

Hind Syntex Limited

**Annual Report
2008 - 2009**



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

Messrs Bansi S. Mehta & Co., Mumbai

Solicitor

Crawford Bayley & Co., Mumbai

Bankers

Bank of India
Union Bank of India
State Bank of India
IDBI Bank 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: 022-22830306 & 22830878
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 Eight 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 Thursday the 10th day of September, 2009 at 12 Noon to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 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 Manohar Keshav, who retires by rotation, and being eligible, offers himself for reappointment.
3. To elect a Director in place of Shri Manoj Maheshwari, 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.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution:
"RESOLVED that a reference as contemplated under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 be filed with Board of Industrial & Financial Reconstruction as the accumulated losses have exceeded net worth of the Company as per audited balance sheet as on 31st March, 2009.
RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to take all necessary steps, actions, things and deeds in the matter to comply with the provisions of the law."

Pillukhedi
Dated: June 22, 2009
Registered Office:
1A & 8A Industrial Area,
Dewas - (M.P.) 455 001

By Order of the Board,
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 31st day of August, 2009 to Thursday, the 10th day of September, 2009 (both days inclusive).
3. Members are requested to bring their copies of Annual Report to the Meeting.

Reappointment of Directors:

At the ensuing Annual General Meeting Shri Manohar Keshav, and Shri Manoj Maheshwari 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 Manohar Keshav aged about 82 years is Director of the Company since 1986. He retired as Senior IAS officer and was past Chairman of Madhya Pradesh Electricity Board, Jabalpur.

Mr Manoj Maheshwari, aged about 52 years is Director of the Company since 1980. He holds Post Graduate Degree in Industrial Management. He is Industrialist and a Director in the Companies Viz. MIRC Electronic Limited, Madan Investments Pvt. Ltd., Maheshwari Investros Pvt. Ltd., Maheshwari Intrafin (India) Pvt. Ltd., Karjan Investments Pvt. Ltd., Gopal Traders Pvt. Ltd., MW.Com. Pvt Ltd., Aurovision Pvt. Ltd.(Chairman), Hamilton & Co., Ltd., RPG Life Sciences Limited, Ador Welding Limited, R. J. Investments Pvt. Ltd., Quadrum Solutions Pvt. Ltd., Brabourne Enterprises Ltd., Mahindra UGINE Steel Co. Ltd.

Annexure to the Notice

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item 5

That, the accumulated losses of the Company as per audited balance sheet as on 31st March, 2009 have exceeded its net worth. Therefore, the Company falls within the definition of Sick Industrial Company as provided under Section 3 (1) (o) of the Sick Industrial Company (Special Provisions) Act, 1985. It is obligatory on the part of the Board of Directors to file a reference with BIFR under Section 15(1) of SICA within 60 days from the date of adoption of accounts in Annual General Meeting.

None of the Directors is interested in the aforesaid resolution.

Your Director commend to pass the resolution as proposed.

Pillukhedi
Dated: June 22, 2009
Registered Office:
1A & 8A Industrial Area,
Dewas - (M.P.) 455 001

By Order of the Board,
S L Moondhra
Senior Executive Director

Directors' Report

To the Shareholders,

Your Directors present Twenty Eight Annual Report together with the Audited Statements of Accounts for the year ended March 31, 2009.

Operations

The total Income during the year was Rs. 5925.37 lacs. The operating results are as under:

	(Rs. in lacs)	
	<u>2008-2009</u>	<u>2007-2008</u>
Surplus before Interest and Depreciation	(140.29)	190.71
Less: Interest	<u>573.35</u>	<u>559.75</u>
Profit / (Loss) before Depreciation	(713.64)	(369.04)
Less: Depreciation	<u>454.52</u>	<u>460.20</u>
Profit / (Loss) before Tax	(1168.16)	(829.24)
Less: Provision for Taxation		
Income Tax	-	-
Wealth Tax	-	0.01
Fringe Benefit Tax	<u>1.64</u>	<u>2.13</u>
	(1169.80)	(831.38)
Add : Deferred Tax	<u>244.49</u>	<u>197.42</u>
Net Profit / (Loss) after Tax	(925.31)	(633.96)
Add : Short provision for Income Tax for earlier years	<u>11.10</u>	<u>1.32</u>
	(936.41)	(635.28)

Reference to BIFR

It is observed that as per Audited Accounts of the Company as on March 31, 2009, the accumulated losses have exceed the net worth of the Company and it has become necessary to report the erosion in the net worth of the Company to BIFR under Sick Industrial Companies (Special Provision) Act, 1985. Necessary resolution authorizing the Board of Directors to present before BIFR is included in the Notice convening the Annual General Meeting of the Company.

The main reasons of losses are as under:

1. Birgod unit of the Company was continuously incurring losses due to D.A. linked wages of workers and their adamancy of not giving proper output. The company made application for closure of its Birgod unit and the Hon'ble High Court judicature, Indore bench has pronounced the award on 31/03/2008, granting closure of Birgod Unit with effect from 15/03/2004.
2. Due to inordinate delay in Hon'ble High Court decision, CDR scheme remained unimplemented affecting the viability of Pillukhedi unit.
3. Steep increase in input cost and uneconomical prices of Synthetic Blended Yarn in domestic and international markets.

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.

Company has made payment of retrenchment compensation, gratuity and wages to permanent workers of Birgod Unit as per the Hon'ble Madhya Pradesh High Court order and necessary arrangement will be made for shifting of machineries of Birgod unit to Pillukhedi unit in consultation with Monitoring Committee.

Pillukhedi:

The gross turnover was Rs 6219.27 lacs (previous year Rs.7728.15 lacs) During the year the Company made direct export of yarn Rs 545.05 lacs (previous year Rs 1838.33 lacs).

Finance :

During the year, Bank of India has disbursed Rs.220 lacs for making payment of retrenchment compensation and wages to workers at Birgod Unit, till the date of its closure i.e.15/03/2004, as per Hon'ble Madhya Pradesh High Court decision.

Directors' Report - Continued

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 Manohar Keshav and Shri Manoj Maheshwari, 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.

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 actualize export earnings of Rs.546.63 lacs on F.O.B. realisation basis. The total foreign exchange outgo, during the year amounted to Rs. 34.01 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 March 31, 2009, 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 judgments 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 March 31, 2009 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 employees benefits, 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 Bank Ltd., for their continued support to your Company.

On behalf of the Board,

Pillukhedi
Dated: June 22, 2009

Ravi Mohan
Director

S L Moondhra
Senior Executive Director

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	1,99,85,160		2,52,96,370
Total Amount	Rs 7,89,48,915		Rs 9,74,08,350
Rate / Unit	Rs 3.95		Rs 3.85
(Including 3,66,182 Units generated through Wind Electric Generators and fed into MPMKVVCL grid)			
(b) Own Generation			
i) Through Diesel Generators			
Units produced	--		2,962
Units / Litres	--		1.84
Cost / Unit	Rs --		Rs 19.86
ii) Through Furnace Oil based Power Plants			
Units Produced	--		--
Units/Litres	--		--
Cost / Unit	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)	3.61 (Units)
Coal (Specify quality) Steam Coal		-- (Kg)	-- (Kg)

On behalf of the Board,

Pillukhedi
Dated: June 22, 2009

Ravi Mohan
Director

S L Moondhra
Senior Executive Director

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 : -

Technology Absorption, Adaptation and Innovation.

1. Efforts, in brief, made towards technology absorption, adaptation and innovation. : (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.
(b) Two numbers of inverters are added in Simplex to improve quality sliver
(c) Doffer Drivers are put on Cards to reduce break down of Gear box and Clutches.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction product development, import substitution. : The Company has been able to manufacture international quality yarn by continuous improvement.

The Company made direct exported of yarn Rs 545.05 lacs (previous year Rs 1838.33 lacs) earning valuable foreign exchange for the Country.
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,

Pillukhedi
Dated: June 22, 2009

Ravi Mohan
Director

S L Moondhra
Senior Executive Director

Management Discussion and analysis

1. Overall Review

The slowdown in economies across the globe and recession in textile market, the financial results for the year 2008-2009 were not satisfactory. Due to liquidity crunch and uneconomical prices of Synthetic Blended yarn both in the domestic & exports markets, the company had to cut down its production which in turn has affected the working of Pillukhedi unit.

The judgment by Hon'ble Madhya Pradesh High Court, which was pronounced on March 31, 2008, almost four years after sanction of CDR scheme. As per CDR Empower group directions, Banks viz Bank of India has disbursed Rs.220 lacs on March 31, 2009 towards payment of retrenchment compensation and wages to the permanent workers of Birgod unit.

The management is confident that after Shifting and commissioning of Machinery of Birgod Unit to Pillukhedi unit and barring any unforeseen circumstance in the yarn market, the Company would be able to do well in future.

2. Review Operations

For the year 2008-2009, production was 5537 MT (previous year 7009 MT), Gross Turnover was Rs.6219.27 lacs (previous Rs.7728.15 lacs) During the year company made direct export of yarn Rs 545.05 lacs (previous year Rs.1838.33 lacs). There has been decrease in exports due to recession in global market.

3. Industry structure and development

The revival of the spinning industry will depend on largely on demand and recovery in domestic market and international market. Government of India has introduced stimulus packages in December 2008 and January, 2009, wherein it allocated funds to clearance of the backlog of disbursement due under Technology Upgradation Fund Scheme (TUFS) and Scheme for integrated Parks (SITP). The government has also reinstated an interest subvention of 2 per cent on export credit subject of minimum interest 7 percent, extended up to September 2009 in its interim Budget. These measures could only marginally the strain on short-term liquidity for the industry, given and challenging demand environment.

4. Opportunity & Threats

It is expected that Synthetic Blended yarn industry will perform better and also likely to withstand with the global competition due to economic measures taken by Government of India.

5. Risk & Concern

Currently the company perceives the following main business risks :

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

6. Outlook

The revival of spinning industry in the short-to-medium term will depend largely on demand recovery in international markets as well as improvement in micro economic indicators for the domestic market. Companies with stronger capital structure, diversified product mix and geography, balanced presence across count ranges and favourable economies of scale are better positioned to tide over the current down cycle.

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 authorized, recorded and reported correctly.

8. Company's Financial Performance & Analysis :

	(Rs. in lacs)	
	<u>2008-2009</u>	<u>2007-2008</u>
Surplus before Interest and Depreciation	(140.29)	190.71
Less: Interest	<u>573.35</u>	<u>559.75</u>
Profit / (Loss) before Depreciation	(713.64)	(369.04)
Less: Depreciation	<u>454.52</u>	<u>460.20</u>
Profit / (Loss) before Tax	(1168.16)	(829.24)
Less: Provision for Taxation		
Income Tax	-	-
Wealth Tax	-	0.01
Fringe Benefit Tax	<u>1.64</u>	<u>2.13</u>
	(1169.80)	(831.38)
Add : Deferred Tax	<u>244.49</u>	<u>197.42</u>
Net Profit / (Loss) after Tax	(925.31)	(633.96)
Add : Short provision for Income Tax for earlier years	<u>11.10</u>	<u>1.32</u>
	(936.41)	(635.28)

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 2008-09 Attendance at		No of Outside Directorships	Committee Positions*	
		Board Meeting	Last AGM		Member	Chairman
Shri Manohar Keshav	Independent Director	2	Yes	None	1	1
Shri Ravi Mohan	Promoter & Director	6	Yes	1	None	None
Shri Chandra Mohan	Independent Director	2	No	1	2	None
Shri Manoj Maheshwari	Non-Independent Director	0	No	6	5	None
Shri S L Moondhra	Senior Executive Director	6	Yes	1	None	1
Shri Vikas Pande (Nominee Director, Bank of India)	Independent Director	5	No	None	1	None

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

Number of Board Meetings held and the dates on which held

Six Board Meetings were held during the year, on 30th April, 2008, 28th June, 2008, 28th July, 2008, 2nd September, 2008, 22nd October, 2008 and 30th January, 2009.

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	-
Shri Chandra Mohan	4	2
Shri Vikas Pande	4	4
Shri Ravi Mohan - Special Invitee	4	3

4. Remuneration Committee

The Board of Directors of the Company has constituted Remuneration Committee, comprising Shri Manohar Keshav, Shri Manoj Maheshwari 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 Manohar Keshav, Shri Chandra Mohan and Shri Manoj Maheshwari. The committee look into redressal of shareholders' complaints like transfer of shares, non receipt of balance sheets, non receipt of declared dividends, etc.

Corporate Governance Report - Continued

During the year the Committee held one meeting on 28th June, 2008.

Name	Category	Number of Meetings During the year 2008 - 09	
		Held	Attended
Shri Chandra Mohan	Independent	1	1
Shri Manohar Keshav	Independent	1	-
Shri Manoj Maheshwari	Non Independent	1	-
Shri Vikas Pande-Special Invitee	Independent	1	1

No complaints / queries were received during the year under review. There was no pending complaints / transfers as on 31st March, 2009.

6. General Body Meetings

Location and time for last three Annual General Meeting were:

Year	AGM	Location	Date	Time
2005 - 2006	AGM	Hind Syntex Ltd 1A/8A Industrial Area, A B Road, Dewas - 455 001 (MP)	29th Sept' 06	12.00 Noon
2006- 2007	AGM	Same as above	29th Sept' 07	12.00 Noon
2007 - 2008	AGM	Same as above	2nd Sept' 08	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 %).
- (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

Corporate Governance Report - Continued

9. General Share holders information

- 9.1 Annual general Meeting :
 Date and time : 10th September, 2009, at 12.00 Noon
 Venue : 1A/8A Industrial Area,
 A B Road, Dewas - 455 001 (MP)
- 9.2 Financial Calendar : Annual General Meeting 10th September, 2009
 Results for quarter ending 30th June, 2009 Last week of July'2009
 Results for quarter ending 30th Sept, 2009 Last week of Oct'2009
 Results for quarter ending 31st Dec, 2009 Last week of Jan' 2010
 Results for quarter ending 31st Mar, 2010 Last week of June'2010
- 9.3 Book closure date : 31st August, 2009 to 10th September, 2009
- 9.4 Dividend payment date : The Directors have not recommended any dividend on equity shares for the financial year 2008 - 2009.
- 9.5 Listing of securities : National Stock Exchange of India Ltd., 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'08	5.90	4.75
May'08	5.30	4.55
June'08	4.80	3.90
July'08	5.90	3.10
August'08	5.45	3.80
September'08	4.00	3.00
October'08	3.30	2.75
November'08	2.65	2.35
December'08	3.00	2.15
January'09	2.80	2.65
February'09	2.05	1.75
March'09	1.90	1.70

- 9.8 Registrar and Transfer Agents:
 Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound
 L B S Marg, Bhandup (W), Mumbai - 400 078, E-mail: mumbai@linkintime.co.in
- 9.9 Share transfer system:
 The Board has constituted 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 2009

Number of Shares	No. of Shareholders	% of Shareholders	No. of Share held	Voting Strength (%)
Upto 500	4077	66.74	1012784	9.31
501 - 1000	926	15.16	819573	7.53
1001 - 2000	553	9.05	933956	8.59
2001 - 3000	184	3.01	471977	4.34
3001 - 4000	99	1.62	370566	3.41
4001 - 5000	65	1.06	309130	2.84
5001 - 10000	120	1.97	890354	8.18
10001 and above	85	1.39	6070260	55.80
	6109	100.00	10878600	100.00

Corporate Governance Report - Continued

Shareholding pattern:

Category	As on 31st March 2009	
	No of Shares	%
Promoters / Persons acting in concert	3863055	35.51
UTI & Mutual Funds	1771	0.02
Financial Institutions / Banks /Insurance Companies	11200	0.10
Private Corporate Bodies	1202995	11.06
Resident Individuals	5585832	51.35
NRI's / OCB's	213747	1.96
Total	10878600	100.00

9.11 Dematerialisation of shares

Over 90% of the outstanding shares have been dematerialised upto 31st March, 2009. 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:

Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai 400078, E-mail:mumbai@linkintime.co.in

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:hslindr@sanchamet.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.

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, 2009, 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 24, 2009

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, 2009 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 Accounts relating to the charge to the Profit and Loss Account of Rs. 34,71,206 in respect of Gratuity and of Rs. 20,60,290 in respect of compensated absences. In the absence of detailed information from independent actuary, interalia, 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 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, 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, on 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 2 (b) 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;

- (e) On the basis of written representations received from the Directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of Companies Act, 1956;

Auditors' Report - Continued

- (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. 2,32,35,314 (instead of Rs. 4,54,52,188), Loss for the year (Net of Deferred Tax Assets of Rs. 75,51,515 for such depreciation) would have been Rs. 6,38,72,722 (instead of Rs. 9,36,41,111) and at the year end, Net Block of Fixed Assets would have been Rs. 18,41,34,760 (instead of Rs. 41,95,64,042), 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. 8,00,22,413 for such depreciation) would have been Rs. 36,40,28,608 [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. 20,86,21,736] and there would have been Deferred Tax Asset (Net) of Rs. Nil (instead of Deferred Tax Liability (Net) of Rs. 22,00,268).

- (g) We would like to draw attention to Note 2 (c) of Schedule 15 to the Accounts relating to non availability of loan statement and balance confirmation of loans outstanding from some of the lender banks/institutions as on March 31, 2009, due to which the interest charged to Profit & Loss Account is determined on the basis of the interest rate specified in the Corporate Debt Restructuring Scheme and therefore, the outstanding loan and interest balance has been taken as per the records of the Company;
- (h) We would like to further draw attention Note 4 of Schedule 15 to the Accounts relating to non provisioning of management fees amounting to Rs. 22,00,000/- payable to Bank of India for disbursement of loan taken by the Company for paying labour dues as the same is payable out of the sale proceeds of balance assets of the Company at Birgod unit remaining after reallocation of assets from Birgod unit to Pillukhedi Unit.
- (i) 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 stated in Schedule XIV 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, 2009;
 - (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

Place : Mumbai
Dated : June 24, 2009

Amit A Desai
Partner
Membership No: 48512

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, 2009.

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 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 lac, 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 systems.
- (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 there under, does not arise. Accordingly clause 4(vi) of the order is not applicable.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with size and the nature of its business.
- (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, 2009 for a period of more than six months from the date they became payable except the following statutory due:

Auditors' Report - Continued

Name of the statute	Nature of the dues	Amount in Rupees	Period to which the amount relate	Due Date	Date of payment
Income Tax Act, 1961	Income Tax Assessment dues	11,10,830	1989 - 90	September 26, 2008	-

(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 Act, 1976	Entry Tax Assessment dues	4,10,968 1,43,727	1997-98 2000-01	Tribunal, Bhopal
2.	M.P. Commercial Tax Act, 1994	Commercial Tax Assessment dues	1,78,677 1,17,396	2003-04 2003-04	Tribunal, Bhopal
3.	Central Sales Tax Act, 1956	Central Sales Tax Assessment dues	2,23,349 1,94,441	2003-04 2003-04	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 and the immediately preceding financial year.

(xi) In view of the sanction of CDR package and related extension of the due dates, the Company has defaulted in following repayment of dues to Banks or Institutions:

I. Principle

Amount in Rupees

Period	Total Amount due	Amount paid on or before due date	Default amount	Amount of Default made good	Year in which default made good	Amount of default as on March 31, 2009
2006-07	5,19,40,846	1,69,37,863	3,50,02,983	97,27,401	2007-08	2,52,75,582
2007-08	6,65,26,092	2,52,92,744	4,12,33,348	29,08,204	2008-09	3,83,25,144
2008-09	7,51,11,312	28,00,000	7,23,11,312	-	-	7,23,11,312
Total	19,35,78,250	4,50,30,607	14,85,47,643	1,26,35,605		13,59,12,038

II. Interest

Amount in Rupees

Period	Total Amount due	Amount paid on or before due date	Default amount	Amount of Default made good	Year in which default made good	Amount of default as on March 31, 2009
2006-07	3,80,10,844	1,75,48,156	2,04,62,688	-	-	2,04,62,688
2007-08	5,66,94,298	2,64,29,413	3,02,64,885	10,97,696	2008-09	2,91,67,189
2008-09	5,74,94,893	1,11,64,623	4,63,30,270	-	-	4,63,30,270
Total	15,22,00,035	5,51,42,192	9,70,57,843	10,97,696		9,59,60,147

Auditors' Report - Continued

- (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) According to the information and explanations given to us, the Company has taken term loan of Rs. 220 lacs during the year and the term loan was applied for the purpose of which the loan was taken.
- (xvii) **According to the information and explanations given to us and on examination of the financial statements of the company, we report that, the Company has utilized short-term funds for long-term purpose amounting to Rs. 554.34 lacs. The utilization of short term funds towards long terms funds is due to recovery of term loan installment and interest by the bank from the Company.**
- (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 Bansil S Mehta & Co.
Chartered Accountants

Place : Mumbai
Dated : June 24, 2009

Amit A Desai
Partner
Membership No: 48512

Hind Syntex Limited

Balance Sheet as at March 31, 2009

	Schedule	Rupees	As At March 31, 2009 Rupees	As At March 31, 2008 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		66,40,08,730	61,68,82,502
Unsecured Loans	4		1,20,29,633	1,11,20,448
Deferred Tax Liability (Net)			<u>22,00,268</u>	<u>2,66,49,639</u>
TOTAL			<u>79,60,28,741</u>	<u>77,24,42,699</u>
APPLICATION OF FUNDS:				
FIXED ASSETS:				
Gross Block	5		1,20,01,39,238	1,20,01,95,547
Less: Depreciation			<u>78,05,75,196</u>	<u>73,51,76,538</u>
Net Block			41,95,64,042	46,50,19,009
CURRENT ASSETS, LOANS AND ADVANCES:				
Inventories		10,06,42,939		13,49,87,872
Sundry Debtors		2,03,61,714		2,95,86,951
Cash and Bank Balances		1,28,74,943		8,81,792
Loans and Advances		<u>8,96,89,858</u>		<u>10,42,65,410</u>
		22,35,69,454		26,97,22,025
Less: Current Liabilities and Provisions	7	<u>5,57,26,494</u>		<u>7,72,78,963</u>
NET CURRENT ASSETS			16,78,42,960	19,24,43,062
Profit and Loss Account		49,51,40,433		
Less: Credit Balance in General Reserve		<u>(28,65,18,694)</u>	<u>20,86,21,739</u>	<u>11,49,80,628</u>
TOTAL			<u>79,60,28,741</u>	<u>77,24,42,699</u>
Statement of Significant Accounting policies	14			
Notes on Accounts	15			

As per our separate Report of even date :
for BANSI S. MEHTA & CO.
Chartered Accountants
AMIT A. DESAI
Partner
Membership No.: 48512

Mumbai
Dated : June 24, 2009

For and on behalf of the board
Ravi Mohan Director
Chandra Mohan Director
S L Moondhra Senior Executive Director
Vikas Pande Nominee Director
(Bank of India)

Pillukhedi
Dated : June 22, 2009

Hind Syntex Limited

Profit and Loss Account for the year ended March 31, 2009

	Schedule	Rupees	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees
INCOME:				
Gross Turnover		62,19,26,619		77,28,15,032
Less: Excise Duty recovered on sales		<u>2,81,606</u>		<u>1,58,335</u>
Net Turnover		62,16,45,013		77,26,56,697
Other Income	8	27,41,524		3,41,550
Increase(Decrease) in Stock	9	<u>(3,18,50,018)</u>	59,25,36,519	<u>2,80,22,786</u>
				80,10,21,033
EXPENDITURE:				
Raw Materials Consumed	10	42,04,46,975		55,32,32,821
Manufacturing and Other Expenses	11	17,49,94,537		20,65,52,427
Interest	12	5,73,34,904		5,59,75,195
Selling and Distribution Expenses	13	1,11,23,704		2,21,65,234
Depreciation		<u>4,54,52,188</u>		<u>4,60,19,700</u>
			<u>70,93,52,308</u>	<u>88,39,45,377</u>
Profit / (Loss) before Taxation			(11,68,15,789)	(8,29,24,344)
Profit / (Loss) from continuing operations before tax(Refer Note 15(14))			(9,25,04,273)	(5,14,86,341)
Less :- Income Tax expenses			-	-
Wealth Tax			-	495
Fringe Benefit Tax			1,63,863	1,59,827
Add :- Deferred Tax			<u>1,78,67,588</u>	<u>1,37,01,294</u>
Profit / (Loss) from continuing operations after tax (A)			<u>(7,48,00,548)</u>	<u>(3,79,45,369)</u>
Profit / (Loss) from discontinuing operations before tax(Refer Note 15(14))			(2,43,11,516)	(3,14,38,003)
Less :- Income Tax expenses			-	-
Wealth Tax			-	-
Fringe Benefit Tax			-	52,845
Add :- Deferred Tax			<u>65,81,783</u>	<u>60,40,552</u>
Profit / (Loss) from discontinuing operations after tax (B)			<u>(1,77,29,733)</u>	<u>(2,54,50,296)</u>
Profit / (Loss) from operating activities after tax (A+B)			(9,25,30,281)	(6,33,95,665)
Add/Less: Excess/Short provision for Income Tax of earlier year			<u>11,10,830</u>	<u>1,32,174</u>
			(9,36,41,111)	(6,35,27,839)
Extra Ordinary Items				
Provision for Retrenchment Compensation (Under section 25 (o) of IDA 1947) Closure of Birgod Unit			-	<u>1,44,06,692</u>
			(9,36,41,111)	(7,79,34,531)
Add: Balance of Profit/(Loss) brought forward from previous years			<u>(40,14,99,322)</u>	<u>(32,35,64,791)</u>
Balance Carried to Balance Sheet			<u>(49,51,40,433)</u>	<u>(40,14,99,322)</u>
Basic and Diluted Earnings per Equity Share(Note 15(12))			(8.61)	(5.84)
Statement of Significant Accounting Policies	14			
Notes on Accounts	15			

As per our separate Report of even date :

for BANSI S. MEHTA & CO.

Chartered Accountants

AMIT A. DESAI

Partner

Membership No.: 48512

Mumbai

Dated : June 24, 2009

For and on behalf of the board

Ravi Mohan Director

Chandra Mohan Director

S L Moondhra Senior Executive Director

Vikas Pande Nominee Director

(Bank of India)

Pillukhedi

Dated : June 22, 2009

**Schedules forming part of the
Balance Sheet as at March 31, 2009**

	As At March 31, 2009 Rupees	As At March 31, 2008 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:		
10878600 Equity Share (Previous year 10878600) of Rs.10 each fully paid (Out of the above shares 8158950 Equity Shares of Rs.10 each have been allotted as fully paid up Bonus Shares by Capitalisation of General Reserves)	10,87,86,000	10,87,86,000
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	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, 2009

	As At March 31, 2009 Rupees	As At March 31, 2008 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>2,79,00,000</u> 23,29,13,132	<u>2,90,25,000</u> 23,40,38,132
II (1) Union Bank of India	2,92,42,926	2,92,42,926
(2) Bank of India (Secured by specific charge on Assets).	<u>1,25,60,797</u> 4,18,03,723	<u>1,54,27,795</u> 4,46,70,721
III Bank of India (For Labour Dues) (Secured by sale proceeds of balance assets / properties of the company at birgod unit remaining after reallocation of assets from birgod unit to pillukhedi unit)	2,20,00,000	--
B. WORKING CAPITAL TERM LOANS :		
(1) Bank of India	2,20,87,500	2,29,78,125
(2) IDBI Bank Ltd.	2,06,25,000	2,06,25,000
(3) Union Bank of India	1,53,18,750	1,53,18,750
(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 <u>6,82,38,109</u>	1,02,06,859 <u>6,91,28,734</u>
C. FUNDED INTEREST TERM LOANS (FITL) :		
(1) Asset Reconstruction Company (India) Ltd.	4,77,42,692	4,77,42,692
(2) IDBI Bank Ltd.	62,18,232	62,18,232
(3) Union Bank of India	1,36,20,809	1,36,20,810
(4) State Bank of India	31,77,379	31,77,379
(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).	1,65,12,203 <u>8,72,71,315</u>	1,73,37,813 <u>8,80,96,926</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).	11,58,22,304	13,14,22,182
E. INTEREST ACCRUED AND DUE :		
	<u>9,59,60,147</u>	<u>4,95,25,807</u>
	<u>66,40,08,730</u>	<u>61,68,82,502</u>
SCHEDULE 4 :		
UNSECURED LOANS :		
Hind Filters Limited (Refer Note 15(3a))	<u>1,20,29,633</u>	<u>1,11,20,448</u>
	<u>1,20,29,633</u>	<u>1,11,20,448</u>

Schedules forming part of the Balance Sheet as at March 31, 2009

SCHEDULE 5 : FIXED ASSETS:

(Amount in Rs.)

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at April 1, 2008	Additions during the year	Deductions and/or transfers	As at March 31, 2009	Upto April 1, 2008	On Deductions	For the year	Upto March 31, 2009	As at March 31, 2009	As at March 31, 2008
Leasehold Land	71,79,913	-	-	71,79,913	-	-	-	-	71,79,913	71,79,913
Buildings	17,91,71,816	-	-	17,91,71,816	7,54,80,242	-	55,93,039	8,10,73,281	9,80,98,535	10,36,91,574
Tube Wells	6,03,349	-	-	6,03,349	1,93,732	-	9,834	2,03,566	3,99,783	4,09,617
Plant and Machinery	92,92,94,467	-	-	92,92,94,467	59,32,31,574	-	3,77,68,473	63,10,00,047	29,82,94,420	33,60,62,893
Electrical Installations	3,89,31,979	-	-	3,89,31,979	2,51,64,052	-	16,30,237	2,67,94,289	1,21,37,690	1,37,67,927
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	40,41,785	-	793	40,40,992	36,53,729	754	84,088	37,37,063	3,03,929	3,88,056
Office Equipments	30,01,369	-	716	30,00,653	19,82,371	716	1,13,682	20,95,337	9,05,316	10,18,998
Computers	1,01,99,610	-	-	1,01,99,610	96,21,857	-	27,629	96,49,486	5,50,124	5,77,753
Vehicles	57,71,259	-	54,800	57,16,459	49,48,981	52,060	2,25,206	51,22,127	5,94,332	8,22,278
	1,20,01,95,547	-	56,309	1,20,01,39,238	73,51,76,538	53,530	4,54,52,188	78,05,75,196	41,95,64,042	46,50,19,009
Previous Year	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	

Note:- Excluding machinery (1 Blow room, 2 Cards 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. 29,09,583/-)

(Previous Year Rs. 39,74,670/-)

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, 2009 Rupees	As At March 31, 2008 Rupees
Stores and Spares	2,26,80,777		2,24,02,639
Raw Materials	2,27,80,932		2,52,50,315
Packing Materials	10,56,999		13,60,669
Work-in-progress	2,08,72,072		2,43,23,667
Finished Goods	3,23,78,275		6,07,78,771
Waste	9,108		7,035
Coal	8,64,776		8,64,776
		10,06,42,939	13,49,87,872
Debts outstanding for a period exceeding six months			
Other debts	2,03,61,714		2,95,86,951
		2,03,61,714	2,95,86,951
Cash in hand	54,129		53,748
Balance with scheduled Banks on Current Accounts	1,28,20,814		8,28,044
		1,28,74,943	8,81,792
Advances Recoverable in cash or in kind or for value to be received	3,97,86,614		5,02,26,962
Advance against Capital expenditure	22,00,000		22,00,000
Deposits	76,61,890		76,61,890
Balance with Central excise authorities	4,00,41,354		4,41,76,558
		8,96,89,858	10,42,65,410
		22,35,69,454	26,97,22,025

**Schedules forming part of the
Balance Sheet as at March 31, 2009**

SCHEDULE 7 :

CURRENT LIABILITIES AND PROVISIONS:

CURRENT LIABILITIES:

Sundry Creditors - Micro, Small and Medium Enterprises @

- Others

@ 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.

Other Liabilities

Rupees	As At March 31,2009 Rupees	As At March 31,2008 Rupees
	-	-
2,60,89,636	2,60,89,636	2,53,55,556
		2,53,55,556
	2,96,36,858	5,19,23,407
	<u>5,57,26,494</u>	<u>7,72,78,963</u>

**Schedules annexed and forming part of the Profit and Loss Account
for the year ended March 31, 2009**

SCHEDULE 8 :

OTHER INCOME :

Profit on sale of Fixed Assets

Miscellaneous Income

Rupees	As At March 31,2009 Rupees	As At March 31,2008 Rupees
	16,121	4,215
	27,25,403	3,37,335
	<u>27,41,524</u>	<u>3,41,550</u>
SCHEDULE 9 :		
INCREASE/(DECREASE) IN STOCK:		
CLOSING STOCK:		
Work-in-progress	2,08,72,072	2,43,23,667
Finished Goods	3,23,78,275	6,07,78,771
Waste	9,108	7,035
	5,32,59,455	8,51,09,473
Less: OPENING STOCK:		
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
	<u>8,51,09,473</u>	<u>5,70,86,687</u>
	<u>(3,18,50,018)</u>	<u>2,80,22,786</u>
SCHEDULE 10 :		
RAW MATERIALS CONSUMED:		
Opening Stock	2,12,75,645	1,77,01,594
Add: Purchases	41,90,42,679	55,68,06,872
	44,03,18,324	57,45,08,466
Less: Closing Stock	1,98,71,349	2,12,75,645
	<u>42,04,46,975</u>	<u>55,32,32,821</u>

**Schedules annexed and forming part of the Profit and Loss Account
for the year ended March 31, 2009**

	Rupees	As At March 31, 2009 Rupees	As At March 31, 2008 Rupees
SCHEDULE 11 :			
MANUFACTURING AND OTHER EXPENSES:			
Consumption of Stores, Spare parts etc.		1,51,82,477	2,02,96,644
Consumption of Packing Materials		60,86,008	80,21,965
Power, Fuel and other charges		7,82,59,060	9,66,79,516
Excise duty on closing stock		25,168	-
REPAIRS AND MAINTENANCE:			
Building	1,27,478		3,84,517
Plant and Machinery	56,44,016		57,52,879
Others	<u>8,07,172</u>		<u>7,36,131</u>
		65,78,666	68,73,527
EMPLOYEES COST:			
Salaries, wages, Bonus, Provident Fund and other funds	5,23,67,321		5,69,27,243
Staff and Labour Welfare Expenses	6,46,568		8,46,182
Director's Remuneration	<u>11,24,500</u>		<u>9,51,000</u>
		5,41,38,389	5,87,24,425
Lease Rent and Hire Charges		6,16,709	6,16,709
Rates and Taxes		33,44,076	10,20,783
Insurance		15,92,924	24,32,484
Water Charges		15,86,347	17,20,142
Postage and Telegram		2,46,695	2,55,627
Transportation		15,99,828	17,15,418
Travelling Expenses (Directors' Travelling Rs. 55,951/- (Rs. 82,177/-)		3,00,510	5,54,993
Legal and professional Charges		3,93,005	10,16,366
Telephone		2,30,868	2,78,314
Printing and Stationary		3,18,382	4,17,615
Books and Periodicals		55,424	87,133
Conveyance		2,88,323	4,04,302
Advertisement		41,895	35,281
Gardening and Cleaning Expenses		47,475	43,353
Licence and other Fees		5,55,245	4,74,006
Bank Commission and other charges		30,93,271	36,36,190
Exchange Difference Net		1,73,792	9,87,634
Auditors' Remuneration			
Audit fees	1,25,000		1,25,000
Tax Audit fees	40,000		40,000
Other matters fees	<u>75,000</u>		<u>95,000</u>
		<u>2,40,000</u>	<u>2,60,000</u>
		<u>17,49,94,537</u>	<u>20,65,52,427</u>
SCHEDULE 12 :			
INTEREST			
Term Loan	4,54,19,636		4,23,41,391
Others (Net) (Note No 15(7))	<u>1,19,15,268</u>		<u>1,36,33,804</u>
		<u>5,73,34,904</u>	<u>5,59,75,195</u>
SCHEDULE 13 :			
SELLING AND DISTRIBUTION EXPENSES:			
Commission		67,47,245	1,01,17,258
Freight, Insurance and Other Expenses (Net)		<u>43,76,459</u>	<u>1,20,47,976</u>
		<u>1,11,23,704</u>	<u>2,21,65,234</u>

Schedules annexed and forming part of the Profit and Loss Account for the year ended March 31, 2009

SCHEDULE 14 :

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

1. **Basis of Accounting:**
The Financial Statements of the Company are prepared on going concern under historical cost convention as also accrual basis and in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standard) Rules, 2006, and the relevant provisions of the Companies Act, 1956.
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 Assets - 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. **Employee Benefits :**
 - (i) Post Employment Benefit Plans
Defined Contribution Plan :
Contribution as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.
Defined Benefit Plan :
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, 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, 2009

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) Income tax demands disputed in Appeals Rs 1,71,28,471 (Rs 1,71,28,471) against which amount deposited - Rs 1,71,28,471 (Rs 1,71,28,471).
 - c) Entry Tax / Commercial Tax demands disputed in Appeals Rs 8,33,157 (Rs. 35,81,532) against which amount deposited Rs.2,78,462 (Rs 7,45,312) .
 - d) Central Excise Duty demands disputed in Appeals Rs 7,31,333 (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.
 - b) These loans are repayable, as per the proportion specified in the scheme, in 24 quarterly installments commencing from December 15, 2006.
 - 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 6,95,11,312 (Rs 6,09,26,092) was payable during the current year out of which Rs 3,15,97,936 (Rs 2,81,38,044) was payable to banks other than ARCIL. The Company out of the loans payable to banks other than ARCIL during the current year has paid Rs. Nil (Rs 1,96,92,744) and remaining amount of Rs 3,15,97,936 (Rs. 84,45,300) is still unpaid. The company out of the outstanding dues of loan payable to banks other than ARCIL as on April 1, 2008 of Rs. 84,45,300, has paid Rs. 29,08,204 and the remaining amount of Rs. 55,37,096 is still unpaid. Further, the interest which became payable to banks other than ARCIL for the current year was Rs 2,78,20,876 (Rs. 2,82,79,404) out of which Rs. 1,76,39,134 (Rs. 44,55,382) is still unpaid. The Company out of the outstanding interest dues as on April 1, 2008 of Rs. 44,55,382, the company has paid Rs 9,91,084 during the year and remaining amount of Rs 34,64,298 is still unpaid. As regards payment to ARCIL, loan of Rs 3,79,13,376.(Rs 3,27,88,048) and interest of Rs 2,80,40,814 (Rs 2,57,02,891) was payable during the current year and the outstanding dues of loan and interest as on April 1, 2008 was Rs 5,80,63,630 and Rs.4,61,65,579 respectively, the Company has not paid any of the aforesaid sum.

Further, the Company has requested for the loan statement and balance confirmation of loans outstanding from lender banks/institutions as on March 31, 2009. However, as the same has not been provided by some of the banks/institutions therefore the company has accrued the interest at the rate specified as per revised CDR Scheme and therefore the outstanding loan and interest balances have been taken as per records of the company. The banks /institutions who has not provided the loan statement and balance confirmation of loans outstanding are as follow:

Amount in Rupees

Sr. No.	Name of the Bank/Institution	Balance of Loans as on March 31, 2009
1.	ARCIL	
	-Term loan	20,50,13,132
	-FITL	4,77,42,692
2.	State Bank of India	
	-WCTL	1,02,06,859
	-FITL	31,77,379
3.	IDBI Bank Ltd.	
	-WCTL	2,06,25,000
	-FITL	62,18,232

Also, the Company has not received the bank confirmations from the following non operative bank accounts:

Amount in Rupees

Sr. No.	Name of the Bank	Bank Account No.	Balance as on March 31, 2009
1.	State Bank of India	10171493722	2,47,78,465
2.	IDBI Bank Ltd.	00165510000037	2,16,03,888

Schedules annexed and forming part of the Profit and Loss Account for the year ended March 31, 2009

NOTES ON ACCOUNTS : *Continued*

- e) In the event of default for compliance of the Restructuring Scheme, the lenders have the right to convert 100% of the debt 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. In view of the order of the Hon'ble High Court of Judicature, Indore bench allowing the closure of Birgod Unit and thereby settling the labour disputes relating to the closure of the said unit and payment of labour dues the Company is of the view that the Going Concern Assumption is still in existence. Accordingly, the accounts of the Company are prepared on Going Concern basis.
4. The Company has not provided for management fees amounting to Rs.22,00,000/- payable to Bank of India for disbursement of loan taken by the company for paying labour dues, as in the view of the management the same is payable out of sale proceeds of balance assets of the company at Birgod unit remaining after reallocation of assets from Birgod unit to Pillukhedhi Unit.
 5. Unpaid amounts overdue for more than thirty days to Micro, Small and Medium Enterprise suppliers on account of principle together with interest is Rs. Nil (Previous year Rs.Nil). This disclosure is on the basis of the information available with the company regarding the status of the suppliers as defined under the interest on delayed payment to Micro, Small and Medium Enterprise Development Act, 2006.
 6. Advances recoverable in cash or in kind or for value to be received includes a sum of Rs 49,46,836 (Rs 51,32,394) in respect of interest receivable on sale from customers are outstanding for more than six months etc., and a sum of Rs. 1,73,80,651 (Rs 1,80,49,472) 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.
 7. Other interest shown under Schedule 12 is net of income by way of interest from customers amounting to Rs 27,75,569 (Rs. 42,36,261).
 8. A sum of Rs 10,49,411 (Rs 56,82,179) 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.
 9. Provision for Gratuity and Leave Encashment
Accounting Standard-15 ("AS-15") on "Employees Benefits" [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 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.34,71,206. 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. 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.
As regards Compensated Absences, 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.20,60,290 has been made at the year end on an aforesaid 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. 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 the Profit & Loss Account in conformity of 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.
 10. The Company's operation relate only to Synthetic Blended Yarn and thus has only one reportable segment under Accounting Standard 17.

Schedules annexed and forming part of the Profit and Loss Account for the year ended March 31, 2009

NOTES ON ACCOUNTS : *Continued*

11. Information on related party transaction as per Accounting Standard 18 on related party disclosures.

<u>Related Party</u>	<u>Relationship</u>	<u>Description of Transaction</u>	<u>Amount (in Rs.)</u>	
			<u>31.03.2009</u>	<u>31.03.2008</u>
S L Moondhra	Key Management	Payment of Remuneration	11,77,989	10,04,872
Senior Executive Director	personnel	and other benefits		

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

	<u>31.03.2009</u>	<u>31.03.2008</u>
a) Profit / (Loss) available to equity Shareholders (in Rupees)	(9,36,41,111)	(6,35,27,839)
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 8.61)*	(Rs 5.84)*

* 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 CDR scheme and has resubmitted the new Restructuring Scheme. 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:

<u>Nature of Timing Difference</u>	<u>Deferred Tax (Assets) /Liabilities as at April 1, 2008</u>	<u>(Charge)/Credit during the year</u>	<u>Amount in Rupees</u>
			<u>Deferred Tax (Assets) /Liabilities as at March 31, 2009</u>
a. <u>Deferred Tax liability on account of:</u>			
- Depreciation	8,48,81,549	(1,00,65,923)	7,48,15,626
b. <u>Deferred Tax Asset on account of:</u>			
- Expenses allowed for Tax purpose when paid	(5,82,31,910)	(1,43,83,448)	(7,26,15,358)
Net Deferred Tax	2,66,49,639	(2,44,49,371)	22,00,268

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 37,24,67,590 including unabsorbed depreciation Rs 22,03,46,233.

14. Production of one of the units of the company at Birgod was discontinued on October 10, 2003 due to Industrial relation problem. The Hon'ble High Court of Judicature, Indore bench vide its order dated March 31, 2008 has allowed the closure of the Birgod Unit and directed the company to pay workmen compensation in terms of Section 25(O) (8) of the Industrial Dispute Act 1947. The company has taken a loan from Bank of India to discharge the labour dues including workmen compensation and has substantially paid the said dues as per instructions of the Hon'ble High Court Judicature, Indore Bench.

Schedules annexed and forming part of the Profit and Loss Account for the year ended 31st March, 2009

NOTES ON ACCOUNTS : *Continued*

Further, the company is in the process of identifying the assets at Birgod Unit, in consultation with lenders represent through a committee, which are required to be shifted to Pillukhedi and the same shall be shifted and commissioned at Pillukhedi unit and thereafter the reallocation of the assets from Birgod unit to Pillukhedi unit would be done. The balance assets after the said reallocation of the assets shall be sold. As the Company is in the process of identification of such assets the Company is not able to identify the Assets held for disposal.

The comparative information as per Accounting Standard 24('AS-24') based on unitwise books of account are as under :-

	Continuing Operation (Pillukhedi Unit)		Discontinuing Operation (Birgod Unit)		Total Current Year Rupees	Total Previous Year Rupees
	As At March 31, 2009 Rupees	As At March 31, 2008 Rupees	As At March 31, 2009 Rupees	As At March 31, 2008 Rupees		
Liability						
Loans	50,85,44,265	48,91,64,347	16,74,94,098	13,88,38,603	67,60,38,363	62,80,02,950
Deferred Tax Liability/(Asset) (Net)	77,46,116	2,56,13,704	(55,45,848)	10,35,935	22,00,268	2,66,49,639
Assets						
FIXED ASSETS:						
Net Block (including Capital Work in progress)	29,28,37,112	32,54,22,254	12,67,26,931	13,95,96,756	41,95,64,043	46,50,19,010
Inventories	7,20,31,083	10,60,09,331	2,86,11,856	2,89,78,541	10,06,42,939	13,49,87,872
Sundry Debtors	2,03,61,714	2,95,86,951	-	-	2,03,61,714	2,95,86,951
Cash and Bank Balances	62,20,318	7,14,930	66,54,625	1,66,862	1,28,74,943	8,81,792
Loans and Advances	5,51,31,960	6,94,16,601	3,45,57,898	3,48,48,809	8,96,89,858	10,42,65,410
CURRENT ASSETS, LOANS AND ADVANCES:	15,37,45,075	20,57,27,813	6,98,24,379	6,39,94,212	22,35,69,454	26,97,22,025
Less: Current Liabilities and Provisions	5,06,91,698	5,47,19,464	50,34,796	2,25,59,499	5,57,26,494	7,72,78,963
NET CURRENT ASSETS	10,30,53,377	15,10,08,349	6,47,89,583	4,14,34,713	16,78,42,960	19,24,43,062
	Continuing Operation (Pillukhedi Unit)		Discontinuing Operation (Birgod Unit)		Total Current Year Rupees	Total Previous Year Rupees
	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees		
INCOME:						
Gross Turnover	62,19,26,619	77,28,15,032	-	-	62,19,26,619	77,28,15,032
Less: Excise Duty recovered on sales	2,81,606	1,58,335	-	-	2,81,606	1,58,335
Net Turnover	62,16,45,013	77,26,56,697	-	-	62,16,45,013	77,26,56,697
Other Income	11,09,906	3,35,374	16,31,618	6,176	27,41,524	3,41,550
Increase/(Decrease) in Stock	(3,14,83,333)	2,80,22,786	(3,66,685)	-	(3,18,50,018)	2,80,22,786
TOTAL INCOME	59,12,71,586	80,10,14,857	12,64,933	6,176	59,25,36,519	80,10,21,033
EXPENDITURE:						
Raw Materials Consumed	42,04,46,975	55,32,32,821	-	-	42,04,46,975	55,32,32,821
Manufacturing and Other Expenses	17,18,87,465	19,77,21,511	31,07,072	88,30,916	17,49,94,537	20,65,52,427
Selling and Distribution Expenses	1,11,23,704	2,21,65,234	-	-	1,11,23,704	2,21,65,234
Operating Expenses	60,34,58,144	77,31,19,566	31,07,072	88,30,916	60,65,65,216	78,19,50,482
Depreciation	3,25,85,142	3,28,71,023	1,28,67,046	1,31,48,677	4,54,52,188	4,60,19,700
Pre-tax profit/(Loss) from Operating Activities	(4,47,71,700)	(49,75,732)	(1,47,09,185)	(2,19,73,417)	(5,94,80,885)	(2,69,49,149)
Interest expenses	4,77,32,573	4,65,10,609	96,02,331	94,64,586	5,73,34,904	5,59,75,195
Profit/(Loss) before tax	(9,25,04,273)	(5,14,86,341)	(2,43,11,516)	(3,14,38,003)	(11,68,15,789)	(8,29,24,344)
Income tax expenses	-	-	-	-	-	-
Current tax	-	-	-	-	-	-
Wealth tax	-	495	-	-	-	495
Deferred tax	1,78,67,588	1,37,01,294	65,81,783	60,40,552	2,44,49,371	1,97,41,846
Fringe benefit tax	1,63,863	1,59,827	-	52,845	1,63,863	2,12,672
Profit/(Loss) from operating activities after tax	(7,48,00,548)	(3,79,45,369)	(1,77,29,733)	(2,54,50,296)	(9,25,30,281)	(6,33,95,665)

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, 2009

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>31.03.2009</u>	<u>31.03.2008</u>
i. Salary	11,24,500	9,51,000
ii Other perquisites and benefits	53,489	53,872
iii Contribution to Provident Fund	1,23,420	1,02,600

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 :

		Current Year ended		Previous Year ended	
		<u>March 31, 2009</u>		<u>March 31, 2008</u>	
1	Unit	Quantity	Value (Rs)	Quantity	Value (Rs)
Synthetic Blended Yarn Production	Kgs	55,36,603	-	70,08,791	-
Turnover-Domestic	Kgs	53,56,909	56,63,45,175	53,99,278	58,73,57,963
Turnover-Export	Kgs	4,38,532	5,45,05,644	13,68,607	18,38,33,698
Opening Stock (Packed)	Kgs	5,57,451	6,07,78,771	3,16,545	3,34,51,388
Closing Stock (Packed)	Kgs	2,98,613	3,23,78,275	5,57,451	6,07,78,771
2 Waste Sales		-	10,75,800	-	16,23,371
C. Raw Material Consumed :					
(i) Cellulosic Fibre	Kgs	15,45,435	15,41,02,625	25,14,820	24,77,56,423
(ii) Non-Cellulosic Fibre	Kgs	40,79,950	26,47,92,173	46,67,204	30,31,96,968
(iii) Dyes & Chemicals	Kgs	-	<u>15,52,177</u>	-	<u>22,79,430</u>
		<u>56,25,385</u>	<u>42,04,46,975</u>	<u>71,82,024</u>	<u>55,32,32,821</u>

Schedules annexed and forming part of the Profit and Loss Account for the year ended 31st March, 2009

NOTES ON ACCOUNTS : *Continued*

D. Imported & Indigenous Consumption :

	Current Year ended <u>March 31, 2009</u>		Previous Year ended <u>March 31, 2008</u>	
	Value (Rs)	Percentage	Value (Rs)	Percentage
(a) Raw Materials :				
Imported	--	--	--	--
Indigenous	<u>41,88,94,798</u>	<u>100.00</u>	<u>55,09,53,391</u>	<u>100.00</u>
Total	<u>41,88,94,798</u>	<u>100.00</u>	<u>55,09,53,391</u>	<u>100.00</u>
(b) Stores & Spare Parts :				
Imported	11,21,127	7.83	20,67,265	10.74
Indigenous	<u>1,31,96,035</u>	<u>92.17</u>	<u>1,71,87,542</u>	<u>89.26</u>
Total	<u>1,43,17,162</u>	<u>100.00</u>	<u>1,92,54,807</u>	<u>100.00</u>

E. C.I.F. Value of Imports :	Value in (Rs.)	
	31.3.2009	31.3.2008
(i) Raw Materials	--	--
(ii) Stores & Spares	15,71,040	11,32,851
(iii) Capital Goods	--	--

F. Expenditure in Foreign Currency for (On payment) :

1. Travelling	--	--
2. Commission on export sales	34,01,563	42,79,967

G. Remittance in Foreign Currency :

For dividends	Not applicable	Not applicable
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H. Earning in foreign currency :

Export of goods (F.O.B. realisation basis)	5,46,62,698	19,87,27,176
--	-------------	--------------

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 separate Report of even date :

for BANSI S. MEHTA & CO.

Chartered Accountants

AMIT A. DESAI

Partner

Membership No.: 48512

For and on behalf of the board

Ravi Mohan *Director*

Chandra Mohan *Director*

S L Moondhra *Senior Executive Director*

Vikas Pande *Nominee Director*

(Bank of India)

Mumbai

Dated : June 24, 2009

Pillukhedi

Dated : June 22, 2009

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 March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2008
A. Cash Flow from Operating Activities:						
Net Profit before tax and extraordinary items	(925.04)	(514.86)	(243.12)	(314.38)	(1168.16)	(829.24)
Adjustment for :						
Deferred Revenue Expenditure Written off	-	-	-	-	-	-
Profit / Loss on Sale of Fixed Assets	(0.01)	(0.03)	(0.15)	(0.01)	(0.16)	(0.04)
Depreciation	325.85	328.71	128.67	131.49	454.52	460.20
Interest (Net)	477.32	465.11	96.03	94.64	573.35	559.75
Operating Profit before Working Capital Charges	(121.88)	278.93	(18.57)	(88.26)	(140.45)	190.67
Adjustment for:						
Trade and other receivables	162.79 *	109.65 *	(5.84)	(8.01)	156.95	101.64
Inventories	339.78	(324.92)	3.67	-	343.45	(324.92)
Trade Payables	(150.69)	324.55	(102.67)*	216.44*	(253.36)	540.99
Cash generated from operations	230.00	388.21	(123.41)	120.17	106.59	508.38
Interest Received	18.14	15.27	11.47	25.30	29.61	40.57
Interest paid on Working Capital	(135.46)	(144.47)	(11.45)	(34.23)	(146.91)	(178.70)
Direct taxes paid	(3.69)	1.87	(2.36)	29.77	(6.05)	31.64
Cash flow before extra ordinary	108.99	260.88	(125.75)	141.01	(16.76)	401.89
Net cash from operating activities	108.99	260.88	(125.75)	141.01	(16.76)	401.89
B. Cash flow from investing activities :						
Purchase of fixed assets / Capital work in progress	-	-	-	-	-	-
Sales of fixed Assets	0.01	0.04	0.18	0.01	0.19	0.05
Net Cash used in investing activities	0.01	0.04	0.18	0.01	0.19	0.05
C. Cash Flow from financing activities:						
Interest paid on Term loans	(27.36)	(96.08)	(8.17)	(36.70)	(35.53)	(132.78)
Proceeds from long term borrowing from Financial Institutions / Banks	(26.59)	(243.51)	189.52	(110.86)	162.93	(354.37)
Others	-	-	9.10	7.18	9.10	7.18
Net Cash from financing activities	(53.95)	(339.59)	190.45	(140.38)	136.50	(479.97)
Net increase / (decrease) in cash and cash equivalent	55.05	(78.67)	64.88	0.64	119.93	(78.03)
Cash and Cash equivalents (opening balance)	7.15	85.82	1.67	1.03	8.82	86.85
Cash and Cash equivalents (closing balance)	62.20	7.15	66.55	1.67	128.75	8.82

* Includes inter unit transfer

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

for BANSI S. MEHTA & CO.
Chartered Accountants
AMIT A. DESAI
Partner
Membership No.: 48512

For and on behalf of the board
Ravi Mohan Director
Chandra Mohan Director
S L Moondhra Senior Executive Director
Vikas Pande Nominee Director
(Bank of India)

Mumbai
Dated : June 24, 2009

Pillukhedi
Dated : June 22, 2009

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	: 31.03.2009		
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	: 851755	Total Assets	: 851755
Sources of Funds:			
Paid-Up capital	: 108872*	Reserves & Surplus	: 8918
*(Including forfeited shares 86)			
Secured Loans	: 664009	Unsecured Loans	: 12030
Application of Funds:			
Net Fixed Assets	: 419564	Investments	: NIL
Net Current Assets	: 167843	Misc. Expenditure	: NIL
Accumulated Losses	: 208622		
IV. Performance of Company (Amount in Rs Thousands)			
Turnover	: 621927	Total Expenditure	: 709352
Profit (Loss)Before Tax	: (116816)	Profit (Loss)After Tax	: (93641)
Earning Per Share in Rs.	: (8.61)	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 EIGHT 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 Eight Annual General Meeting of the Company to be held on Monday the 10th day of September, 2009 and at any adjournment thereof.

Signed this day of 2009

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.