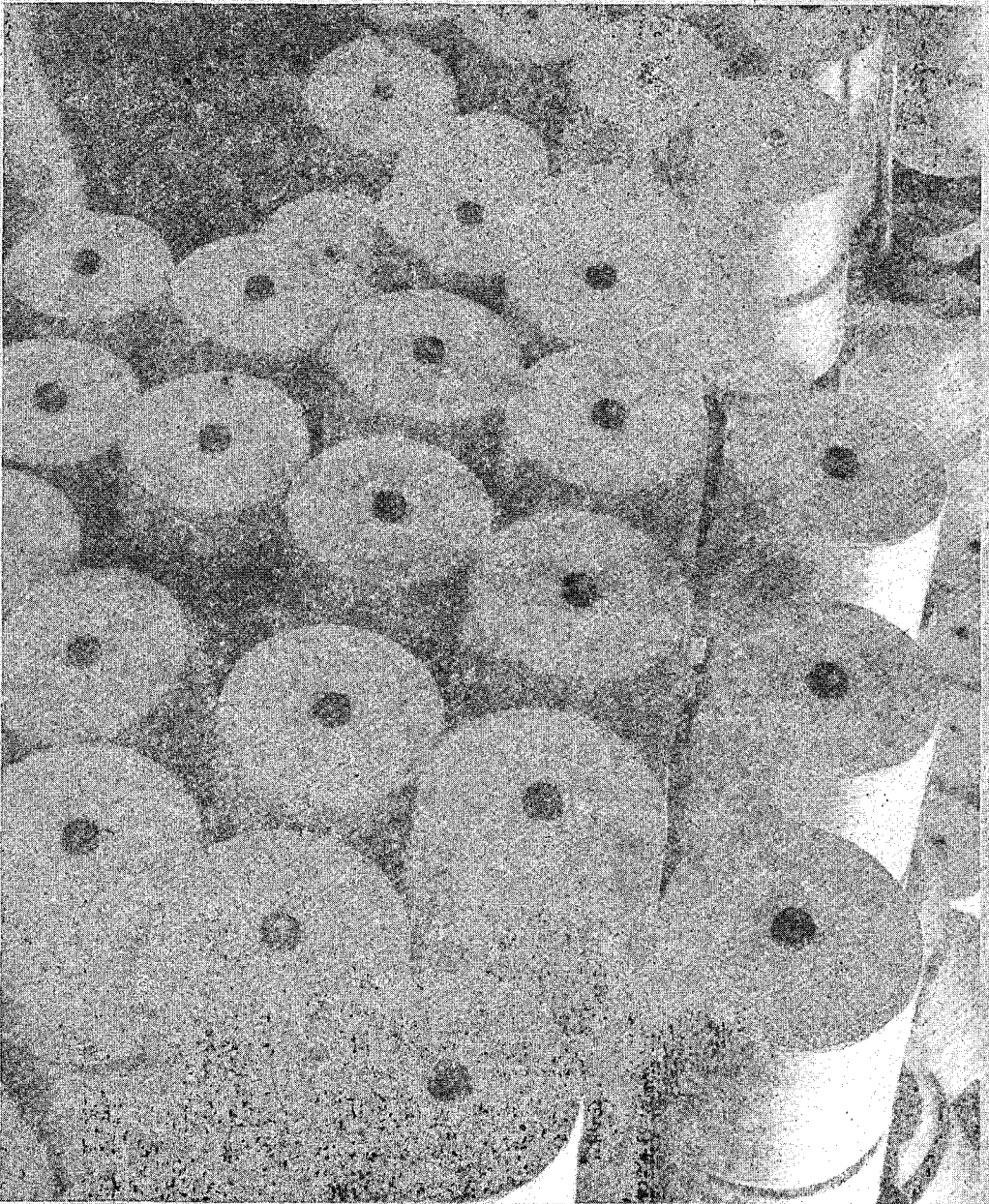


Shree Rajasthan Syntex Limited

Annual Report 2008-09



BOARD OF DIRECTORS

Shri V.K. Ladia, Chairman & Managing Director
Shri Vikas Ladia, Joint Managing Director
Shri Anubhav Ladia, Executive Director
Shri N.N. Agrawala
Shri S.C. Kuchhal
Shri R.K. Pandey
Shri Ravinder Narain
Shri Raj Singh Nirwan
Shri R.L. Kunawat
Shri Sunil Goyal
Shri Susheel Jain

SPECIAL EXECUTIVE

Smt. Monika Ladia

**VICE PRESIDENT (COMML.)
CUM COMPANY SECRETARY**

Shri K.K. Jhanwar

AUDITORS

M/s. M. C. Bhandari & Co., Jaipur

COST AUDITORS

M/s. K.G. Goyal & Co., Jaipur

TAX CONSULTANT

M/s. Kunawat & Associates, Udaipur

BANKERS

State Bank of India
Bank of Baroda
State Bank of Bikaner & Jaipur
IDBI Bank Ltd.

REGISTERED AND HEAD OFFICE

'SRSL House', Pulla-Bhuwana Road,
National Highway No. 8
Udaipur - 313 004.

REGISTRAR & TRANSFER AGENTS

Mas Services Ltd
T-34, 2nd Floor, Okhla Industrial Area,
Phase-2
New Delhi - 110 020

Contents

	Page No.
Notice	3
Directors' Report	5
Auditors' Report	13
Balance Sheet	16
Profit & Loss Account	17
Schedules	18
Notes on Accounts	26
Cash Flow Statement	33
Balance Sheet Abstract	34



NOTICE

Notice is hereby given that the 29th Annual General Meeting of Shree Rajasthan Syntex Limited will be held at the Registered Office of the Company at 'SRSL House', Pulla-Bhuwana Road, National Highway No.8, Udaipur - 313 004 on Saturday the 26th day of September, 2009 at 2.30 P.M. to transact the following business:

(A) AS ORDINARY BUSINESS

01. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date of the Company together with the reports of the Auditors and Board of Directors thereon.
02. To appoint a Director in place of Shri N.N. Agrawala, who retires at this meeting and being eligible, offers himself for reappointment.
03. To appoint a Director in place of Shri Sunil Goyal, who retires at this meeting and being eligible, offers himself for reappointment.
04. To appoint a Director in place of Shri Anubhav Ladia, who retires at this meeting and being eligible, offers himself for reappointment.
05. To appoint M/s. M.C. Bhandari & Co., Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration.

(B) AS SPECIAL BUSINESS

06. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the receipt of notice given by the member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Susheel Jain as a Director, Mr. Susheel Jain be and is hereby appointed as a Director of the Company liable to retire by rotation."

07. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 if any, the consent of the Company be and is hereby given to the re-appointment of Shri N.N. Agrawala as Executive Director of the Company to work whole time for the period effective from 24th October, 2008 to 30th June, 2009, at the remuneration and on the terms & conditions as are set out in the explanatory statement of this resolution."

"RESOLVED FURTHER THAT aforesaid remuneration be paid as minimum remuneration in case of loss or inadequacy of profits".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary to give effect to the resolution".

08. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable

provisions, if any, of the Companies Act, 1956 for mortgaging and / or charging by first/ second charge by Board of Directors of the Company of all moveable and immoveable properties of the Company, wheresoever situate, present and future and the whole of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events to or in favour of the lenders viz. IDBI Bank Ltd., to secure working capital term loan of Rs. 500 lacs together with the interest at the agreed rates, compound/ additional interest commitment charges, premium on repayment or on redemption costs, charges, expenses and all other monies payable by the Company to IDBI Bank Ltd., in terms of their loan agreement / letter of sanction / memorandum of terms and conditions entered into/to be entered into by the Company in respect of the said loan.

By order of the Board of Directors
For M/s. Shree Rajasthan Syntex Ltd
sd/-

K.K. Jhanwar

Place : Udaipur
Date : 29.05.09

Vice President (Comml.) cum
Company Secretary

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. Proxies to be valid should be lodged duly stamped and completed with the Company not less than 48 hrs. before the meeting.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday the 19th September, 2009 to Saturday, the 26th September, 2009 (both days inclusive).
3. Members attending the Annual General Meeting are requested to bring their copies of Annual Report at the meeting.
4. Members can avail of the nomination facility by filing form 2-B, as prescribed under the Companies (Central Government's) General Rules & Forms, 1956 with the Company.
5. Members who hold shares in dematerialised form are requested to bring their client ID and DPID numbers for easy identification and attendance at the meeting.
6. Pursuant to SEBI and Stock Exchanges requirements, the Company has appointed M/s. Mas Services Ltd as Registrar and Transfer Agents. whose address has changed as under: T-34, 2nd Floor, Okhla Industrial Area, Phase 2, New Delhi - 20. Shareholders are requested to direct all correspondence to the Registrar and Transfer Agents only.
7. The Company's shares are listed at the following Stock Exchange :-

Bombay Stock Exchange Ltd,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001.

The listing fees of the Exchange has been paid in time.



Details of Directors seeking appointment/retiring by rotation & seeking re-appointment (In pursuance of Clause 49 of the Listing Agreement).

Name of Director	Shri N.N.Agrawala	Shri Sunil Goyal	Shri Anubhav Ladia	Shri Susheel Jain
Date of Birth	10.04.1940	23.09.1957	11.01.1977	19.06.1965
Date of appointment	24.10.1998	19.12.2006	01.09.2005	19.12.2006
Qualification	B.Sc. (Tex), MBA (IIM)	FCA, FCS, AICWA	B.Com (H), ACA	C.A.
Expertise in specific Functional area	Management	Finance & Accounts	Finance	Finance
Chairman/Director of other Companies	-	i) Ganesh Consultants Pvt. Ltd ii) D.K. Diagnostics research Pvt. Ltd	i) V.K. Texchem Pvt. Ltd ii) Devine Fibres Pvt. Ltd	i) Swan Industries Ltd ii) Sajan Landcon Pvt.Ltd iii) Kashilliwal Marbles Pvt. Ltd. iv) Green Valley Landcon Pvt. Ltd v) Green Valley Real Mart Pvt. Ltd
Chairman/Member of Committee of the Boards of which he is a Director	-	-	-	-
Number of Equity Shares held in Shree Rajasthan Syntex Ltd	1550	-	2,06,982	28000

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.

06. Mr. Susheel Jain was appointed as Director by the Board in its meeting held on 19.12.06 to fill the casual vacancy caused by the resignation of Mr. S.R. Jain to hold the office till the remainder of the term of Mr. S.R. Jain. Mr. S.R. Jain was to retire by rotation in this Annual General Meeting. Consequently Mr. Susheel Jain ceases to be Director at this meeting. The Company has received notice from a shareholder under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Susheel Jain as a Director of the Company. The Board recommends the resolution at item no. 6 of the notice for the approval of the shareholders.

None of the Directors, except Mr. Susheel Jain himself is interested in this resolution.

07. The Board of Directors in its meeting held on 15.10.2008 had reappointed Shri N.N. Agrawala, as Executive Director with effect from 24.10.2008 for a period of two years subject to the approval of Shareholders in the Annual General Meeting in accordance with the provisions laid down in Section 198, 269, and 309 read with Schedule XIII of the Companies Act, 1956 on recommendation of remuneration committee. However after his reappointment Shri N.N. Agrawala vide his letter dated 1st April, 2009 offered his resignation and the Board of Director in its meeting held on 29th May, 2009 has decided to accept his resignation with effect from 1st July, 2009. Hence the shareholders approval is being sought for his reappointment on the following terms & conditions -

Tenure of Office:

From 24th October, 2008 to 30th June 2009.

Salary : Rs. 30,000/- per month

Perquisites etc -

- i) Housing : Free furnished residential accommodation
Explanation:
The expenditure incurred by the Company on gas, electricity, water and furniture shall be valued as per the Income Tax Rules, 1962. This shall however be subject to ceiling of 10% of the salary.
- ii) Medical benefit : Reimbursement of expenses actually incurred for self and family. The total cost to the company shall not exceed 5% of salary in a year.
- iii) Leave Travel Concession - For self, wife and dependent children, once in a year to and from any place in India limited to one month's salary.
- iv) Contribution to provident fund shall be at the rate of 12% of the salary.
- v) Free use of Company's car for official purpose only.
- vi) Gratuity : The gratuity payable upto a maximum of half month's salary for each completed year of service.
- vii) Ex gratia in lieu of bonus - @ 8.33% to be paid annually.
- viii) Personal Accident Insurance : Premium not exceeding Rs.1000/- per month.
- ix) Free telephone facility at residence for official purpose.
- x) Clubs Fees - Fees of clubs subject to maximum of two clubs. This will however not include admission and life membership fees.

The headquarters of the Executive Director shall be fixed by the Board at a place where he has to regularly stay for attending to the duties which for the present will be Udaipur.

The Executive Director shall always diligently and faithfully employ himself in or about the business of the Company and shall conduct the same to the best possible advantages of the Company.

The remuneration and perquisites shall be subject to the ceiling prescribed under Schedule XIII of the Companies Act, 1956. However entitlement of leave, contribution of provident fund and payment of gratuity will not be included in the ceiling of remuneration given in the Schedule XIII of the Companies Act, 1956. Shri NN Agrawala shall be paid aforesaid remuneration and perquisites as minimum remuneration in the event of absence or inadequacy of profits.

None of the Directors except Shri N.N. Agrawala himself is interested in the resolution.

08. The Company has made application to IDBI Bank Ltd. for working capital term loan of Rs. 500 lacs.

The said working capital loan as and when sanctioned need to be secured by charge/equitable mortgage on all the moveable and immoveable properties of the Company present and future/except specific item of the machinery and moveable and immoveable properties charged in favour of other lenders from time to time.

The Shareholder's approval under section 293(1)(a) of the Companies Act, 1956 is hereby sought for the purpose. The Directors recommend the resolution at item No. 8 for the approval of the shareholders.

None of the Directors is interested in the resolution.

**By order of the Board of Directors
For M/s. Shree Rajasthan Syntex Ltd**

sd/-

**K.K. Jhanwar
Vice President (Comm.)
Cum Company Secretary**

**Place : Udaipur
Date : 29.05.2009**



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting their 29th Annual Report alongwith the audited statements of Accounts for the year ended 31st March, 2009 and Auditors Report thereon.

FINANCIAL RESULTS

Rs. in lacs

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Sales		
Domestic	22254.41	18000.05
Export	5649.55	10162.72
Production Value	26902.39	30053.71
Profit from operation	1169.52	1948.77
Profit/(Loss) before tax	(1522.86)	75.37
Profit/(Loss) after tax	(938.02)	37.11

OPERATIONS

The operations were severely affected due to slow down and recession prevailing in the domestic and international market during the year. The Company produced 22915 tonnes of yarn valuing Rs. 26902 lacs during the period under review as against 24306 tonnes of yarn valuing Rs. 30054 lacs produced during the last year. The performance of the Company is analysed in detail in the Management Discussions and Analysis report annexed to this report.

Due to losses during the year, your Directors have not been able to recommend any dividend on equity shares.

EXPORTS

During the year the Company had export of Rs. 5650 lacs against export of Rs. 10163 lacs during the previous year. The export has fallen steeply due to recession prevailing in the world market. The Company has exported its spun yarn mainly in the established markets in Jordan, Turkey, Egypt, Italy, KSA, Germany, Morocco, South Africa, Iran, Indonesia, Pakistan, Gautemala, Algeria and Belgium. Multifilament yarn has been exported to Indonesia. The export constituted 20.25% of the total turnover of the Company.

The Company plans to further increase its exports to the existing markets and also tap potential export markets for which emphasis is being made on new and better quality products.

CAPITAL PROJECTS.

i) Modernization of Syntex Division

The company is changing certain machines in Syntex Division by installing the higher efficiency Ring Frames and TFOs. The Company has already invested towards value added machines like Dyeing Machines and Dryers.

In the above modernization programme of Rs 882.00 lacs, the Company has already spent Rs. 455.00 lacs upto 31st March, 2009 and the balance amount of Rs. 427.00 lacs shall be spent in the financial year 2009-10.

The company has received a sanction of Term Loan of Rs 785.00 Lacs from IDBI which shall be used for the above said modernization.

ii) Normal Capital Expenditure

In all the Divisions of the Company, provisions has been made for capital expenditure of Rs 10.00 lacs each. These are regular

capital expenditure which shall be funded from Internal accruals of the Company.

iii) Thermal Power Plant.

The Thermal power plant commissioned its operations from December, 2008 and has been contributing to uninterrupted power supply for Company's production activities.

PUBLIC DEPOSITS

At the end of the year 31st March, 2009, the amount of Fixed deposits from public and shareholders amounted to Rs. 57.31 lacs. Deposit amounting to Rs. 27,000/- has remained unclaimed as on 31.03.2009.

DIRECTORS

Shri N.N. Agrawala, Shri Sunil Goyal and Shri Anubhav Ladia, retire by rotation in ensuing Annual General Meeting of the Company and are eligible for re-appointment.

PERSONNEL

During the year under Report the relations between the Management and Staff/Workers have generally remained harmonious. In a specific case in Company's division at Bagru, there had been illegal strike by the workers which lasted for a period of 2 months and the plant resumed the operation in March, 09 end. During the year no employee has drawn remuneration beyond the limits as prescribed under Section 217(2A) of the Companies Act, 1956.

AUDITORS

M/s. M.C. Bhandari & Co., Chartered Accountants, Jaipur, Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The observations made by the Auditors are self-explanatory and have been dealt with in Schedule No. 14 (notes on accounts) forming part of the accounts and hence do not require any further clarification.

SOCIAL OBLIGATIONS

The Company continued its efforts for the betterment and upliftment of the living standards of Scheduled Castes and Scheduled Tribes dwelling in the adjoining areas of Dungarpur by providing them training and employment. The Company through its Charitable Trust and Educational Society is providing education to the Children of people of Dungarpur at Dungarpur Public School. About 1000 Children are given good quality of education in English medium through trained teachers. During the year Company has undertaken various social work for the benefit of local population of Dungapur and spent Rs.1.20 lacs.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988, relevant details are annexured in Form A & B (Annexure - I) which forms a part of this report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT.

The operations of the company is reviewed in detail in the Management Discussions and Analysis Report (Annexure II) and form a part of this Report.

CORPORATE GOVERNANCE

A detailed compliance report on Corporate Governance alongwith certificate from the Statutory Auditors is given in the Annexure- III which forms a part of this report.



Shree Rajasthan Syntex Limited

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm that:

- (i) in the preparation of the annual accounts applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) appropriate accounting policies have been selected and applied consistently and the judgements and estimates made that are 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 under review and of the loss of the Company for the year;
- (iii) proper and sufficient care has been taken for 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; and

(iv) the Annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors are happy to place on record their sincere appreciation of the dedicated services rendered by officers, staff and workers and their contribution towards successful performance of the Company during the year. Your Directors would also like to express their sincere thanks to the Company's Bankers, Financial Institutions for the continued cooperation and support extended. Your Directors also thank to the Shareholders and Fixed Deposit Holders for the confidence reposed by them in the Company.

For and on Behalf of the Board

Sd/-

V.K. LADIA
CHAIRMAN &

MANAGING DIRECTOR

Place : Udaipur
Date : 29.05.2009

ANNEXURE - I TO THE DIRECTORS' REPORT :

FORM - A

I CONSERVATION OF ENERGY

In order to save cost of energy, the Company has taken various steps to reduce consumption of energy like use of synthetic tapes, light weight bobbins, soft starters, energy efficient motors, energy saving spindles etc.

Figures given hereunder are self explanatory that steps taken by the Company to conserve energy are giving positive response :-

A. Power & Fuel Consumption

	Spun Yarn Division		Filament Yarn Division	
	Current Year	Previous Year	Current Year	Previous Year
1 Electricity				
(a) Units Purchased	53934685	22698131	5805000	738135
Total Amount (Rs.in lacs)	2357	1000	261	34
Rate per Unit	4.37	4.41	4.50	4.56
(b) Own Generation				
(I) Through Diesel Generator				
Units	15364	58832	-	-
HSD Consumed (in Kgs.)	4719	14976	-	-
Units per Kg. Of HSD	3.26	3.93	-	-
Cost of HSD (Rs.in lacs)	2	5	-	-
Cost per Unit (Rs.)	11.05	9.00	-	-
(II) Through Furnace Oil Generator				
Units	5065616	55205769	468701	6369859
F.O.Consumed (in Kgs.)	1143756	12452516	115550	1478787
Units per Kg. Of F.O.	4.43	4.43	4.06	4.31
Cost of F.O. (Rs.in lacs)	229	2536	19	280
Cost per Unit (Rs.)	4.52	4.59	4.02	4.40
(III) Through Thermal Power Plant 8 MW				
Units	16375924	-	-	-
Coal Consumed (in MT.)	14159	-	-	-
Units per Kg. Of Coal	1.16	-	-	-
Cost of Coal (Rs.in Lacs)	551	-	-	-
Cost per Unit (Rs.)	3.36	-	-	-
(For Cogeneration of Steam & Power)				
2 Steam Generation				
(I) Through Furnance Oil Boiler				
FO (in Kgs.)	334916	233403	-	-
Total Cost (Rs.in lacs)	84	54	-	-
Average Rate	25.02	23.29	-	-
(II) Through Coal				
Coal (in MT.)	876	-	-	-
Total Cost (Rs.in lacs)	39	-	-	-
Average Rate (Per MT)	4433	-	-	-
B. Consumption per Unit of Production				
Electricity per Kg.of Yarn (Units)	3.58	3.54	2.43	2.16
Coal per Kg.of Yarn (Kg.)	NA	NA	NA	NA



FORM - B

II TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B of the Annexure to the Rules.

1. Research & Development (R & D)

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

The Company developed yarns which gave new look in the fabric and reduced the cost as well. Other regular R & D activities for improvement in quality of existing products and production process for better productivity are also being carried out.

b) Market of newly developed qualities is better and the Company is receiving continuously repeat orders.

c) Development of new qualities is being continued. New process parameters to reduce cost of production are being developed.

d) Expenditure on R & D

	(Rs. lacs)
i) Capital	1.11
ii) Recurring	31.09
iii) Total	32.20
iv) Total R & D Expenditure as a % of total turnover	0.12

2. Technology Absorption, Adaptation and Innovation:

a) Efforts in brief, made towards technology absorption, adaptation and innovation :-

i) Commissioned 300 KL per day capacity Reverse Osmosis plant on the up-stream of Effluents treatment plant with 85% recovery. By doing the same the Company was able to get zero water discharge in and out side the factory premises. This is a major step taken by the Company.

ii) Commissioned 1000 kgs per batch capacity HTHP dyeing

machine having Material to Liquor ratio of 1:3 as against standard 1:4. Due to the same, both water and steam consumption is reduced along with increased productivity.

iii) Rain Harvesting scheme for Augmentation of Ground water implemented in Texchem division with expected Recharge of approx 563040 Cubic metre/ Annum.

b) Benefit derived as result of the above :- It has reduced both water and energy consumption.

c) In case of imported technology (imported during last 5 years reckoned from the beginning of the financial years) N/A.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year F.O.B. value of exports amounted to Rs 4853.69 lacs as against Rs. 8822.61 lacs last year. Exports of spun yarn have mainly been in the established markets in Jordan, Turkey, Egypt, Italy, KSA, Germany, Morocco, South Africa, Iran, Indonesia, Pakistan, Gautemala, Algeria and Belgium. Multifilament yarn has been exported to Indonesia.

		2008-2009 (Rs. in lacs)	2007-2008 (Rs. in lacs)
i)	Total Foreign Exchange Used	886.93	1332.34
ii)	Total Foreign Exchange Earned	4853.69	8822.61

For and on Behalf of the Board

Sd/-

V.K. LADIA

CHAIRMAN &
MANAGING DIRECTOR

Place : Udaipur

Date : 29.05.2009

ANNEXURE - II TO THE DIRECTORS' REPORT :

The Management of Shree Rajasthan Syntex Ltd is pleased to present the Management Discussions and Analysis Report covering the operations and financial performance of the Company for the year 2008-09. The core business of the Company is manufacturing and marketing of synthetic blended yarn, cotton yarn and polypropylene multifilament yarn.

BUSINESS OVERVIEW

The Company is one of the important players in man made fibre spinning with following capacity.

Units	Location	Products	Capacity (Spindle)
Syntex Division	Simalwara Road Dungarpur	Synthetic Yarn	35,904
Texchem Division	Simalwara Road Dungarpur	Synthetic Yarn	31,680
Polycot Division	Simalwara Road Dungarpur	Cotton yarn	14,520
Shree Shyam Filaments Division	Village - Bagru Ravan, Jaipur	Polypropylene Multi Filament yarn	3,600 TPA

The Company's sales network comprises branches, depot as well as sales offices in different locations.

INDUSTRY OVERVIEW:

Indian Textile Industry contributes about 11 percent to industrial production, 14 per cent to the manufacturing sector, 4 percent to the GDP and 12 per cent to the country's total export earnings. It provides direct employment to over 33.17 million people, the second largest provider of employment after agriculture. Besides, another 54.85 million people are engaged in its allied activities. It has a total market size of US \$52 billion (\$32 billion as domestic household consumption

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT.

and \$20 billion as exports). Market size potential for the industry is envisaged at USD 110 billion by 2012. This would create 12 million job opportunities - 5 million direct jobs in textile industry and 7 million jobs in allied sectors.

The fundamental strength of this industry flows from its strong production base of wide range of fibres / yarns from natural fibres like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic. We can just track the strong multi-fibre strong base by highlighting the following important positions reckon by this industry across globe are:

- Cotton-** Second largest cotton and cellulosic fibres producing country in the world.
- Silk-** India is the second largest producer of silk and contributes about 18% to the total world raw silk production.
- Wool-** India has 3rd largest sheep population in the world, having 6.15 crores sheep, producing 45 million kg of raw wool, and accounting for 3.1% of total world wool production. India ranks 6th amongst clean wool producer countries and 9th amongst greasy wool producers.
- Man-Made Fibres-** the fifth largest in synthetic fibres/yarns.
- Jute-** India is the largest producer and second largest exporter of the jute goods.

INDUSTRY OPPORTUNITIES:

- Though the industry has been badly affected because of world recession and rupee becoming stronger against dollar in the year 2007-08. In the financial year 2008-2009 the dollar has gained



and it is expected that such gain would bring back the industry on wheels to achieve higher exports targets.

02. Though China is better equipped for higher volume commodity products, India's strength lies in better quality of products, better services to the customers and exclusivity in the premium and mid segment categories.
03. India has all the required raw materials, namely, cotton, cellulosic and non cellulosic man made fibres and silk. Thus, dependability for raw material is insignificant.

INDUSTRY CHALLENGES:

The year 2008-09 has been the worst year for the Indian Textile Industry.

The Indian textiles sector, the country's largest employer after agriculture, took a pounding amid a worsening export performance. The bottomlines of Indian Textiles and Clothing (T&C) firms slipped deeper into the red, with the 175 T&C firms slipped on the bourses clocking a 250 per cent dip in profitability during the third quarter, against a 125 per cent and a 91 per cent year-on-year hit in the preceding two quarters, according to the Confederation of Indian Textile Industry estimates. The Union textile ministry estimated that between 300,000 and 500,000 people would have lost their jobs in this labour-intensive sector by March 31, due to the ongoing global economic downturn.

The cumulative losses of these firms was estimated at around Rs. 540 Crores in the third quarter, this fiscal as against a profit of Rs.3865 crores in the corresponding period of 2007-08. During the Second quarter of the current fiscal the cumulative loss was estimated at Rs.128 crores (versus a profit of Rs. 515 core) while during the first quarter these firms had clocked a cumulative net profit figure of Rs. 39 crores (versus Rs. 450 Crores). According to industry players, the erosion of profits is worsened in the fourth quarter, with India's T&C exports continuing their free-fall. India's exports to its largest market, the US, continue to take a hit, even as other Asian countries have managed to get their act together and register an increase in their exports, despite the ongoing recession. Vietnam, Bangladesh and Indonesia along with China, have all registered gain their exports to US this January, even as India and Mexico continue to see declining exports, according to the latest US department of Commerce's Office of Textiles and Apparel data. The advantages of the depreciation of the rupee against the US dollar are expected to kick-in only by the middle of this year. Over 50 per cent of India's T&C production is export-linked. So there is ripple effect. Things are only projected to improve by the middle of this calendar year.

After months of gloom and hope against hope, some silver lining did appear on the horizon of Indian apparel export trade at long last with the January 2009 figures offering some ray of hope. Apparel exports grew by 5 per cent in January 2009 over the same month last year. When compare on a month-to-month basis, the increase was of the order of 11 per cent at \$972 as compared to \$871 million in December, 2008, as per the information available from National Centre for Trade Information.

Indian T&C industry has a significant employment potential and export potential in case the envisioned growth target is achieved. However, during Apr - Dec, 2008 production and exports of T&C industry have missed the expected growth targets thus, requiring a strategic intervention to realise the envisioned targets. Analysis reveals that the Indian T&C industry is facing issues at two broad levels:

> Issues, affecting long term growth of industry

- Significant dependence on Cotton products
- Lack of skilled labour

The major impediments to the growth of Indian T&C industry are:

- Lack of cost competitiveness in majority of T&C products as compared to China,
- Bangladesh, Vietnam and Sri Lanka
- Delay in disbursement of TUFS and other assistance
- High working capital interest
- High dependence on cotton products
- Lack of availability of skilled labour
- High dependence of T&C trade on EU27 and US markets

Strategic interventions are required by both the Government and the industry to ensure the growth of T & C Industry.

COST COMPETITIVENESS:

The major factors that have caused cost disadvantage in T&C industry are:

- High power cost
- High labour cost
- Anomalies in taxes and duties
- High transaction cost
- High import tariffs by global markets

The Industry is facing challenges which needs to be overcome by the Government by taking the following steps -

- Captive power generation should be supported in the regions suffering from acute power shortage.
- Government should increase labour flexibility especially for the labour intensive sectors of T&C industry.
- Anomalies in taxes and duties should be streamlined
- Government should take immediate steps to clear the backlog of TUFS as well as to revise the TUFS procedures for future applications.
- Government should take measures to overcome the working capital related problems of the industry.
- Comprehensive fibre policy
- Abolish import duty on man made fibres and their intermediates.
- Abolish excise duty on man made fibre and their intermediates.
- Policy framework should promote export of value added products rather than fibres.
- Joint working group with representative from Government and T&C Industry should be formulated to periodically review the performance of T&C industry.
- Fabric and garment sectors of the industry should improve cost competitiveness by upgrading technology and achieving economics of sales.
- Garments industry should explore new markets to reduce trade dependence on EU27 and US.
- Industry associations should ensure the availability of skilled labour for the industry.

RISK AND CONCERNS

1. **Rising imports** : FTA's , especially with Asian countries (BIMSTEC, Indo - ASEAN, SAFTA, Singapore and Thailand) should have adequate safeguards in terms of stringent adherence to Rules of Origin (to prevent countries outside the FTA from



diverting trade through partner countries) and suspension of concessionary tariffs in event of damage to local industry. Without adequate safeguards in terms of rules of origin would make the domestic industry to suffer in competition. During April-October 2007-08, India's imports of textile products were worth US\$1312.44 mn, as compared to the same period of the previous year during which imports were worth US\$1204.62 mn. Thus there was an increase of 8.95%.

2. **Raw material availability :** Though India is having sufficient availability of raw materials, namely, cotton, man made fibres and silk but factors such as low rain fall in the cotton growing areas, increase in crude oil prices in the international markets for basic raw materials of man made fibres and increase in logistic cost may effect the availability of raw material and competitiveness of the industry.
3. **Power availability :** Most of the textile mills in India, particularly in north and western parts are dependent on power supply by self generation using furnace oil/coal as fuel. Because of increase in cost of furnace oil/coal the cost of generation of power is increasing which may effect the competitiveness of the industry.
4. **Slow down in world economy :** There has been recession in the international market and other European Country which has affected India also. Textile Industry has been hit very badly by this recession.
5. **Slow down in consumer spending:** Slow down in global and Indian economy, decline in savings in the developed world can affect consumer expenditure on textiles leading to reduce demand.

It is becoming increasingly clear that the performance displayed during the initial years of the post-quota period has slowed down by the second quarter of 2007. A variety of factors such as appreciation of the rupee against US dollar, sluggishness in the US economy, emergence of new low cost producing centers in Asia such as Vietnam, Cambodia, Bangladesh and Sri Lanka are responsible for the declining trend.

6. **Currency risk :** Since the textile industry has a major portion of its revenue from exports, Indian rupee relationship with foreign currencies such as US Dollar is important. The industry hedges currency risks by forward currency cover against sale contracts. The situation has improved from April 2008, however it remain to be seen up to what extent the scenario stabilize in long term.

PRODUCTWISE PERFORMANCE OF THE COMPANY :

Chart given below gives the breakup of yarn sales between the domestic and export markets for the last 5 years :

(Rs. in lacs)

Yarn sales	2004-05	2005-06	2006-07	2007-08	2008-09
Domestic	8593.47	12485.91	22232.39	18000.05	22254.41
Export	5462.95	4570.49	8420.80	10162.72	5649.55

The current yarn portfolio of Company can be classified into 3 main categories - Grey yarn, Dyed yarn and PPMF yarn.

Grey Yarn : Grey yarn is produced using blends of different synthetic fibre such as polyester/viscose, 100% viscose yarn, 100% polyester fibre yarn and pure cotton. These qualities are produced in SRT division and Polycot division of the company.

The company has niche markets for 100% viscose fibre yarn. Specialty fibre yarns were developed for industrial and home textile applications.

Dyed yarns : Dyed yarn is produced at Syntex division of the company. These yarns are relatively higher value added products and made according to customers specifications of blend, counts and shades. The company has specialty in producing home textile dyed yarns for end use such as carpets, tapestry and upholstery. Further efforts are being made to develop mélange yarn for weaving and knitting applications.

PPMF Yarn : Polypropylene multifilament yarn is produced at Shree Shyam Filament division of the company at Bagru, Jaipur, POY and texturised yarn is produced for knitting, socks and furnishing applications. BCF yarn is produced for carpet applications.

During the year under review the Company's production and sales declined. The operations at all the divisions during the year was affected by recession in domestic and international market. The Company recorded the sales turnover of Rs. 27903.96 lacs and gross profit Rs. 1169.52 lacs (before interest and depreciation) and net loss Rs. 938.02 lacs. The Company recorded the export of Rs. 5649.55 lacs during the year under review despite severe recession in the international market. During the year the Company had average capacity utilization over 85%.

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31.03.2009. (Rs. In Lacs)

Particulars	Year 2008-09	Year 2007-08
Production value	26902.39	30053.71
Gross sales	27903.96	28162.77
Profit from operation	1169.52	1948.77
Profit/(loss) before tax	(1522.86)	73.37
Profit/(loss) after tax	(938.02)	37.11

The Company's performance was satisfactory in view of the challenging industry environment.

DIVERSIFICATION AND MODERNISATION.

The Company lays emphasis on modernizing its plant & machinery on continuous basis to ensure that it produces the best quality yarn to face the competition in the international market. The Company has made substantial efforts towards modernising its engineering equipments and power generation. Thermal power plant has been commissioned during the year and it will ensure uninterrupted supply of power which will increase the productivity.

The Company has also incurred regular capital expenditure for maintenance of its plant & machinery which has led to saving in both labour and power costs besides further improvement in the quality of yarn.

OUTLOOK:

The textile industry is passing through critical phase due to acute recession prevailing in the world. Recent data on imports of Apparels & Textiles in USA, published by OTEXA for the Year-to-Date March 2009 have shown reduction of (-) 12.7% in value term (US \$ Millions) and of (-)11.3% in volume term (Square Metre Equivalent) over same period of 2008.

Indian Textiles imports in USA has shown degrowth in Volume with low price realization USA imports of Textiles and apparel from India has comedown by 3.1%, comprised of 2.8% of growth for Apparel and while 6.3% negative growth for non-apparel category, in volume terms for Year-to-Date March 2009 over same period of 2008. There is fall in growth of around 12.1% in value terms due to low price realization as compared to same period of 2008. It is hoped that the new Government which has just taken over will immediately look into the need of the textile industry and announce a fresh stimulus package for



reviving the textile industries. There is a ray of hope in the current month with demand in domestic and export market picking up and the current year will be very critical to textile industry which will decide whether the textile industry can survive from global recession.

DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS :

HRD activities in the Company involving positive approach to develop employees to take care of productivity, quality and customer needs. Training facilities are provided to the employees in house or by deputing them to the machinery suppliers and to training institutes for specific training. The Company employed 3161 persons as on 31.03.2009.

The industrial relations throughout the year, by and large, remained cordial. In a specific case in Company's division at Bagru, there had been illegal strike by the workers which lasted for a period of 2 months and the plant resumed the operation in March, 09 end.

The company has well developed management information system giving daily, monthly and periodical information to the different levels of management. Such reports are being analyzed and effective steps are taken to control the efficiency, utilization, productivity and quality in the Company.

INTERNAL CONTROL SYSTEMS

The Company has adequate internal control system commensurate with its size and nature of business. Sound financial and commercial practices continued to be an integral part of the Company. The Company has appointed internal auditors for all the 4 units. The

internal control ensured that all assets were safeguarded and protected against loss through unauthorised use or disposition and transactions were authorized, recorded noticed and reported correctly.

While operating managers ensured compliance with their areas, internal auditors carried out audit test on randomly selected samples and reported on non-compliance or weakness if any through internal audit reports of the respective unit/areas. These reports were reviewed by the management and then by Audit Committee of the Board for follow up action.

CAUTIONARY STATEMENT

Statements in the Management Discussions and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable security laws and regulation. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand and supply and price conditions in domestic and overseas market in which the Company operates. Changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

ANNEXURE - III TO THE DIRECTORS' REPORT :

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

The Company has sought to consistently focus on good corporate governance by increasing transparency and accountability to its shareholders and other stakeholders.

The Company's complete internal control structure seeks to integrate management control over Company operations ensuring compliance with legal requirements and ensuring reliability of financial reporting. It makes the management responsible for implementing and maintaining effective business controls, including internal financial controls whose effectiveness is monitored by self assessment and by audits performed by independent internal and statutory auditors.

The Company wishes to be a responsible partner in society, acting with integrity towards its shareholders, customers, employees, the Government.

2. Board of Directors

The present strength of the Board is eleven Directors comprising of four Executive Directors including the Chairman & Managing Director and remaining seven independent Non-Executive Directors. Shri V.K. Ladia, Shri Vikas Ladia and Shri Anubhav Ladia are related to each other, Shri V.K. Ladia, being father of Shri Vikas Ladia and Shri Anubhav Ladia.

Number of Board Meetings held during the year and the dates on which held

Five Board Meetings were held during the period under review on 29th May, 2008, 17th June, 2008, 24th September, 2008, 15th October, 2008 and 30th January, 2009

Attendance of each Director at the Board Meetings and the Annual General Meeting.

Director	No. of Board Meetings attended	Attendance at the AGM	No. of outside Directorship of Other Companies	No. of outside Board-level Committees where chairperson or members.	
				Member	Chairperson
Shri V.K. Ladia	5	No	5	-	-
Prof. S.C. Kuchhal	4	Yes	4	-	-
Sh. Ravinder Narain	-	No	7	6	1
Sh. N.N. Agrawala	2	Yes	-	-	-
Sh. Raj Singh Nirwan	3	No	-	-	-
Sh. Vikas Ladia	2	Yes	-	-	-
Sh. R.L. Kunawat	1	Yes	-	-	-
Sh. Anubhav Ladia	4	Yes	2	-	-
Shri R.K. Pandey	3	No	13	3	5
Shri Susheel Jain	1	No	5	-	-
Shri Sunil Goyal	1	No	3	-	-

3. Audit Committee

The Audit Committee of the Board of Directors comprised of four Directors and has been constituted in line with Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956. The broad terms of reference of the Audit Committee are wide enough to cover the role specified to it under the listing agreements of Stock Exchanges during the year.

The Audit Committee met on 29th May, 2008, 17th June, 2008, 30th July, 2008, 31st October, 08 & 30th January, 09 during the period under review. Shri S.C. Kuchhal (Independent Director and Chairman of the Audit Committee). Shri V.K. Ladia, Director attended the meetings held on 29th May, 08, 17th June, 08, 30th July, 08, 31st October, 08 and 30th January, 09. Shri S.C. Kuchhal attend the meeting on 29th may, 2008, 17 June, 08. 30 July, 08, 31st October, 08. Shri R.L. Kunawat attended the meetings held on 29th May, 08, 30th July, 08 and 31st October, 2008 and Shri Raj Singh Nirwan, Director attended



the meetings held on 29th May, 08, 30th July 08, and 30th January 09.

4. Remuneration of Directors

Details of remuneration / sitting fees to Directors for the year ended 31st March, 2009.

Name of Director	Period of Service Contract	Salary (Rs.)	Commission	Perquisites	Sitting Fees	Total (Rs.)
Sh. V.K. Ladia (Chairman & Managing Director)	5 Years	1529245	-	158544	-	1687789
Sh. N.N. Agrawala (Executive Director)	2 Years	418194	-	89676	-	507870
Sh. Raj Singh Nirwan (Director)	-	-	-	-	30000	30000
Prof. S.C. Kuchhal (Director)	-	-	-	-	45000	45000
Sh. Ravinder Narain (Director)	-	-	-	-	-	-
Sh. Vikas Ladia (Jt. Mg. Director)	5 years	1126623	-	116075	-	1242700
Sh. R.L. Kunawat (Director)	-	-	-	-	20000	20000
Sh. Anubhav Ladia (Executive Director)	5 years	890481	-	53984	-	944465
Sh. R.K. Pandey (Director)	-	-	-	-	15000	15000
Sh. Sushel Jain (Director)	-	-	-	-	5000	5000
Sh. Sunil Goyal (Director)	-	-	-	-	5000	5000

5. Remuneration Committee.

In terms of the provisions of Schedule XIII of the Companies Act, 1956, a Remuneration Committee consists of following members:

- i) Prof. S.C. Kuchhal, Member (Independent Director)
- ii) Shri R.L. Kunawat, Member (Independent Director)
- iii) Shri R.S. Nirwan, Member (Independent Director)

There was one meeting held on 29.09.08 for recommendation of reappointment of Shri N.N. Agrawala as a Executive Director.

The non executive directors are paid sitting fee for attending the Board Meeting as well a Audit Committee Meeting. The remuneration of the Chairman & Managing Director, Joint Managing Director and Executive Director is approved by the shareholders and is within the ceiling laid down under Schedule XIII of the Companies, Act 1956.

6. a) Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee consists of Shri V.K.Ladia, Shri Vikas Ladia, Shri N.N. Agrawala and Shri R.L. Kunawat as members. Shri R.L. Kunawat, acts as Chairman of the Committee being non Executive Director. The Company Secretary is the Secretary to the Committee. The Committee looks into redressal of shareholder and investor complaints etc, if any. During the year under review the Committee had two meetings held on 26.08.2008 and 5.01.2009.

b) Sub-Committee of the Board

The Sub Committee of the Board deals with various matters including transmission of shares, issue of duplicate share certificates, approving the split, consolidation requests, demat requests and other matters relating to transfer, registration of shares etc. This committee has been authorised to take on record unaudited financial results and review report of the auditor as per clause 49 of the Listing Agreement.

Shri K.K. Jhanwar, Vice President (Comml) cum Company Secretary has been designated by the Board as the Compliance Officer as per listing agreement.

7. General Body Meetings

- a) Location and time for last three Annual General Meeting was:

Year	Meeting	Location	Date	Time
2006	AGM	Registered Office: 'SRSL House', Pulla, Bhuwana Road, N.H. No.8, Udaipur - 313 004	29.09.2006	2.30 P.M.
2007	AGM	Registered Office: 'SRSL House', Pulla, Bhuwana Road, N.H. No.8, Udaipur - 313 004	29.09.2007	2.30 P.M.
2008	AGM	Registered Office: 'SRSL House', Pulla, Bhuwana Road, N.H. No.8, Udaipur - 313 004	29.09.2008	2.30 P.M.

Resolutions are generally passed on show of hands. No resolution was passed by postal ballot during the last year. Following special resolutions were passed during the last 3 AGM.

2005-06

- Reappointment of M/s. M.C. Bhandari & Co., Chartered Accountants, Jaipur as statutory auditors.
- Amendment in Articles of Association by deleting and substituting clause 3 (a)

2006-07

- Variation of remuneration of Shri V.K. Ladia, Chairman & Managing Director
- Variation of remuneration of Shri Vikas Ladia, Joint Managing Director
- Variation of remuneration of Shri Anubhav Ladia, Executive Director
- Appointment of Mrs. Monika Ladia as Special Executive.

2007-08

- No special resolution passed.
- b) In addition to Annual General Meeting, the Company holds Extra Ordinary General Meetings of the Shareholders as and when need arises.

8. Disclosure

Disclosure on materially significant related party transactions i.e. transactions of the Company of a 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 were in conflict with the interests of the Company. Details of related party transactions are given in Schedule 14 to the annual accounts. There was no pecuniary relationship or transactions with the non executive directors, apart from the payment of sitting fees to the Directors.

There have been no instances of non Compliance by the Company, penalties / strictures proposed on the Company by Stock Exchange or SEBI or any statutory authority or any matters related to Capital Market during the last 3 years.

9. Code of Conduct and ethics.

The Company has laid down a Code of Conduct for all the members of the Board of Directors and Senior Management Personnel for avoidance of conflict of interest. The Directors and Senior Management Personnel have confirmed compliance with code of conduct for the year 2009-10. A declaration to this effect is attached to this report.



There were no material, financial and commercial transactions in which the Senior Management Personnel, had personal interest which could lead to potential conflict of interest with the Company during the year.

10. Insider Trading

The Company has adopted code of internal procedures and conduct framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992 inter alia to prevent insider trading in the shares of the Company.

11. Risk Management

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

12. Means of Communication

The quarterly results published in the proforma prescribed by the Stock Exchange, Mumbai are approved and taken on record by the Board of Directors of the Company within one month of the close of the relevant quarter. The approved results are forthwith sent to all the Stock Exchanges with whom the Company has listing arrangements. Further, the results in the prescribed proforma are published in newspapers within 48 hours. As the Company publishes the audited annual results within the stipulated period of three months from the close of the financial year as required by the listing agreement with the Stock Exchanges, the unaudited results for the last quarter of the financial year are not published.

The annual audited accounts of the Company are subsequently sent to the Stock Exchange, Shareholders, Bankers, Financial Institutions as required.

13. Shareholder information

- a) Annual General Meeting : 26th September, 2009 at 2.30 P.M. at Date, time and venue of the Annual General Meeting Registered Office of the Company at 'SRSL House', Pulla - Bhuwana Road, N.H.No.8, Udaipur - 313 004
 - b) Financial Calendar Particulars : April, 01 to March, 31
Financial Reporting for: 2009-10
Quarter ended June, 30, Last week of July, 2009.
Half Year ended September, 30, Last week of October, 2009.
Third Quarter ended December, 31, Last week of January, 2010
Financial Results for the year ending May, 2010.
31st March, 2010
AGM for the year ended 31.03.2010 Last week of Sept, 2010.
 - c) Date of Book Closure : 19th September, 2009 to 26th September, 2009
 - d) Dividend payment date : N.A.
 - e) Registered Office 'SRSL House', Pulla - Bhuwana Road, N.H 8, Udaipur - 313 004.
 - f) Stock Code : 503837 with Bombay Stock Exchange Ltd,
 - g) Listing on Stock Exchanges : Bombay Stock Exchange Ltd,
 - h) Stock Price Data : Bombay Stock Exchange Ltd, Mumbai
- | Month | Highest (Rs.) | Lowest (Rs.) |
|-------------|---------------|--------------|
| April, 2008 | 19.00 | 16.00 |
| May, 2008 | 16.80 | 14.65 |

June, 2008	16.90	11.50
July, 2008	13.90	10.75
August, 2008	14.45	11.25
September, 2008	12.54	9.55
October, 2008	10.00	6.21
November, 2008	7.55	4.25
December, 2008	6.55	4.10
January, 2009	6.30	4.52
February, 2009	5.60	4.46
March, 2009	6.05	4.76

i) Stock Performance : As mentioned above

j) Registrar and :

Transfer Agents

Mas Services Ltd

T-34, 2nd Floor, Okhla Industrial Area, Phase -2, NEWDELHI - 110 020. Phone: 011 26387281-83 Fax 011 26387384

k) Share Transfer System

Share transfer is normally effected within a maximum period of 30 days from the date of receipt, if all required documentation is submitted. All share transfers are approved by the Sub Committee of the Board of Directors. The Committee met 32 times during the financial year 2008-2009 for consideration of share transfer and similar matters.

l) Distribution of Shareholding as on 31st March, 2009.

Shareholding of Nominal value (Rs.)	No. of share-Holders	Total No. of Shares	% of share holding
0001 - 5000	12205	1679793	14.293
5001 - 10000	694	536969	4.569
10001 - 20000	310	464387	3.951
20001 - 30000	114	288694	2.457
30001 - 40000	75	265273	2.258
40001 - 50000	47	217355	1.849
50001 - 100000	92	644039	5.480
100001 & above	128	7655791	65.143
Total	13665	11752301	100.00

m) Categories of shareholding as on 31st March, 2009.

Shareholders	No. of Shares held	% of total shares held
Promoters	5557159	47.286
Foreign Institutional Investors	200	0.002
Mutual Funds/UTI	4485	0.038
Banks	330961	2.816
Corporate Bodies	494628	4.208
Non-Resident Indian / OCB's	157010	1.336
Public	5207858	44.314
Total	11752301	100.00

n) Dematerialisation of Shares and Liquidity

As on 31st March, 2009, 66.55% of the Company's equity shares have been dematerialised. The Company has entered into an agreement with both National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) whereby shareholders have the option to dematerialise their shares with the Depositories. International Securities Identification Number (ISIN) of the Company is INE796C01011.

o) Plant Locations

- i) Shree Rajasthan Syntex Village-Udaipura, Simalwara Road, Dungarpur - 314 001(Rajasthan) Tel: 02964 - 302400, Fax: 02964 - 302500
- ii) Shree Shyam Filaments Bagru Ravan, Jaipur. Tel: 0141 2864224 -25, Fax : 0141 2864226.
- iii) Shree Rajasthan Polycot Simalwara Road Dungarpur - 314 001 (Raj.) Tel : 02964 - 302400, Fax: 02964 - 302503
- iv) Shree Rajasthan Texchem Village - Patapura, Simalwara Road Dungarpur - 314 001 (Raj.) Tel : 02964 - 302400, Fax: 02964 - 302502

p) Investor Correspondence

Address : Mas Services Ltd
T-34, 2nd Floor, Okhla Industrial Area,
Phase -2, NEW DELHI - 110 020

q) Non Mandatory Requirements

The Company has not adopted any non-mandatory requirements.

AUDITORS' CERTIFICATE

To:
The Board of Directors
Shree Rajasthan Syntex Ltd
'SRSL House',
Pulla-Bhuwana Road
National Highway No. 8
UDAIPUR - 313 004 (Raj.)

We have examined the compliance of conditions of Corporate Governance by Shree Rajasthan Syntex Ltd, for the year ended on 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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 the 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 Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investors' grievances 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 and on behalf of
M/s. M.C. Bhandari & Co.,
Chartered Accountants
Sd/-
C. A. V. CHATURVEDI
(PARTNER)
Membership No. 13296

Place : Udaipur
Date : 29.05.2009

Confirmation of compliance of Code of Conduct.

I declare that all Board members and Senior Management Personnels have individually affirmed compliance with the Code of Conduct adopted by the Company, for the financial year ended 31st march, 2009.

Sd/-
(V.K. Ladia)
Chairman & Managing Director (CEO)

AUDITOR'S REPORT TO THE MEMBERS OF SHREE RAJASTHAN SYNTEX LIMITED

We have audited the attached Balance Sheet of M/s. Shree Rajasthan Syntex Limited as at 31st March 2009 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 amount 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 presentations. We believe that our audit provides a reasonable basis for our opinion.

As required by The Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors Report) (Amendment) Order, 2004 (together the "order") issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act 1956, we enclose in the Annexure, a Statement on the matters specified in paragraphs 4 and 5 of the said order.

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

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of the books;

3. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the Books of Account.
4. In our opinion the Profit and Loss Account and the Balance Sheet of the Company comply with the accounting standards referred to in the sub section (3C) of the Section 211 of the Companies Act, 1956 to the extent applicable.
5. On the basis of written representation received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2009 from being appointed as director in terms of the clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principals generally accepted in India;
 - i) in the case of Balance Sheet, of the State of Affairs of the Company as at 31.03.2009 and
 - ii) in case of 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 for the year ended on that day.

For and on behalf of
For M C Bhandari & Co.
Chartered Accountants,
Sd/-
C.A. V. CHATURVEDI
(Partner)
Membership No. 13296

Place : Udaipur
Date : 29th May 2009



ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b) The fixed assets have not been physically verified by the management at the end of the year. There is regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets.
- c) The Company has taken Technical Upgradation Programme under TUF. During the year it has disposed of certain Plant & Machinery and other Fixed Assets. This has not affected the going concern concept.
- (ii) a) As explained to us, the inventory had been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records are not material and have been properly dealt with in the books of accounts.
- (iii) a) The Company has granted loans to a Trust in earlier year covered in the register maintained under section 301 of the Companies Act, 1956. Maximum amount of loan during the year was Rs.127.75 lacs and the year-end balance of loans granted to such parties was Rs. 122.53 lacs.
- b) In our opinion, the rate of interest and other term and conditions of above loans granted by the Company are not prima facie, prejudicial to the interest of the Company.
- c) According to the information and explanations given to us, the parties to whom loan and advance in the nature of loan have been given are repaying the principal amount as stipulated and are also regular in payment of interest.
- d) The Company has taken loan from two directors, two companies and four other parties covered in the register maintained under section 301 of the Companies Act, 1956 aggregating to Rs 31.25 lacs during the year and which was Rs. 26.76. lacs at the close of the year.
- e) In our opinion, the rate of interest and other terms and conditions of above loans taken by the Company are not prima facie prejudicial to the interest of the Company.
- f) The Company is regular in payment of Principal amount and interest as per stipulations.
- (iv) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls
- (v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
- a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us we are of the opinion that the contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under Section 301, and;
- b) According to information and explanations given to us each of such transactions made in pursuances of such contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us the Company has complied with the Directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Act or any other relevant provisions of the Act and the rules framed there under wherever applicable.
- (vii) In our opinion the Company has an internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company relating to the manufacture of the filament and spun yarn 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 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- b) According to the records of the Company and information and explanations given to us following disputed demands have not been deposited since -
- (i) Excise duty demands amounting to Rs.389.25 lacs are pending, with High Court (Rs. 225.75 lacs), CESTAT (Rs.105.03 lacs), Commissioner (Appeals) (Rs.53.92 lacs) and Asstt. Commissioner (Rs.4.55 lacs). Against these demands, Company has deposited Rs.246.36 lacs under protest. There is no Income Tax demand pending with the Company.
- (ii) Sales tax demands amounting to Rs. 33.01 lacs pending with Rajasthan Tax Board, Ajmer. Against their demands the Company has deposited under protest Rs.13.68 lacs.



- (iii) ESI demand amounting to Rs.23.82 lacs pending with appellate authorities.
- (iv) T.C. Cess amounting to Rs. 10.14 lacs not deposited as same is disputed and pending with Textile Committee Cess Tribunal, Mumbai.
- (x) The Company does not have accumulated losses as at the end of the year, Company suffered losses during the year. In the immediately preceding financial year, no cash loss was incurred.
- (xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debentures holders.
- (xii) According to the information and explanations given to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by other from banks and financial institutions.
- (xvi) To the best of our knowledge and belief and according to the

information and explanations given to us term loans availed by the Company were prima facie, applied by the Company during the year for the purposes for which the loans were obtained.

- (xvii) According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis have prima facie, not been used during the year for long term investment.
- (xviii) The Company has not made any preferential allotment of Shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us and the records examined by us no debentures have been issued hence creation of security does not arise.
- (xx) The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us no fraud on or by the Company was noticed or reported during the year.

**For and on behalf of
For M C Bhandari & Co.
Chartered Accountants,**

Sd/-

**C.A. V. CHATURVEDI
(Partner)
Membership No. 13296**

**Place : Udaipur
Date : 29.05.09**



Shree Rajasthan Syntex Limited

BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE	As at 31.03.2009		As at 31.03.2008	
	Rs. (in lacs)	Rs. (in lacs)	Rs. (in lacs)	Rs. (in lacs)
SOURCES OF FUNDS				
SHAREHOLDERS FUND:				
Capital	1	1175.23		1175.23
Reserves & Surplus	2	3473.77		4432.08
LOANS:				
Secured	3	15608.90		15470.91
Unsecured		72.79		89.11
DEFERRED TAX LIABILITY				
		1088.87		1678.01
		<u>21419.56</u>		<u>22845.34</u>
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	4	27398.75	23766.45	
Less: Depreciation		12234.81	11234.04	
Net Block		<u>15163.94</u>	<u>12532.41</u>	
Capital Work-in-Progress		25.08	2470.51	15002.92
INVESTMENTS				
	5	40.15		40.15
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	6	4447.15	4835.54	
Sundry Debtors		1771.54	1924.50	
Cash and Bank Balances		92.65	104.10	
Other Current Assets		3151.37	3795.96	
Loans and Advances		486.18	735.01	
		<u>9948.89</u>	<u>11395.11</u>	
LESS: CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	7	3438.28	3262.73	
Provisions		376.41	357.58	7774.80
		<u>6134.20</u>	<u>357.58</u>	
MISCELLANEOUS EXPENDITURE				
	8	56.19		27.47
		<u>21419.56</u>		<u>22845.34</u>

Signed in term of our report
of even date annexed hereto.

For and on behalf of
M/s. M.C. BHANDARI & CO.
Chartered Accountants

Sd/-
V.K. LADIA
Chairman &
Managing Director

Sd/-
S.C. KUCHHAL
Director

Sd/-
C.A. V.CHATURVEDI
Partner

Sd/-
K.K. JHANWAR
Vice President (Commercial)
Cum Company Secretary

Sd/-
S.L. KABRA
Chief Financial Officer

Date : 29.05.2009
Place : Udaipur



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	2008-2009		2007-2008	
		Rs. (in lacs)	Rs. (in lacs)	Rs. (in lacs)	Rs. (in lacs)
1. INCOME					
Turnover	9		27903.96		28162.77
Other Income	10		220.16		285.15
Increase/ (Decrease) in Stocks	11		(1,001.57)		1890.94
			<u>27122.55</u>		<u>30338.86</u>
2. EXPENDITURE					
Materials		17562.99		19189.34	
Purchases		16.29		40.98	
Excise Duty		377.48		221.34	
Sales Tax		487.09		414.00	
Operating and other Expenditure	12	<u>7509.18</u>	<u>25953.03</u>	<u>8524.43</u>	<u>28390.09</u>
3. PROFIT FROM OPERATIONS			<u>1169.52</u>		<u>1948.77</u>
Less: Foreign Exchange Fluctuation on- -Export sales and others			523.89		(111.50)
Less: Interest & Financial Expenses	13		1064.08		948.82
Less: Depreciation			1065.80		994.97
Less: Amortisation of Expenses			38.61		41.11
4. PROFIT/(LOSS) BEFORE TAXATION			<u>(1,522.86)</u>		<u>75.37</u>
Less : Provision for Deferred Tax			(589.14)		33.77
Less : Fringe Benefit Tax			4.30		4.49
5. PROFIT/(LOSS) FOR THE YEAR			<u>(938.02)</u>		<u>37.11</u>
Add : Surplus As per Last Balance sheet			983.43		1014.65
Less : MAT of earlier year written off			3.86		68.33
6. SURPLUS CARRIED TO BALANCE SHEET			<u>41.55</u>		<u>983.43</u>
Basic and diluted earnings per share (in Rs.) (Refer to note 17 on schedule 14)			(7.98)		0.32

NOTES ON ACCOUNTS 14

Signed in term of our report
of even date annexed hereto.

For and on behalf of
M/s. M.C. BHANDARI & CO.
Chartered Accountants

Sd/-
V.K. LADIA
Chairman &
Managing Director

Sd/-
S.C. KUCHHAL
Director

Sd/-
C.A. V.CHATURVEDI
Partner

Sd/-
K.K. JHANWAR
Vice President (Commercial)
Curn Company Secretary

Sd/-
S.L. KABRA
Chief Financial Officer

Date : 29.05.2009
Place : Udaipur



Shree Rajasthan Syntex Limited

SCHEDULE 1 TO 14 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 1 SHARE CAPITAL

	As at 31.03.2009 Rs. (in lacs)	As at 31.03.2008 Rs. (in lacs)
AUTHORISED :		
(i) 2,60,00,000 (Previous year 2,60,00,000) Equity Shares of Rs.10/- each	2600.00	2600.00
(ii) 6,00,000 (Previous year 6,00,000) Cumulative Redeemable Preference Shares of Rs.100/- each	600.00	600.00
	<u>3200.00</u>	<u>3200.00</u>
ISSUED, SUBSCRIBED AND PAID UP:		
1,17,52,301 (Previous year 1,17,52,301) Equity Shares of Rs. 10/- each	1175.23	1175.23
	<u>1175.23</u>	<u>1175.23</u>

Note : Out of above equity shares, 37,59,899 equity shares of Rs. 10/- each fully paid have been allotted to erstwhile shareholders of the amalgamating Company M/s Shree Rajasthan Texchem Ltd., pursuant to the scheme of amalgamation as approved by the Hon'ble High Court of Rajasthan, Jodhpur without payment being received in cash.

SCHEDULE 2 RESERVES AND SURPLUS

	As at 01.04.2008 Rs. (in lacs)	Addition/ Transfer Rs. (in lacs)	Deduction/ Transfer Rs. (in lacs)	As at 31.03.2009 Rs. (in lacs)
(A) RESERVES				
Capital Reserves	75.00	-	-	75.00
Share Premium	1,972.42	-	-	1,972.42
Securities Premium	718.82	-	-	718.82
Capital Redemption Reserve	500.00	-	-	500.00
Capital Subsidy	-	5.36	-	5.36
General Reserve (*)	182.41	-	21.79	160.62
Total (A)	<u>3,448.65</u>	5.36	21.79	<u>3,432.22</u>
(B) SURPLUS				
As per Profit & Loss Account Annexed	983.43	-	941.88	41.55
Total (A+B)	<u>4,432.08</u>	5.36	963.67	<u>3,473.77</u>

(*) Adjustment towards unamortised foreign currency monetary item translation difference as per amended AS-11 w.e.f. 07.12.2006 (refer note No. 13 of schedule 14).



**SCHEDULE 3
LOANS**

	As at 31.03.2009 Rs. (in lacs)	As at 31.03.2008 Rs. (in lacs)
A. SECURED LOANS :		
i. TERM LOANS:		
Foreign Currency Loan		
BOB	371.14	336.50
Rupee Loan :-		
IDBI	4,288.17	3,940.91
BOB	2,249.46	2,408.96
SBI	3,127.15	3,161.70
BOR	252.99	303.20
	<u>10,288.91</u>	<u>10,151.27</u>
ICICI Bank Vehicle Loan	<u>10.32</u>	<u>0.63</u>
ii. Working Capital Loans (Banks)		
Foreign Currency Loan	2,216.81	3,432.36
Rupee Loan	3,092.86	1,886.65
	<u>5,309.67</u>	<u>5,319.01</u>
Total Secured Loan	<u>15,608.90</u>	<u>15,470.91</u>
B. UNSECURED LOANS :		
Inter Corporate Deposit	15.75	-
Fixed Deposits		
- From Directors	0.62	0.62
- From Public & Others	56.42	88.49
	<u>72.79</u>	<u>89.11</u>

NOTES :-

SECURITIES

- Term Loans from Industrial Development Bank of India (IDBI), State Bank of India (SBI), Bank of Baroda (BOB) and The Bank of Rajasthan Ltd. (BOR) are secured by a joint equitable mortgage, by deposit of title deeds, over the Company's immovable assets and a charge by way of hypothecation of all movable assets (except Plant & Machinery exclusively charged in favour of SBI for Loan of Rs. 652.38 lacs, Previous year 726.37 lacs) present and future subject to prior charges on specified movables created in favour of Company's Bankers and personal guarantee of two directors. The mortgage and charges created shall rank pari-passu inter-se amongst the financial Institution and Banks.
- Borrowings for Working Capital from State Bank of India, Bank of Baroda, State Bank of Bikaner & Jaipur and Industrial Development Bank of India are secured by hypothecation of raw materials, stock-in-process, stock-in-transit, finished goods, consumable stores and spares and book debts and are further secured by way of second charge on immovable assets of the Company ranking pari-passu inter-se amongst the and personal guarantee of two directors.
- ICICI Bank Vehicle Loan is secured by hypothecation of Vehicle.

SCHEDULE 4

FIXED ASSETS

Description of Assets	GROSS BLOCK AT COST			DEPRECIATION		NET BLOCK	
	As at	Additions/	Deductions/	As at	Written off	As at	As at
	01.04.2008 Rs. (in lacs)	Adjustments Rs. (in lacs)	Transfers Rs. (in lacs)	31.03.2009 Rs. (in lacs)	to date Rs. (in lacs)	31.03.2009 Rs. (in lacs)	31.03.2008 Rs. (in lacs)
Land (Leasehold and freehold)							
& site Development	38.52	-	-	38.52	-	38.52	38.52
Buildings *	2,334.35	380.98	-	2,715.33	683.04	2,032.29	1,718.38
Plant & Machinery	20,254.62	2,974.64	64.70	23,164.56	10,959.28	12,205.28	10,173.12
Electrical Installations	658.73	304.92	-	963.65	295.78	667.87	396.81
Water Supply Installations	27.44	25.24	-	52.68	18.26	34.42	10.73
Material Handling Equipment	17.50	9.01	-	26.51	10.23	16.28	8.21
Air Conditioner	21.16	0.89	0.25	21.80	13.86	7.94	8.20
Tube Well	6.02	-	-	6.02	1.15	4.87	4.97
Furniture, Fixture & Equipments	295.72	6.32	0.08	301.96	204.78	97.18	106.76
Vehicles	112.39	4.70	9.37	107.72	48.43	59.29	66.71
Total This Year	<u>23,766.45</u>	<u>3,706.70</u>	<u>74.40</u>	<u>27,398.75</u>	<u>12,234.81</u>	<u>15,163.94</u>	<u>12,532.41</u>
Previous Year	23,564.99	679.80	478.34	23,766.45	11,234.04		
Add: Capital Work-in-Progress							
- Thermal Power Plant							2,324.14
- Others						25.08	9.23
- Pre-operative Exp.							137.14
						<u>15189.02</u>	<u>15002.92</u>

NOTES : (*)

Includes cost of land of corporate office, being composite cost of land and building, value of land could not be ascertained separately.



Shree Rajasthan Syntex Limited

SCHEDULE 5 INVESTMENTS

	As at 31.03.2009 Rs. (in lacs)	As at 31.03.2008 Rs. (in lacs)
OTHERS - UNQUOTED		
300000 Equity Share of SRSI Securities Ltd. of Rs. 10/-each	30.00	30.00
National Saving Certificates (Pledged with Sales Tax Authorities)	0.15	0.15
10,000 Equity shares of Shyam Texchem (P) Ltd. of Rs. 100/- each.	10.00	10.00
	<u>40.15</u>	<u>40.15</u>

SCHEDULE 6 CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2009 Rs. (in lacs)	As at 31.03.2008 Rs. (in lacs)
A. CURRENT ASSETS :		
a) Inventories		
Stores & Spares Tools, Packing Material & fuel	368.88	286.25
Raw Materials		
- Fibre	750.56	572.55
- Cotton	496.42	143.87
- Fibre Stock in Deptt.	91.01	96.37
Work-in-Process	460.47	661.34
Finished Goods	2,263.01	3,059.19
Traded Goods	0.37	0.42
Waste & Scrap	16.43	15.55
	<u>4,447.15</u>	<u>4,835.54</u>
b) Sundry Debtors		
(Unsecured & Considered Good)		
Over six months	51.58	66.99
Others	1,719.96	1,857.51
	<u>1,771.54</u>	<u>1,924.50</u>
c) Cash & Bank Balances		
Cash, Silver coins, Stamps and Drafts in hand	6.45	27.91
Balance with Scheduled Banks		
In current Accounts	47.61	28.80
In Fixed Deposit Account	36.60	45.40
Interest accrued but not due on FDR's	1.99	1.99
	<u>92.65</u>	<u>104.10</u>
d) Other Current Assets		
Claims and Export Incentives Recoverable	1,028.43	1,736.74
Interest Subsidy Recoverable (TUFs)	342.22	417.34
Advance Income Tax	120.48	101.47
Balance with Excise Deptt.	1680.53	1,551.23
Less: Provision on closing-		
- Stock	20.29	10.82
	<u>1,660.24</u>	<u>1,540.41</u>



**SCHEDULE 6 CONTD.
CURRENT ASSETS, LOANS AND ADVANCES**

	As at 31.03.2009		As at 31.03.2008	
	Rs. (in lacs)	Rs. (in lacs)	Rs. (in lacs)	Rs. (in lacs)
B. LOANS & ADVANCES				
(Unsecured considered good)				
Loans & Advances				
To Others	122.53		127.75	
Advance recoverable in cash or in kind or for value to be received	221.09		527.37	
Securities & Deposits given	142.56	486.18	79.89	735.01
TOTAL (A + B)		9,948.89		11,395.11

**SCHEDULE 7
CURRENT LIABILITIES AND PROVISIONS**

	As at 31.03.2009		As at 31.03.2008	
	Rs. (in lacs)	Rs. (in lacs)	Rs. (in lacs)	Rs. (in lacs)
A. CURRENT LIABILITIES :				
Acceptances		984.13		821.20
Sundry Creditors :				
For materials				
- Micro Small and Medium Enterprises	7.43		28.38	
- Others	1,558.03		1,417.82	
For expenses				
- Micro Small and Medium Enterprises				
- Others	515.65	2,081.11	517.44	1,963.64
Unclaimed dividend (*)		14.15		14.48
Unclaimed Public Fixed Deposit (*)		0.27		2.70
Interest accrued and due on unclaimed deposits (*)		0.10		0.47
Interest accrued but not due		87.70		88.40
Other Liabilities		80.00		52.09
Deposit & Advances		190.82		319.75
Total (A)		3,438.28		3,262.73
B. PROVISIONS :				
Provision for Taxation		1.34		0.51
Provision for Leave Encashment, Bonus and Exgratia		130.54		119.60
Provision for Gratuity		244.53		237.47
Total (B)		376.41		357.58
Total (A + B)		3,814.69		3,620.31

NOTE : (*)

These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund as there is no due & outstanding.



**SCHEDULE 8
MISCELLANEOUS EXPENDITURE**

	As at 31.03.2009 Rs. (in lacs)	As at 31.03.2008 Rs. (in lacs)
Miscellaneous Expenditure		
(To the extent not written off)		
Deferred Revenue Expenses	17.72	27.47
Foreign Currency Monetary Item Translation difference	38.47	-
	<u>56.19</u>	<u>27.47</u>

**SCHEDULE 9
TURNOVER**

	This Year Rs. (in lacs)	Previous Year Rs. (in lacs)
A). Sales :		
- Domestic (*)	22,212.18	17,899.22
- Export	5,649.55	10,162.72
	<u>27,861.73</u>	<u>28,061.94</u>
Less : Sales Return in respect of previous year	29.59	3.79
	<u>27,832.14</u>	<u>28,058.15</u>
B) Income From Job Work	0.82	1.35
C) Insurance Charges Recovered on despatches	70.24	59.83
D) Insurance Claims of damaged goods	0.76	43.44
	<u>27,903.96</u>	<u>28,162.77</u>

(*) Including Trading Sales -Yarn & Fabrics Rs. 13.28 lacs



**SCHEDULE 10
OTHER INCOME**

	This Year Rs. (in lacs)	Previous Year Rs. (in lacs)
Miscellaneous Income	5.79	56.89
Rent / Lease rent Received	0.01	-
Claim Settlement	199.69	-
Profit on disposal of Fixed Assets	1.45	41.29
Income Related to Previous year	6.40	0.11
Entry Tax Claims	-	106.99
Insurance claim received	1.25	-
Sundry Balances / Liabilities / Provisions written back (Net of written off Rs.2.53 lacs previous year Rs. 9.40,lacs)	5.57	79.87
	<u>220.16</u>	<u>285.15</u>

**SCHEDULE 11
INCREASE/(DECREASE) IN STOCKS**

	This Year Rs. (in lacs)	Previous Year Rs. (in lacs)
Opening Stock :		
Yarn	3,059.19	1,258.75
Fabrics	0.42	-
Waste & Scrape	15.55	13.40
Work in process	757.71	669.78
	<u>3,832.87</u>	<u>1,941.93</u>
Closing stock:		
Yarn	2,263.02	3,059.20
Fabrics	0.37	0.42
Waste & Scrap	16.43	15.55
Work in process	551.48	757.70
	<u>2,831.30</u>	<u>3,832.87</u>
INCREASE/ (DECREASE) IN STOCKS	<u>(1,001.57)</u>	<u>1,890.94</u>



**SCHEDULE 12
OPERATING & OTHER EXPENSES**

	This Year		Previous Year	
	Rs. (in lacs)	Rs. (in lacs)	Rs. (in lacs)	Rs. (in lacs)
Payment & Provision for Employees:				
Salaries, Wages, Bonus & Allowances		1,800.23		1,790.71
Contribution to Provident Fund & ESI		228.88		227.57
Welfare Expenses		18.29		19.90
Recruitment & Training Expenses		6.55		5.23
Gratuity		76.00		24.58
		<u>2,129.95</u>		<u>2,067.99</u>
Manufacturing Expenses:				
Stores & Spares		123.49		156.84
Packing		390.05		479.93
Power & Fuel		3,408.03		3,903.15
Repairs & Maintenance :				
Machinery				
Repairs & Maintenance	496.60		607.43	
Overhauling	<u>61.94</u>	558.54	<u>50.42</u>	657.85
Building		11.75		12.32
General		27.48		25.00
Sundry Manufacturing Expenses		91.35		84.60
Job charges		13.09		0.06
		<u>4,623.78</u>		<u>5,319.75</u>
Administrative & Other Expenses:				
Directors Fees		1.20		1.30
Directors Remuneration		32.64		30.94
Rent, Rates & Taxes		15.13		12.54
Travelling (including Directors Travelling-				
-Expenses Rs.17.21 lacs (Previous Year Rs.24.52 lacs)		42.97		50.48
Insurance Charges		23.83		46.92
Vehicle Upkeep		12.29		12.39
Charity & Donation		0.02		0.04
Wealth Tax Expenses		0.11		0.26
Misc. Expenses	94.86		86.88	
Add : Previous year expenses	<u>2.65</u>	97.51	<u>4.41</u>	91.29
Telephone Expenses		14.45		15.09
Fees		3.72		6.51
ISO Audit Expenses		0.32		0.94
Printing & Stationery		13.47		16.10
Postage Expenses		6.10		8.28
		<u>263.76</u>		<u>293.08</u>



**SCHEDULE 12 CONTD.....
OPERATING & OTHER EXPENSES**

	This Year Rs. (in lacs)	Previous Year Rs. (in lacs)
Loss on disposal of Fixed Assets	<u>0.61</u>	<u>54.99</u>
Fixed Assets Written off	<u>0.00</u>	<u>1.20</u>
Auditors Remuneration:		
Audit Fee	2.30	2.30
Tax Audit Fee	0.35	0.35
Other Services	0.71	1.41
Reimbursement of Expenses	1.40	1.08
	<u>4.76</u>	<u>5.14</u>
Internal Audit Fee & Expenses	3.24	3.02
Cost Audit Fee & Expenses	0.56	0.62
	<u>3.80</u>	<u>3.64</u>
Selling Expenses :		
Commission & Brokerage	179.46	246.49
Discount	79.20	63.07
Freight & Handling (Net of recoveries)	198.63	434.80
Rebate & Claim	3.30	9.22
Research & Development Exp.	0.16	0.27
Sales Tax Demand	-	0.17
Others	21.77	24.62
	<u>482.52</u>	<u>778.64</u>
Grand Total :	<u>7,509.18</u>	<u>8,524.43</u>

**SCHEDULE 13
FINANCIAL EXPENSES**

	This year Rs. (in lacs)	Previous year Rs. (in lacs)
INTEREST ON:		
Term Loans	489.00	441.96 /
Bank Borrowings & Others	672.83	632.84
Other Financial Charges	65.28	71.87
	<u>1,227.11</u>	<u>1,146.67</u>
Less : (i) Interest Recovered from customers	145.38	183.30
(ii) Interest received on Bank FDR's, -loans and others	<u>17.65</u>	<u>197.85</u>
	<u>1,064.08</u>	<u>948.82</u>



**SCHEDULE 14
NOTES ON ACCOUNTS**

01. ACCOUNTING POLICIES

i) FIXED ASSETS AND DEPRECIATION:

- a) Fixed Assets are stated at cost, net of Cenvat. All costs including financing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalised. Stores and spares received along with the Plant & Machinery are being capitalised with related machine.
- b) Cotton Yarn unit and Wartsila Power Plant are stated at cost without availing CENVAT, and thermal power plant is stated including service tax CENVAT. All costs including financing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalised
- c) Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 as amended except depreciation on incremental cost, arising on account of conversion difference of foreign currency liabilities for acquisition of fixed assets and stand by equipments, which are amortised over the residual life of the respective assets.
- d) Assets costing Rs.5000/- or less acquired on or after 1.7.1993 are fully depreciated.
- e) The Company provides for depreciation on following plant & machinery considering the same as continuous process plant.
 - (i) Filament Yarn Division, Spun Yarn Division and Cotton Yarn Division.
 - (ii) Power Generation Equipments.
- f) Free hold lands and leasehold lands are not depreciated.
- g) Impairment of Assets - If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the highest of the net selling price and the value in use determined by the present value of estimated future cash flows.

ii) INVENTORIES:

A	Raw Materials	At Batch cost.
B	Stores, Spares	At moving weighted average cost.
C	Fuel	Monthly weighted average
D	Work-in-progress	(i) Preparatory Stage - at cost (ii) Yarn Stage - Cost or net realisable value whichever is lower.
E	Finished goods	at cost or net realisable value whichever is lower [Cost formula used in clause (D) & (E): - Conversion cost and other cost in bringing the inventories to their present location and condition.]
F	Waste and Scrap	at net realisable value.
G	Trading stocks	at cost of purchase.
H	Materials taken/given on loan	at Cost/Book Value. On return of such quantity, difference between the amount adjusted and the Cost/Book value of such return is adjusted in respective materials account

iii) INVESTMENTS : Long term investments are carried at cost including related expenses. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline cost.

iv) Raw Material consumption is net of Export benefits.

v) RESEARCH AND DEVELOPMENT: Research and development costs (other than costs of fixed assets acquired) are charged as an expense in the year in which they are incurred.

vi) EMPLOYEE BENEFITS: Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost. Long-term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuations.

Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and are recognized as an expense when employees have rendered service entitling them to the contributions.

The costs of providing leave encashment and gratuity, defined benefit plans, are determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The leave encashment and gratuity benefit obligation recognized in the Balance Sheet represents the present value of the obligations as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

vii) PRELIMINARY, CAPITAL ISSUES AND DEFERRED REVENUE EXPENSES: Preliminary, Capital issue expenses are amortised in a period of ten years. Upfront payment made for reduction in rate of interest and for fresh Term Loans and amalgamation expenses (Debited to Deferred Revenue Expenses) are amortised in a period of five years.

viii) REVENUE RECOGNITION:

- (a) The accounts of the company are prepared under the historical cost convention and in accordance with the applicable accounting standards.
- (b) Income is accounted for on accrual basis in accordance with Accounting Standard (AS) 9-"Revenue Recognition" which provides that where there is no reasonable certainty, the recognition of income be postponed.
- (c) Sales are inclusive of Sales Tax, Excise Duty and Duty Draw Back are recognized on dispatches to parties except consignment agents.
- (d) Claims lodged with insurance companies and others are recognised in accounts on lodgment to the extent they are measurable with reasonable certainty of acceptance. Excess/Shortfall is adjusted in the year of receipt.

ix) CENVAT

a. CENVAT claimed on capital goods (Plant and Machinery), except for Plant and Machinery of Cotton Yarn Division and Service tax cenvat & plant & machinery of Wartsila Power Division, is credited to Plant and Machinery cost. Depreciation is not charged on the CENVAT claimed on capital goods in the books of account as well as under the Income Tax Act.



- b. CENVAT on purchases of such inputs are deducted from the cost, wherever the excise duty has been paid on finished goods manufactured out of these inputs.
- x) **FOREIGN CURRENCY TRANSACTION:** Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange difference arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset is added to or deducted from the cost of asset and depreciated over the balance life of the asset, and in other cases it is accumulated in a "Foreign currency Monetary item translation Difference account" and amortized over the balance period of such long term asset/liability up to 31st March, 2011, by recognition as income or expenses in each of such periods. Current assets (other than inventories) and current liabilities (other than those relating to fixed assets) are restated at the rates prevailing at the year end or at the forward rates where forward cover has been taken and the difference between the year end rate/forward rate and the exchange rate at the date of the transactions is recognised as income or expenses in the profit and loss account, and over the life of the contract in the case of the forward cover.
- xi) **EXPORT BENEFITS** - Export benefits including estimated duty differentials accruing on account of entitlement for duty free raw materials against indigenous/duty paid raw material consumed for exports during the year are estimated and ascertained for at the year end.
- xii) **PROVISIONS AND CONTINGENT LIABILITIES:**
- Provisions are made when the present obligation of a past event gives rise to probable outflow, embodying economic benefit on settlement and the amount of obligation can be reliably estimated.
 - Contingent Liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved.
 - Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- xiii) **TAXATION** : Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961. Deferred tax on account of timing difference between taxable and accounting income is provided considering the tax rates and tax laws enacted or substantially enacted by the Balance Sheet date in accordance with Accounting Standard 22 as notified by the regulatory authorities.
- xiv) **EXCISE DUTY** : Excise duty on manufactured goods wherever applicable is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date.

02. CONTINGENT LIABILITIES IN RESPECT OF:

- Claims not acknowledged as debts by the Company Rs. 170.54 lacs (Previous Year Rs 316.77 lacs)
- Bills discounted with Banks and outstanding Rs. 468.58 lacs (Previous Year Rs. 1217.64 lacs)
- Counter guarantees given by the Company in respect of guarantees and Letter of Credits given by the Bankers on behalf of the Company Rs. 1084.12 lacs (Previous year Rs. 1440.72 lacs)
- Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances Rs. NIL

(Previous Year Rs. 90.29 lacs)

- Demands issued by the Excise Authorities amounting to Rs. 389.25 lacs (Previous Year 378.32 lacs) besides other penalties in law. The Company is contesting the issues under legal advice. The company has however deposited Rs. 246.36 lacs (Previous year 194.24 lacs) under protest.
 - The company has not provided for various sales tax demands for the assessment years 2003-04 & 2004-05 aggregating to Rs. 33.01 lacs (Previous year Rs 33.01 lacs) as these are disputed and are pending under appeal/reconsideration with appropriate authorities. Rs 13.68 lacs (Previous Year Rs 13.43 lacs) deposited under protest.
- Assessment of Sales Tax for the assessment years 2007-08 & 2008-09 are pending, liabilities if any, arising thereon shall be accounted for in the year of assessment.
- Assessment of Income Tax has been completed up to the assessment year 2006-07.
 - In view of losses no provision is required towards Income Tax.
- The Company has received various demands of ESI aggregating to Rs. 23.82 lacs . (Previous year Rs. 23.82 lacs). Since the matter is pending in appeal and the Company does not envisage any liability, no provision has been made. Amount deposited under protest Rs 0.64 lacs.
- The Company suffered losses due to breaches/non-fulfillment of the terms and conditions of the Contract with M/s. Kirloskar Oil Engines Ltd. in respect of 2 Nos. DG set of 2.5 MW supplied by them. These losses have been partly recovered by Company by encashment of Bank Guarantee taken under the Contract with the party. For balance recovery, suit against KOEL is filed. During the year, as per Legal opinion obtained the company has also adjusted balance claim of Rs. 199.69. lacs and credited profit and loss account under the head "Other Income".
- Balances appearing under the head Creditors, Debtors, Advances and Deposits are subject to confirmations yet to be received by the Company.
- All the investments of the Company have been considered by its management to be of long term nature. No provision for decline in the carrying amount of investment is made in this year's accounts as in the management's considered opinion, such decline is not of a permanent nature.
- Disclosure of Sundry Creditors in Schedule-7 Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

(Rs in lacs)

S.No.	Particulars	2009	2008
1.	Principal amount due outstanding as at 31.3.09	7.43	28.38
2.	Interest due on (1) above and unpaid as at 31.3.09	-	-
3.	Interest paid to the suppliers during the year	-	-
4.	Payments made to the supplier beyond the appointed day during the year	-	-
5.	Interest due and payable for the period of delay	-	-
6.	Interest accrued and remaining unpaid as on 31.3.09	-	-
7.	Amount of further interest remaining due and payable in succeeding year	-	-



Shree Rajasthan Syntex Limited

The Company has not provided interest of Rs. 2.73 lacs on delayed payment of Rs.156.33 lacs to Micro, Small and Medium enterprises as there is no liability as per contract with the parties.

10. The Company has fulfilled its Export obligation under all EPCG Licences. In respect of current Licences for which the obligation comes to Rs. 13642 lacs (USD 269.08 lacs) to be fulfilled within 8 years, against these licences export obligation have been fulfilled to the extent of Rs.11702 lacs (USD 230.8 lacs) balance outstanding Rs.1940 lacs, USD 38.28 lacs from 21.9.2007.

11. (a) The Hon'ble Supreme court in the case of Jindal Stainless Ltd. has held levy of Entry Tax unconstitutional. It has also directed all the High Courts to look in to the constitutional validity of respective Entry Tax. Consequent to that 5 High Courts namely Allahabad, Punjab, Haryana, Jharkhand and Kerala has held the respective Entry Tax to be constitutionally invalid. The Hon'ble High Court of Rajasthan in the case of Dinesh Pouches has also held the levy of the Entry Tax by the Government of Rajasthan as unconstitutional. As per legal opinion obtained amount paid by our Company towards Entry Tax pursuant to Rajasthan Entry Tax Act 1999 has become refundable since inception.

(b) The Company is not liable to pay Entry Tax pursuant to the decision of Supreme Court, as such the company has not provided for Entry Tax for the year 2006-2007, 2007-2008 & 2008-09 aggregating to Rs.195.54 lacs.

(c) The Company has filed refund claim of Entry Tax aggregating to Rs.252.32 lacs, during previous year for the year 2001-02 to 2005-06.

12. Assessments of T C Cess from 1996 for Shree Rajasthan Texchem Division is pending. The TC Cess is not payable and appeals are pending before Hon'ble TC Cess Tribunal Mumbai.

15. The employees gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

The demand so created by TC Cess office for Rs. 10.14 lacs are not payable.

13. Consequent to the amendment in the Accounting standard AS-11 regarding accounting of foreign exchange fluctuation on long term Foreign Currency loans, the Company has changed its accounting policy and brought it in line with the new provisions of AS-11. It has henceforth adopted policy of amortising foreign exchange fluctuation on long term foreign currency loans (other than those taken for fixed assets) during the tenure of loan or year ending on 31.03.2011 whichever is earlier.

Fluctuations in foreign currency relating to existing foreign currency term loan (other than for fixed assets) taken in earlier year have been reinstated and credited to foreign currency monetary item translation difference account and charged to General Reserve. Fluctuation as on 31.03.2009 have been debited to foreign currency monetary item translation difference account. A sum of Rs. 57,70,559/- lying in foreign currency monetary item translation difference account amortized at the year end over a period ending on 31.03.2011.

This change in accounting policy has following impact on Financial Statements as on 31.03.2009 :-

(i) General Reserve is reduced by Rs. 21,79,169/-

(ii) Profit for the year increased by Rs. 60,26,208/-

(iii) Miscellaneous expenditure (to the extent not written off) is increased by Rs. 38,47,039/-.

14. The Company had to bear extra power expenses due to delay in the supply & commissioning of its Thermal Power Plant. The claim of Rs. 102.50 lacs. recovered from the vendor has been credited to power & fuel expenses to the extent relief available in the supply contract.

(Amount in Rs.)

		Gratuity (Funded)	Leave Encashment (Unfunded)
i.	Changes in present value of obligations		
	PVO at beginning of period	25305725	3612652
	Interest cost	1859163	290502
	Current Service Cost	3663320	2230156
	Benefits Paid	(6866438)	(389962)
	Actuarial (gain)/loss on obligation	1883448	(1576886)
	PVO at end of period	25845218	4166462

ii.	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of period	1558802	-
	Expected Return on Plan Assets	141500	-
	Contributions	6893389	389962
	Benefit Paid	(6866438)	(389962)
	Actuarial gain(loss) on plan assets	(335557)	-
	Fair Value of Plan Assets at end of period	1391696	-



iii.	Fair Value of Plan Assets		
	Fair Value of Plan Assets at beginning of period	1558802	-
	Actual Return on Plan Asset	(194057)	-
	Contributions	6893389	389962
	Benefit Paid	(6866438)	(389962)
	Fair Value of Plan Assets at end of period	1339169	
	Funded Status	(24453522)	(4166462)
	Excess of actual over estimated return on Plan Assets	(335557)	
iv.	Actuarial Gain/(Loss) Recognized		
	Actuarial Gain/(Loss) for the period (Obligation)	(1883448)	1576886
	Actuarial Gain/(Loss) for the period (Plan Assets)	(335557)	-
	Total Gain/(Loss) for the period	(2219005)	1576886
	Actuarial Gain/(Loss) recognized for the period	(2219005)	1576886
	Unrecognized Actuarial Gain/(Loss) at end of period	-	-
v.	Amounts to be recognized in the balance sheet and statement of profit & loss account		
	PVO at end of period	25845218	4166462
	Fair Value of Plan Assets at end of period	1391696	-
	Funded Status	(24453522)	(4166462)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(Liability) recognized in the balance sheet	(24453522)	(4166462)
vi.	Expense recognized in the statement of P & L a/c		
	Current Service Cost	3663320	2230156
	Interest cost	1859163	290502
	Expected Return on Plan Assets	(141500)	-
	Net Actuarial (Gain)/Loss recognized for the period	2219005	(1576886)
	Expense recognized in the statement of P & L a/c	7599988	943772
vii.	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	23746923	3612652
	Expenses as above	7599988	943772
	Contribution paid	(6893389)	(389962)
	Closing Net Liability	24453522	4166462
viii.	Actuarial assumptions		
	Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
	Discount Rate	8.00 %	8.00 %
	Rate of increase in compensation	3.50%	3.50%
	Rate of return (expected) on plan assets	9%	9%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

16. The expenditure during the construction period of Thermal Power Plant aggregate to Rs.305.69 lacs consisting of salary & allowances Rs.42.4 lacs, Interest 242.06 lacs and misc. exp. Rs.21.23 lacs have been capitalized and allocated on plant and machinery (Rs.258.07 lacs) and Building (Rs.47.62 lacs) in the ratio of cost before allocating pre operative expenses.

Company has capitalized trial run expenses consisting of coal consumption Rs.233.20 lacs, power to Auxiliary equipment Rs.32.90 lacs O & M charges Rs.33.34 lacs and misc exp. Rs.3.12 lacs aggregating to Rs.302.56 and power generation income during trial run Rs.205.82 lacs, Net exp. Rs.96.74 lacs has been capitalized with plant and machinery and its utilities.

17. Earning Per Share (EPS) - The numerator and denominator used to calculate Basic and Diluted Earning Per Share :

	(Amount in Rs.)	
	Year ended 31.03.09	Year ended 31.03.08
- Cash Profit (A)	(41845437)	111145081
- Profit attributable to the Equity Shareholders (B)	(93802057)	3710859
- Weighted average number of equity shares outstanding during the year (C)	11752301	11752301
- Weighted average number of equity shares outstanding during the year for diluted EPS (D)	11752301	11752301
- Nominal value of equity shares	10.00	10.00
- Basic earning per Share (B)/(C)	(7.98)	0.32
- Diluted earning per Share (B)/(D)	(7.98)	0.32
- Cash earning per share (A)/(C)	(3.56)	9.46



Shree Rajasthan Syntex Limited

18. The company has estimated the deferred tax charge using the applicable rate of taxation based on the impact of timing difference between financial statements and estimated taxable income for the current year. The component of the deferred tax balance as of 31.03.2009 and 31.03.2008 are as follows:

	(Rs. in lacs)	
	2008-09	2007-08
Deferred Tax Assets		
Mat	-	-
Brought Forward Losses	1577.19	917.24
Gratuity/Leave encashment	97.28	93.00
Total Assets	1674.47	1010.24
Deferred Tax Liability		
Depreciation	2744.24	2678.90
Deferred revenue exp.	19.10	9.34
Total Liabilities	2763.34	2688.24
Net Deferred Tax Assets/(Liability)	(1088.87)	(1678.00)

19. PRIMARY SEGMENT INFORMATION: The Company operate in only one segment only.

20. RELATED PARTY TRANSACTIONS:

Name of the Companies/Firms with whom transactions have taken place during the year:

Associate Company: Nil

Related to the Key Management Personnel:

1.	Shree Shyam Distributors & Markt. Pvt Ltd.	2.	SRSL Employees Welfare Trust
3.	Kunawat & Associates	4.	Shri Vikas Ladia
5.	Vikas Ladia (HUF)	6.	Shri Anubhav Ladia
7.	Shri Anubhav Ladia (HUF)	8.	Smt Monika Ladia
9.	Shri Aman Ladia	10.	Shri V.K. Ladia
11.	V.K. Texchem (P) Ltd.		

(Rs. in lacs)

	Related to Key Management Personnel
Loans - Given	-
Repayment - SRSL Employee Welfare Trust	6.18
Deposit - Taken	31.25
- Refunded:	15.50
Interest - Expenses (other than Director)	2.30
- Income	1.25
Professional Charges	0.60
Loans Receivables	122.53
Fixed Deposit Payable	9.33

Name of Directors:

V.K. LADIA

Vikas Ladia

S. C. Kuchhal

Anubhav Ladia

Sushcel Jain

R. S. Nirwan

R. L. Kunawat

N. N. Agrawala

Sunil Goyal

R.K.Pandey

Transaction with Directors:

(Rs. in lacs)

Remuneration including perquisites	43.83
Loans - Taken/(Fixed Deposit)	-
Interest Expenses - on Fixed Deposit	0.07
Loans Payable - Fixed Deposit	0.62
Board Meeting Fees	1.20
Lease Rent Paid	0.01
Deposit Receivable	8.97

21. The National Highway Authority has acquired 2450 Sq Meters of land situated at Bagru Ravan. The Company has filed legal case for recovery of adequate compensation. The matter is sub judice.,
22. The Company has acquired industrial lease of 7800 Sq. Meters at Bagru Ravan, Jaipur, Legal formalities are under way.
23. Since the company is upgrading its main Plant & Machinery under Technology Up gradation Fund scheme regularly, it is not carrying any asset of which carrying cost is more than its recoverable amount / value in use on the Balance Sheet date. Hence there is no impairment loss.



24. Computation of profit in accordance with Section 349 of the Companies Act, 1956 for the purpose of Section 198 of the said Act and the commission payable to managerial personnel :

(Rs. in lacs)

	2008 - 09	2007 - 08
Net Profit before tax as per Profit & Loss Account	(1522.86)	75.37
Add : i) Directors Remuneration	32.64	44.75
ii) Directors Sitting Fees	1.20	1.30
iii) Wealth Tax	0.11	0.26
iv) Loss on sale of fixed assets	0.62	56.19
v) Depreciation	1065.80	994.97
Less: i) Profit on sale of investment/Assets	1.45	41.29
ii) Depreciation U/S 350	1065.80	994.97
Net profit under Section 198 of the Companies Act, 1956	(1555.98)	135.90
Amount of Commission	-	-

25. Remuneration and perquisites to the Managing Director and Whole Time Directors:

(Rs. in lacs)

	This Year	Previous Year
Salary	35.73	34.66
Contribution to Provident Fund	3.92	4.39
Perquisites	4.18	5.70
Commission	-	-
TOTAL	43.83	44.75

26. Maximum debit balance due at any time during the year in respect of advance for expenses including travelling expenses:

(Rs. in lacs)

	This Year	Previous Year
Managing Director	0.93	2.65
Joint Managing Director	2.40	4.68
Executive Director - Commercial	0.07	0.04
Executive Director - HO	0.20	2.17

27. Additional information pursuant to the provisions of paragraphs 3 and 4 of part 2 of schedule VI of the Companies Act, 1956:

		Unit	This Year	Previous Year
a)	Licensed and installed Capacity:			
	Licensed Capacity (Spinning of Synthetic Blended Yarn)	Spindles	N.A.	N.A.
	(Polypropylene Multi Filament Yarn)	Tonnes	N.A.	N.A.
	(Cotton Yarn)	Spindles	N.A.	N.A.
	Installed Capacity (Spinning of Synthetic Blended Yarn)	Spindles	67584	67584
	(Polypropylene Multi Filament Yarn)	Tonnes	3600	3600
	(Cotton Yarn)	Spindles	14520	14520

b) Production, turnover and stocks:

SPUN YARN	OPENING STOCK		PRODUCTION	SALES/ADJUSTMENT		CLOSING STOCK	
	QUANTITY (M.T.)	AMOUNT (Rs. in lacs)	QUANTITY (M.T.)	QUANTITY (M.T.)	AMOUNT (Rs. in lacs)	QUANTITY (M.T.)	AMOUNT (Rs. in lacs)
This year	1889.12	2665.81	18603.48	18886.40	22089.55	1606.20	2224.86
Previous Year	643.22	901.47	18110.89	16865.00	21703.33	1889.11	2665.81
POLYPROPYLENE MULTIFILAMENT YARN							
This Year	122.14	148.48	2520.49	2630.31	3165.17	12.32	12.37
Previous Year	107.23	136.38	3045.48	3030.56	3233.15	122.15	148.48



Shree Rajasthan Syntex Limited

COTTON YARN	OPENING STOCK		PRODUCTION	SALES/ADJUSTMENT		CLOSING STOCK	
	QUANTITY (M.T.)	AMOUNT (Rs. in lacs)	QUANTITY (M.T.)	QUANTITY (M.T.)	AMOUNT (Rs. in lacs)	QUANTITY (M.T.)	AMOUNT (Rs. in lacs)
This Year	233.19	244.89	1655.24	1863.84	1838.08	24.59	25.79
Previous Year	211.35	204.21	3150.21	3128.37	2966.63	233.19	244.89
WASTE							
This year	87.91	15.56	1075.54	1093.55	213.65	69.90	14.07
Previous year	73.70	1340	1505.82	1491.61	251.59	87.91	15.55

c) Trading activities

	OPENING STOCK		PURCHASE		SALES/ADJUSTMENT		CLOSING STOCK	
	QUANTITY	AMOUNT Rs. In lacs	QUANTITY	AMOUNT Rs. In lacs	QUANTITY	AMOUNT Rs. In lacs	QUANTITY	AMOUNT Rs. In lacs
Spun Yarn Division Yarn (kgs)								
This year	-	-	9.378	13.36	6.555	9.91	2.823	3.45
Prev. Year	-	-	26	39.97	26	42.75	-	-
Fabric (mtr)								
This year	769.30	0.42	4342.20	2.93	4497.10	3.38	614.40	0.37
Prev. Year	-	-	1726.60	1.00	957.30	0.61	769.30	0.42

		This year		Previous Year	
		QUANTITY M.T.	AMOUNT Rs. in lacs	QUANTITY M.T.	AMOUNT Rs. in lacs
d)	RAW MATERIALS CONSUMED:				
	Cellulosic & Non-Cellulosic	18488	14665.34	18807	15768.88
	P.P. Chips/Master Batch	2749	1873.26	3274	2148.42
	Cotton	1961	1286.83	3799	1967.47
	Others				366.18
e)	C.I.F. VALUE OF IMPORTS :				
	Raw Materials		753.17		1032.10
	Capital Goods				
	Spares		44.46		115.85
			Rs. in lacs	% age	Rs. in lacs
f)	VALUE OF RAW MATERIALS CONSUMED :				
	Imported	752.61	4.14	1145.86	5.66
	Indigenous	17406.07	95.86	19105.08	94.34
g)	EXPENDITURE IN FOREIGN CURRENCY :				
	Travelling Expenses	6.90		7.30	
	Membership Fees	0.05		0.04	
	Commission/Claims	75.58		149.93	
	Foreign Bank Charges	6.77		27.12	
h)	EARNING IN FOREIGN CURRENCY : F.O.B. Value of Export	4853.69		8822.61	

28. Figures have been rounded off to the nearest lacs.

29. Figures for previous year have been regrouped/rearranged, wherever considered necessary.

Signed in terms of our report of even date annexed hereto.

For and on behalf of
M/s. M.C. BHANDARI & CO.
Chartered Accountants

Sd/-
C.A. V.CHATURVEDI
Partner

Sd/-
V.K. LADIA
Chairman &
Managing Director

Sd/-
S.C. KUCHHAL
Director

Date : 29.05.2009
Place : Udaipur

Sd/-
K.K. JHANWAR
Vice President (Commercial)
Cum Company Secretary

Sd/-
S.L. KABRA
Chief Financial Officer



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

(Rs. in lacs)

	2008-09	2007-08
A Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	(1,522.86)	75.37
Adjustments for		
Depreciation	1,065.80	994.97
Amortisation of Expenses	38.61	41.12
Provision for Leave Encashment/Gratuity	18.00	5.05
Loss on Sale of Assets/Investments (Net)	(0.84)	14.90
Interest Income	(17.65)	(14.55)
Interest Expenses	1,081.73	1,115.36
Exchange Fluctuation	523.89	13.02
Operating Profit before Working Capital Changes	1,186.68	2,245.23
Adjustments for		
Trade Receivables	152.96	401.58
Other Receivable	907.23	(530.28)
Inventories	388.38	(952.10)
Trade Payables	175.55	1,027.39
Cash Generation from Operations	2,810.80	2,191.82
Less: Taxes paid (Net of Refunds)	26.34	26.15
Net Cash from Operating Activities	2,784.46	2,165.67
B Cash Flow from Investing Activities		
Purchase of Fixed Assets/Capital Expenditure	(1,261.30)	(2,858.43)
Sale of Fixed Assets	10.22	128.71
Deferred Revenue Expenses	(89.11)	-
Cash used in Investing Activities	(1,340.19)	(2,729.72)
C Cash flow from Financing Activities		
Proceeds from issuance of Share Capital	-	-
Capital Subsidy	5.36	-
Redemption of Preference Shares	-	-
Proceeds from Term Borrowings	854.00	2,479.38
Repayment of Loans	(706.67)	(1,597.68)
Repayments of Fixed Deposits/ICD	(16.32)	(19.82)
Intercompany and Other Loans	5.22	53.77
Change in Short Term Borrowings	(9.34)	760.88
Interest Expenses	(1,081.73)	(1,115.36)
Interest Income	17.65	14.55
Foreign Exchange Fluctuation	(523.89)	(13.02)
Dividends (including corporate dividend tax)	-	(137.50)
Net Cash Realised from Financing Activities	(1,455.72)	425.22
Add: Cash and Cash Equivalent as at 31.03.2008	104.10	242.93
Cash and Cash Equivalent as at 31.03.2009	92.65	104.10

Auditor's Certificate

We have verified the above cash flow statement of M/s Shree Rajasthan Syntex Limited with reference to the audited Annual Accounts for the year ended March 31, 2009 and we found the same to be in agreement therewith.

For and on behalf of
M/s. M.C. BHANDARI & CO.
Chartered Accountants

Sd/-
V.K. LADIA
Chairman &
Managing Director

Sd/-
S.C. KUCHHAL
Director

Sd/-
C.A. V.CHATURVEDI
Partner

Sd/-
K.K. JHANWAR
Vice President (Commercial)
Cum Company Secretary

Sd/-
S.L. KABRA
Chief Financial Officer

Date : 29.05.2009
Place : Udaipur



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

01 Registration Details

Registration No 1948 of 1979-80
 State Code 17
 Balance Sheet Date 31st March, 2009

(Rs. in lacs)

02 Capital Raised during the year)

Public Issue Nil
 Rights Issue Nil
 Bonus Issue Nil
 Private Placement Nil
 On Amalgamation (Including Securities Premium) Nil

03 Position of Mobilisation and Deployment of funds

Total Liability 21419.56
 Total Assets 21419.56

Sources of Funds

Paid-up Capital 1175.23
 Reserve and Surplus 4562.64
 Secured Loans 15608.90
 Unsecured Loans 72.79

Application of Funds

Net Fixed Assets 15189.02
 Investments 40.15
 Net Current Assets 6134.20
 Misc. Expenditure 56.19

04 Performance of Company (Amount in Rs. Thousand)

Turnover (Including Other Income) 28124.12
 Total Expenditure 29646.98
 Profit / (Loss) Before Tax (+ or -) (1522.86)
 Profit / (Loss) After Tax (+ or -) (938.02)
 Earning per share in Rupees. (7.98)
 Dividend Rate %age -

05 Generic name of three principal products / services of company (as per monetary terms)

Item Code No. (ITC Code) 5509
 Product Description Man Made Fibre Spun Yarn
 Item Code No. (ITC Code) 54025909
 Product Description Polypropylene Multi Filament Yarn
 Item Code No. (ITC Code) 5205
 Product Description Cotton Yarn

Signed in terms of our report of
 even date annexed hereto

For and on behalf of
M/s. M.C. BHANDARI & CO.
 Chartered Accountants

Sd/-
V.K. LADIA
 Chairman &
 Managing Director

Sd/-
S.C. KUCHHAL
 Director

Sd/-
C.A. V.CHATURVEDI
 Partner

Sd/-
K.K. JHANWAR
 Vice President (Commercial)
 Cum Company Secretary

Sd/-
S.L. KABRA
 Chief Financial Officer

Date : 29.05.2009
 Place : Udaipur



Shree Rajasthan Syntex Limited

'SRS� House', Pulla, Bhuwana Road,

National Highway No. 8, UDAIPUR -313 004.

PROXY

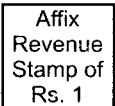
DP-ID* :
Client ID* :

Regd. Folio No. :

I/we of
 being a member / members of Shree Rajasthan Syntex Ltd hereby appoint
 of or
 failing him of as
 my/our proxy in my / our absence to attend and vote for me/us and on my/our behalf at the 29th Annual General Meeting of the Company to be held on
 Saturday, the 26th September, 2009 and at any adjournment thereof.

Signed this day
 of 2009.

Signature(s)



*Applicable for investors holding shares in electronic form.

Note: Proxies in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.



Shree Rajasthan Syntex Limited

'SRS� House', Pulla, Bhuwana Road,

National Highway No. 8, UDAIPUR -313 004

DP-ID* :
Client ID* :

ATTENDANCE SLIP

Regd. Folio No. :

29th Annual General Meeting – 26th September, 2009 at 2.30 P.M.

Name and address of the member : I certify that I am registered
 shareholder of the Company and hold Shares. (Please indicate whether Member/Proxy).

Member's/proxy's signature

Name of the Member :

Name of the proxy :

*Applicable for investors holding shares in electronic form.

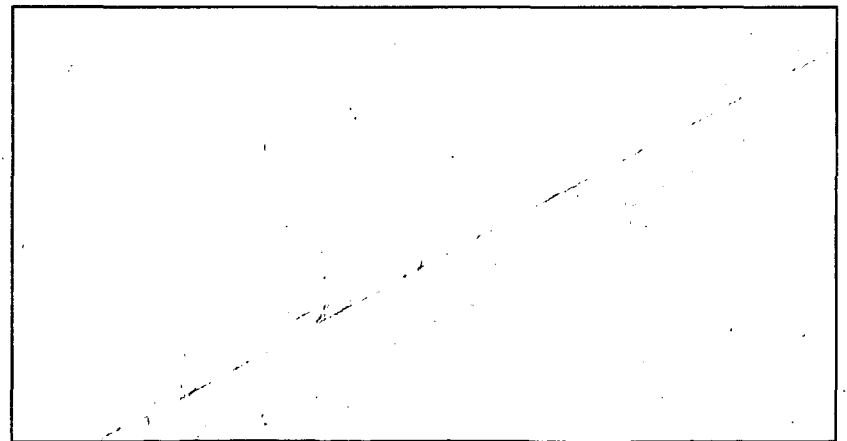
Note: Shareholder/proxy must bring the Attendance slip to the meeting and hand over at the entrance of the meeting hall duly completed and signed.

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BOOK -POST

TO,



If Undelivered Please return to :
Shree Rajasthan Syntex Limited
"SRSL House",
Pulla - Bhuwana Road,
National Highway No. 8,
Udaipur - 313004