			
- Expenses allowed for Tax purpose when paid	(4,83,57,519)	(98,74,391)	(5,82,31,910)
Net Deferred Tax	4,63,91,485	(1,97,41,846)	2,66,49,639

In terms of Para 17 of Accounting Standard 22 (AS-22) on "Accounting for Taxes on Income read with Accounting Standard Interpretation 9 (ASI 9) issued thereunder, in absence of virtual certainty the Company has not considered Deferred Tax Assets in respect of carry forward losses Rs 32,75,82,872 including unabsorbed depreciation Rs 20,45,24,531.

Schedules annexed and forming part of the Profit and Loss Account for the year ended 31st March, 2008

NOTES ON ACCOUNTS : *Continued*

14. Production at one of the units of the Company at Birgod was discontinued on October 10,2003 due to Industrial relations problem. The Hon'ble High Court Judicature, as per Section 25(O)(8) of the Industrial Dispute Act. Accordingly, the Company has recognised expenses of Rs. 1,44,06,692 in respect of retrenchment compensation. The Comparative information as per Accounting Standard 24 based on Unit wise books of accounts are as under:

	Continuing Operation (Pillukhedhi Unit)		Discontinuing Operation (Birgod Unit)		Total Current Year Rupees	Total Previous Year Rupees
	As At March 31, 2008 Rupees	As At March 31, 2007 Rupees	As At March 31, 2008 Rupees	As At March 31, 2007 Rupees		
	Liability					
Loans	44,78,17,895	43,68,59,778	13,06,59,248	13,60,14,503	57,84,77,143	57,28,74,281
Deferred Tax Liability (Net)	2,56,13,704	3,93,14,998	10,35,935	70,76,487	2,66,49,639	4,63,91,485
Assets						
FIXED ASSETS:						
Net Block (including Capital Work in progress)	32,54,22,254	35,82,93,365	13,95,96,756	15,27,45,740	46,50,19,010	51,10,39,105
Inventories	10,60,09,331	7,35,17,124	2,89,78,541	2,89,78,541	13,49,87,872	10,24,95,665
Sundry Debtors	2,95,86,951	4,79,32,324	-	-	2,95,86,951	4,79,32,324
Cash and Bank Balances	7,14,930	85,82,491	1,66,862	1,02,736	8,81,792	86,85,227
Loans and Advances	6,94,16,601	7,98,40,730	3,48,48,809	3,72,06,913	10,42,65,410	11,70,47,643
CURRENT ASSETS, LOANS AND ADVANCES:						
20,57,27,813	20,98,72,669	6,39,94,212	6,62,88,190	26,97,22,025	27,61,60,859	
Less: Current Liabilities and Provisions	9,60,65,916	7,47,57,923	3,07,38,854	1,24,32,260	12,68,04,770	8,71,90,183
NET CURRENT ASSETS	10,96,61,897	13,51,14,746	3,32,55,358	5,38,55,930	14,29,17,255	18,89,70,676
	Continuing Operation (Pillukhedhi Unit)		Discontinuing Operation (Birgod Unit)		Total Current Year Rupees	Total Previous Year Rupees
	For the year ended March 31, 2008 Rupees	For the year ended March 31, 2007 Rupees	For the year ended March 31, 2008 Rupees	For the year ended March 31, 2007 Rupees		
	INCOME:					
Gross Turnover	77,28,15,032	77,68,55,406	-	-	77,28,15,032	77,68,55,406
Less: Excise Duty recovered on sales	1,58,335	16,71,591	-	-	1,58,335	16,71,591
Net Turnover	77,26,56,697	77,51,83,815	-	-	77,26,56,697	77,51,83,815
Other Income	3,35,374	16,97,667	6,176	3,91,034	3,14,550	20,18,975
Increase(Decrease) in Stock	2,80,22,786	39,08,553	-	-	2,80,22,786	39,08,553
TOTAL INCOME	80,10,14,857	78,07,90,035	6,176	3,91,034	80,10,21,033	78,11,11,343
EXPENDITURE:						
Raw Materials Consumed	55,32,32,821	51,40,06,427	-	-	55,32,32,821	51,40,06,427
Manufacturing and Other Expenses	19,77,21,511	18,43,24,370	88,30,916*	58,05,090*	20,65,52,427	19,00,59,734
Selling and Distribution Expenses	2,21,65,234	2,11,55,223	-	-	2,21,65,234	2,11,55,223
Operating Expenses	77,31,19,566	71,94,86,202	88,30,916	58,05,090	78,19,50,482	72,52,21,384
Depreciation	3,28,71,023	3,55,76,346	1,31,48,677	1,32,28,375	4,60,19,700	4,88,04,721
Pre-tax profit(Loss) from Operating Activities	(49,75,732)	2,57,27,669	(2,19,73,417)	(1,86,42,431)	(2,69,49,149)	70,85,238
Interest expenses	4,65,10,609	4,35,95,925	94,64,586	1,10,61,181	5,59,75,195	5,45,57,106
Profit(Loss) before tax	(5,14,86,341)	(1,77,68,256)	(3,14,38,003)	(2,97,03,612)	(8,29,24,344)	(4,74,71,868)
Income tax expenses						
Current tax	-	-	-	-	-	-
Wealth tax	495	1,609	-	-	495	1,609
Deferred tax	1,37,01,294	1,55,20,619	60,40,552	63,56,010	1,97,41,846	2,18,76,629
Fringe benefit tax	1,59,827	1,73,686	52,845	57,894	2,12,672	2,31,580
Profit(Loss) from operating activities after tax	(3,79,45,369)	(24,22,932)	(2,54,50,296)	(2,34,05,496)	(6,33,95,665)	(2,58,28,428)

* includes continuing costs of Rs. 68,06,263 (Previous year Rs 39,27,350) allocated to Birgod unit

Cash flow attributed to continuing & discontinuing operations are presented in the cash flow statement annexed.

Schedules annexed and forming part of the Profit and Loss Account for the year ended 31st March, 2008

NOTES ON ACCOUNTS : *Continued*

15. For the purpose of ascertaining impairment of assets as per Accounting Standard 28 "Impairment of Assets", the entire business operation of the Company have been considered as a cash generation unit (CGU) and the recoverable amount of the CGU is determined on the basis of its value in use, since in the opinion of the management no active market exist for machineries and other equipments and net selling price cannot be ascertained accurately.

In view of the pending implementation of revised restructuring scheme, as approved under CDR, involving proper balancing of Machines, it is expected that CGU shall take longer period to generate regular future economic benefits. Thereby cash flows for 8 years have been taken in to account to assess value in use of the business operation.

On the basis of comparing the value in use so arrived at, with the carrying value of the entire CGU, it was noticed that there is no impairment in CGU.

16. MANAGERIAL REMUNERATION :

Executive Directors' Remuneration paid	<u>31.03.2008</u>	<u>31.03.2007</u>
i. Salary	9,51,000	7,28,000
ii Other perquisites and benefits	53,872	44,278
iii Contribution to Provident Fund	1,02,600	75,840

17. Additional information pursuant to provision of Part - II of Schedule - VI to the Companies Act, 1956.

A. (a) Licensed Capacity (Spindles)

(i) Birgod Unit	Not applicable	<i>Not applicable</i>
(ii) Pillukhedi Unit	Not applicable	<i>Not applicable</i>

(b) Installed Capacity (Spindles)

(As certified by the Management)

(i) Birgod Unit	28,800	28,800
(ii) Pillukhedi Unit	36,768	36,768

B. Quantitative Information

	Unit	Current Year ended		Previous Year ended	
		<u>March 31, 2008</u>		<u>March 31, 2007</u>	
		Quantity	Value (Rs)	Quantity	Value (Rs)
1 Synthetic Blended Yarn	Kgs	70,08,791	-	67,70,484	-
Production	Kgs	53,99,278	58,73,57,963	51,55,627	60,62,84,563
Turnover-Domestic	Kgs	13,68,607	18,38,33,698	13,74,367	16,41,58,722
Turnover-Export	Kgs	-	-	2,03,743	47,68,961
Jobwork	Kgs	3,16,545	3,34,51,388	2,79,798	3,21,03,914
Opening Stock (Packed)	Kgs	5,57,451	6,07,78,771	3,16,545	3,34,51,388
Closing Stock (Packed)	Kgs	-	16,23,371	-	16,43,160
2 Waste Sales					

C. Raw Material Consumed

(i) Cellulosic Fibre	Kgs	25,14,820	24,77,56,423	26,91,501	22,63,72,535
(ii) Non-Cellulosic Fibre	Kgs	46,67,204	30,31,96,968	40,68,828	28,49,11,899
(iii) Dyes & Chemicals	Kgs	-	22,79,430	-	27,21,993
		<u>71,82,024</u>	<u>55,32,32,821</u>	<u>67,60,329</u>	<u>51,40,06,427</u>

Schedules annexed and forming part of the Profit and Loss Account for the year ended 31st March, 2008

NOTES ON ACCOUNTS : *Continued*

D. Imported & Indigenous Consumption :	Current Year ended March 31, 2008		Previous Year ended March 31, 2007	
	Value (Rs)	Percentage	Value (Rs)	Percentage
(a) Raw Materials :				
Imported	--	--	39,82,525	0.78
Indigenous	<u>55,09,53,391</u>	<u>100.00</u>	<u>50,73,01,909</u>	<u>99.22</u>
Total	<u>55,09,53,391</u>	<u>100.00</u>	<u>51,12,84,434</u>	<u>100.00</u>
(b) Stores & Spare Parts :				
Imported	20,67,265	10.74	15,04,418	9.17
Indigenous	<u>1,71,87,542</u>	<u>89.26</u>	<u>1,49,07,655</u>	<u>90.83</u>
Total	<u>1,92,54,807</u>	<u>100.00</u>	<u>1,64,12,073</u>	<u>100.00</u>

E. C.I.F. Value of Imports :	Value in (Rs.)	
	31.3.2008	31.3.2007
(i) Raw Materials	--	--
(ii) Stores & Spares	11,32,851	13,80,907
(iii) Capital Goods	--	--
F. Expenditure in Foreign Currency for (On payment) :		
1. Travelling	--	--
2. Commission on export sales	42,79,967	32,76,002
G. Remittance in Foreign Currency :		
For dividends	Not applicable	Not applicable
H. Earning in foreign currency :		
Export of goods (F.O.B. realisation basis)	19,87,27,176	13,97,85,592

18. The previous years figures, wherever necessary, have been regrouped, reclassified and recast to confirm with this years classification.

19. The figures in brackets are in respect of previous year.

As per our Report of even date:

For BANSI S. MEHTA & CO.
Chartered Accountants

Amit A Desai

Partner
Membership No.48512

Place : Mumbai,
Dated : June 30, 2008

S.L. Moondhra
Senior Executive Director

Vikas Pande
Nominee Director (Bank of India)

Place : Dewas
Dated : June 28, 2008

Hind Syntex Limited

Cash Flow Statement

The following statement shows the Cashflows from continuing and discontinuing operations of the company.

(Rs in lacs)

Description	Continuing operations		Discontinuing operations		Total	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
A. Cash Flow from Operating Activities:						
Net Profit before tax and extraordinary items	(514.86)	(177.68)	(314.38)	(297.04)	(829.24)	(474.72)
Adjustment for :						
Deferred Revenue Expenditure Written off	-	-	-	-	-	-
Profit / Loss on Sale of Fixed Assets	(0.03)	(0.69)	(0.01)	-	(0.04)	(0.69)
Depreciation	328.71	355.77	131.49	132.28	460.20	488.05
Interest (Net)	465.11	434.96	94.64	110.61	559.75	545.57
Operating Profit before Working Capital Charges	278.93	612.36	(88.26)	(54.15)	190.67	558.21
Adjustment for:						
Trade and other receivables	109.65 *	(186.64) *	(8.01)	(105.30)	101.64	(291.94)
Inventories	(324.92)	(49.30)	-	-	(324.92)	(49.30)
Trade Payables	324.55	(430.81)	216.44 *	236.73 *	540.99	(194.08)
Cash generated from operations	388.21	(54.39)	120.17	77.28	508.38	22.89
Interest Received	15.27	26.27	25.30	10.66	40.57	36.93
Interest paid on Working Capital	(144.47)	(110.85)	(34.23)	(28.77)	(178.70)	(139.62)
Direct taxes paid	1.87	5.62	29.77	(20.80)	31.64	(15.18)
Cash flow before extra ordinary	260.88	(133.35)	141.01	38.37	401.89	(94.98)
Net cash from operating activities	260.88	(133.35)	141.01	38.37	401.89	(94.98)
B. Cash flow from investing activities :						
Purchase of fixed assets / Capital work in progress	-	(2.82)	-	-	-	(2.82)
Sales of fixed Assets	0.04	0.72	0.01	-	0.05	0.72
Net Cash used in investing activities	0.04	(2.10)	0.01	-	0.05	(2.10)
C. Cash Flow from financing activities:						
Interest paid on Term loans	(96.08)	(180.70)	(36.70)	(59.72)	(132.78)	(240.42)
Proceeds from long term borrowing from Financial Institutions / Banks	(243.51)	331.02	(110.86)	(25.96)	(354.37)	305.06
Others	-	-	7.18	46.76	7.18	46.76
Net Cash from financing activities	(339.59)	150.32	(140.38)	(38.92)	(479.97)	111.40
Net increase / (decrease) in cash and cash equivalent	(78.67)	14.87	0.64	(0.55)	(78.03)	14.32
Cash and Cash equivalents (opening balance)	85.82	70.95	1.03	1.58	86.85	72.53
Cash and Cash equivalents (closing balance)	7.15	85.82	1.67	1.03	8.82	86.85

* Includes inter unit transfer

This is the cash flow statement referred to in our report of even date.

As per our Report of even date:

For BANSI S. MEHTA & CO.
Chartered Accountants

Amit A Desai

Partner
Membership No.48512

Place : Mumbai,
Dated : June 30, 2008

S.L. Moondhra
Senior Executive Director

Vikas Pande
Nominee Director (Bank of India)

Place : Dewas
Dated : June 28, 2008

Hind Syntex Limited

Balance Sheet Abstract and Company's General Business Profile pursuant to provisions of part IV of Schedule VI to the Companies Act, 1956 as amended vide Notification no: G.S.R. 388 (E) dated 15.05.95.

I. Registration Details			
Registration No.	: 1697	State Code	: 10
Balance Sheet Date	: 31.03.2008		
II. Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	: NIL	Rights Issue	: NIL
Bonus Issue	: NIL	Private Placement	: NIL
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	: 849721	Total Assets	: 849721
Sources of Funds:			
Paid-Up capital	: 108872*	Reserves & Surplus	: 8918
*(Including forfeited shares 86)			
Secured Loans	: 567357	Unsecured Loans	: 11120
Application of Funds:			
Net Fixed Assets	: 465019	Investments	: NIL
Net Current Assets	: 142917	Misc. Expenditure	: NIL
Accumulated Losses	: 114981		
IV. Performance of Company (Amount in Rs Thousands)			
Turnover	: 772815	Total Expenditure	: 883945
Profit (Loss)Before Tax	: (82924)	Profit (Loss)After Tax	: (77934)
Earning Per Share in Rs.	: (5.84)	Dividend rate %	: NIL
V. Generic Name of Principal Product:			
Item Code No. (ITC Code)	: 550951.00		
Product Description	: Synthetic Blended yarn		

HIND SYNTEX LIMITED
ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

I/We hereby record my/our presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company.

.....
Name of Proxy (if any) Mr./Mrs./Miss. Signature of Member/Proxy

Note : *This meeting is of Members only and you are requested not to bring along with you any person who is not a member.*

HIND SYNTEX LIMITED
PROXY FORM

Ledger Folio No/ CLIENT ID NO.
No. of Shares held
I/We
of
in the district of
being a Member/Members of the above named Company hereby appoint
..... of
in the district of
or failing him
of
in the district of
as my/our proxy to vote for me/us, on my/our behalf, at the Twenty Seventh Annual General Meeting of the Company to be held on Tuesday the 2nd day of September, 2008 and at any adjournment thereof.

Signed this day of 2008.

Affix
Revenue
Stamp here

Signature

Note : *The proxy form must reach the Company's Registered Office at 1A/8A, Industrial Area, Agra-Bombay Road, Dewas-455 001 not less than FORTY-EIGHT hours before the time for holding the meeting.*

BOOK - POST

If not delivered, please return to :

HIND SYNTEX LIMITED

1A / 8A, Industrial Area,

Agra-Bombay Road,

DEWAS [M.P.] - 455 001.