

**32nd ANNUAL REPORT**



**2012**

**ADINATH TEXTILES LIMITED**

## BOARD OF DIRECTORS

Sh. Rajneesh Oswal	Executive Director
Sh. Raman Marwaha	Director
Sh. R.P. Gupta	Director
Sh. S.K. Sekhri	Director

## AUDITORS :

M/s. Dass Khanna & Co.  
Chartered Accountants  
Ludhiana.

## REGISTERED OFFICE & WORKS

Village Bholapur, P.O. Sahabana  
Chandigarh Road, Ludhiana - 141 123

## OFFICES

- 4-J & E, Gopala Tower,  
25, Rajendra Place  
New Delhi - 110 008.
- 302, Raheja Chambers,  
Nariman Point,  
Mumbai - 400 021.

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**Registrar & Transfer Agents**  
Skyline Financial Services (p) Limited  
D-153/A, 1st Floor  
Okhla Industrial Area, Phase - 1,  
New Delhi - 110020

**NOTICE**

Notice is hereby given that the 32nd Annual General Meeting of the members of the Company will be held on Saturday the 29<sup>th</sup> day of September, 2012 at 11.00 A.M. at the Registered Office of the Company at Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana to transact the following business.

**AS ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.

2. To appoint Auditors and to fix their remuneration.

**NOTES:**

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

1. The Register of Members and Share Transfer books of the Company shall remain closed from Tuesday, the 25th day of September 2012 to Saturday the 29th day of September 2012 (both days inclusive), for the purpose of AGM, for both physical and electronic segments.

2. Members/proxies are requested to bring their copy of Annual Report to the Meeting.

3. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their question in writing to the Company, so as to reach the registered office of the Company at least 10 days before the date of the meeting so that information required may be made available at the time of the Meeting.

4. Sh. Raman Marwaha, retires by rotation at the date of 32<sup>nd</sup> AGM and not willing for the re-appointment. Company has not received any notice proposing the name of director to be appointed in place of Sh. Raman Marwaha, hence no resolution is proposed for appointment of a director in place of Sh. Raman Marwaha.

5. Members are requested to :

(i) Quote their folio number/Client ID & DP-ID in all correspondence with the company.

(ii) Notify immediately to the company any change in their address/mandate, if any.

(iii) REGISTER THEIR E. MAIL ID WITH THE COMPANY OR ITS REGISTRAR OR THEIR DEPOSITORY PARTICIPANT TO ENABLE THE COMPANY TO SEND THE NOTICES AND OTHER REPORTS THROUGH E.MAIL.

6. Shares of the Company are available for De-Materialization under ISIN – INE207C01019. Members who have not opted for De-Materialization are requested to do so in their own interest.

7. Shareholders/ Proxy holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the Meeting Hall.

8. Please note that the meeting is for members or their proxies only. Please avoid being accompanied by non-members and children.

By order of the Board  
For Adinath Textiles Limited

Sd/-  
Rajneesh Oswal  
(Executive Director)

Place :Ludhiana  
Dated :30th August,2012

## DIRECTORS' REPORT

The Directors of your company are pleased to present the 32<sup>nd</sup> Annual Report together with the Audited Accounts of the company for the year ended 31.03.2012.

FINANCIAL RESULTS	(Rs. in lacs)	
	2010-12	2010-2011
Income from Operations	501.98	448.15
Other Income	80.89	39.42
Profit/(Loss) before interest and depreciation	81.41	52.42
Less interest	0.00	0.00
Gross Profit/(Loss)	81.41	52.42
Depreciation	9.77	10.39
Net Profit/(Loss) Before Tax	71.64	42.03
Provision for Taxation	0.08	0.00
Net Profit/(Loss) after Tax	71.72	42.03

During the year under consideration the income from operations of the company is Rs. 501.98 Lacs against Rs. 448.15 lacs in the last Financial Year. Other Income of the company is Rs. 80.89 Lacs in comparison to Rs. 39.42 Lacs in previous year.

As reported earlier that the company has been declared as Sick by the BIFR. The management of the company has submitted its Detailed Rehabilitation Scheme (DRS) to the BIFR through the operating agency appointed by the BIFR after incorporating the changes suggested by different agencies. The same is under active consideration of the Hon'ble BIFR for circulation and final approval.

**DIVIDEND**

Due to accumulated losses of the previous years, your Directors are unable to recommend any dividend for the year under review.

**DIRECTORS**

Sh. Raman Marwaha is retiring by rotation. Sh. Raman Marwaha has shown his unwillingness for re-appointment. Your Directors place on record their appreciation for the services and contribution made by Sh. Raman Marwaha as Director of the Company.

**DEPOSITS**

During the year under review the company has not accepted any deposits within the meaning of section 58A of the Companies Act, 1956 and the rules made there under.

**AUDITORS**

Auditors of the Company M/s Dass Khanna & Co., Chartered Accountants, Ludhiana retire at the ensuing Annual General Meeting of the company and are eligible for reappointment.

**COST AUDITORS**

Mr. Vipin Maini, Cost Accountant, New Delhi, had been appointed as Cost Auditors for the year 2010-11 and the report of cost auditor has been filed. As per new cost audit orders, the company has been advised that cost audit is not applicable for the financial year 2011-12 as company is not carrying any manufacturing activity at its own.

**AUDITORS REPORT**

The Auditors Report on accounts of the company for the year under review is self explanatory and requires no comments. As for their comments regarding realization of old outstanding, management has taken effective steps, including the filing of legal cases, and is hopeful to recover the old outstanding.

Company had appointed Ms. Monika Verma as its secretary to meet out the requirement of Section 383A of the Companies Act, 1956. However, Ms. Monika Verma did not stay with the company for long time.

**INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956****(A) Subsection (1)(e)**

- (i) Conservation of Energy - All efforts are being made to conserve energy.
- (ii) Technology Absorption -- Nil.
- (iii) Foreign Exchange Earnings and Outgo -- Nil
- (iv) Activities and initiatives related to Export -- Nil

**B) Subsection 2A**

The Company has no employee in the category specified under Section 217 (2A) of the Companies Act, 1956.

**(C) Subsection 2AA**

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed by the Company along with proper explanation relating to material departures;
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period ;
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. That the directors had prepared the annual accounts on a going concern basis.

#### ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation for the dedicated work and co-operation extended by all the employees.

Your Directors also wish to record their gratitude to the shareholders, Customers and Suppliers for their valuable support.

Place : Ludhiana  
Date : 30.08.2012

ON BEHALF OF THE BOARD  
for ADINATH TEXTILES LIMITED

Sd/-  
RAJNEESH OSWAL  
(Chairman)

#### MANAGEMENT DISCUSSIONS AND ANALYSIS OVERVIEW OF INDUSTRY

The overall performance of textile industry is badly affected due to lower realization both in export and domestic market. Disturbed power supply and skilled labor shortage in the region has worsened the position. The company primarily operates in spinning of worsted and spun yarn. The company has manufacturing set up base in Ludhiana in the state of Punjab and Corporate Office is located in Ludhiana in Punjab. Presently the company has devoted major part of its production capacity to Job works. In addition company has taken up the trading activities to avail of the available opportunities.

#### OPPORTUNITY, RISK AND CONCERN

The company is dependent upon the orders for the job work for its manufacturing facilities. Ludhiana being a hosiery cluster, company does not foresee any problem for its activities. Further management feels that the opportunity for the company lies in increasing the income in trading activities of textile goods. Your company is actively working for these opportunities.

#### SEGMENTWISE –PRODUCTWISE PERFORMANCE

The company has only one segment i.e manufacturing and sale/trading of Acrylic and worsted yarn.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has a proper and adequate internal control system to safeguard and protect against loss

from unauthorized use or disposition and to ensure that all transactions are authorized, recorded correctly and adequately. Internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets.

The internal audit report, plans, significant audit findings and compliance with accounting standards is in turn reviewed by the Company's Audit Committee to ensure proper audit coverage and adequate consideration along with execution of the auditors' recommendations.

#### FINANCIAL STATEMENT

Financial statements of the company have been prepared in compliance with the requirements of the Companies Act, 1956 and generally accepted accounting principles in India. There are no material departures from the prescribed accounting standards in the adoption of accounting standards. The management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as various estimates and judgments used therein. However, any unforeseen and uncontrollable external factors may alter these judgments.

#### HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

The human resources development function of the Company is guided by a strong set of values and policies. Your company maintains a work environment that is free from any harassment.

## REPORT ON CORPORATE GOVERNANCE

The Company is in compliance with requirements of the guidelines on corporate governance stipulated under clause 49 of the Listing Agreement. The status with regard to the various aspects of the corporate governance is given below.

The company has laid down a code of conduct for all its Board Members and senior management personnel for avoidance of conflicts of interests. Company has received the necessary declaration affirming compliance with the code of conduct for the year 2011-12.

**Board of Directors****(I) Composition:**

The Board of Directors of the Company comprises of a One Promoter Executive Director, and three Independent and Non Executive Directors with professional expertise and experience in their respective field.

The Board of Directors met four times during the year 2011-12 on 14th May, 2011, 11th August, 2011, 11th November 2011 and 14th February, 2012. All information laid down in corporate governance code are being placed before the board in regular manner.

The name of Board members, their attendance at Board Meetings and the number of other Directorships and Board Committee memberships held by them as on March 31, 2012 are given in the following table:

Name of the Director	Board meetings attended during the year	Attendance at last AGM (30.09.2011)	No. of other Directorship held	Membership of the Committees of other Companies
<b>EXECUTIVE DIRECTOR</b>				
Sh. Rajneesh Oswal	4	Present	5	1
<b>NON EXECUTIVE DIRECTORS</b>				
Sh. Raman Marwaha	4	Present	---	---
Sh. R. P. Gupta	4	Present	1	---
Sh. S. K. Sekhri	4	Not Present	1	---

**Audit Committee**

Company has constituted Audit Committee in compliance with the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The committee's terms and reference, authority and powers are in conformity with the requirements of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All financial statements are reviewed by the Audit Committee before submission to the Board.

There were four meetings of the committee during the year. The details of composition of committee and attendance at its meetings are given in the following table:

Name of Member	No. of Meetings Attended
Sh. Raman Marwaha	4
Sh. R. P. Gupta	4
Sh. S. K. Sekhri	4

**Share Transfer-cum-Investor Grievance Committee**

The Board has formed an investors' Grievance Committee named as Share Transfer-cum-Investor Grievance Committee to specifically look into the redressal of investors' complaint like transfer of shares, non receipt of balance sheet or non receipt of credit of shares into the De mat account etc. The committee also approves issue of duplicate share certificate(s) and overseas and reviews all matters connected with the share transfer.

The Share Transfer cum Investor Grievance Committee is headed by a Non-Executive Director and met twelve times during the year 2011-12. The detail of members and their attendance are given in the table

Name of Member	Meetings Held	Meetings Attended
Sh. R. P. Gupta (Chairman)	12	12
Sh. Rajneesh Oswal	12	10
Sh. Raman Marwaha	12	12

The company has designated the e.mail id "[cs@adinathtextiles.com](mailto:cs@adinathtextiles.com)" for the purpose of registering complaints by investors electronically. This e.mail id is displayed on the company's website.  
The details regarding the investor's complaints are as under

	No. of Complaints
Pending as on 01.04.2011	NIL
Received during the year	12
Resolved during the year	12
Pending as on 31.03.2012	NIL

#### REMUNERATION PAID TO DIRECTORS

Company has not paid any remuneration to its Executive Director. Sitting fee was paid to the Non Executive Directors during the year under consideration as per detail given below.

Name	Category	Sitting Fees for Board Meetings
Sh. R.P. Gupta	Independent Director	3000/-
Sh. Raman Marwaha	Independent Director	3000/-
Sh. S.K. Sekhri	Independent Director	3000/-

#### General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date of A.G.M	Time	Venue
2010 - 2011	September 30, 2011	11.00 AM.	Regd. Office of the Company at Vill. Bholapur, P.O. Shabana Chandigarh Road Ludhiana- 141123
2009 - 2010	September 28, 2010	11.30 AM.	---Do---
2008 - 2009	September 30, 2009	11.30 AM.	---Do---

There was no occasion to pass Special Resolutions through postal ballot on any of the matters as required under the rules for passing of resolution through Postal Ballot.

Further no such proposal is proposed to be placed for the shareholders approval in the forthcoming Annual General Meeting.

#### Disclosures

- The related party transactions are placed before Audit Committee. For the year 2011-12, there were no transactions of material nature with related parties which are not in the normal course of business. The related party transactions are disclosed in the Notes on Account to the Balance Sheet.
- There are no pecuniary relationships or transactions of non executive directors vis-à-vis Company that have a potential conflict with the interests of the company.
- The company has complied with requirements of the stock exchanges as well as the Regulations and Guidelines prescribed by the Securities & Exchange Board of India. There were no penalties or strictures imposed on the company by Stock Exchanges or SEBI, any statutory authority on any matter related to capital markets during last three years.  
Listing fee has been paid to the Bombay Stock Exchange and Ludhiana Stock Exchange Association Ltd. up to the F.Y. 2011-12. BSE has notified on 29<sup>th</sup> August, 2012 for restoration of trading in the shares of the company w.e.f. 4<sup>th</sup> September, 2012. The Company has also made application to the Ludhiana Stock Exchange Association Ltd. seeking restoration of trading under amnesty scheme and the approval of LSE is aviated. Company has also made applications for the voluntary delisting from the stock exchanges at Delhi, Chennai, Kolkata and Ahmdabad, which are pending for decision at end of respective stock exchange. Company has not paid listing fee to these stock exchanges in view of poor financial position.
- The company has complied with all mandatory requirements of clause 49 of listing agreement on corporate governance.

- e) As on 31<sup>st</sup> March, 2012 none of the non executive directors, is holding any equity shares of the company.  
 f) The company has a Whistle Blower Policy in place and it has not denied access to any personnel to approach the Management or the Audit Committee on any issue.  
 g) No director of the company is having any relationship with each other.

### Means of Communication

The Quarterly / Half-Yearly/ Annual Audited Results of the Company are sent to the Stock Exchanges after they were approved by the Board of Directors and communicated to the investors through publication in News Papers.

### General Share Holders Information

#### (i) Annual General Meeting

Date & Time: Saturday, the 29<sup>th</sup> day of September, 2012 at 11.00 A.M.

Place: Regd. office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana - 141 123.

#### (ii) Financial Year

The company's Financial Year starts from 1st April every year and conclude on 31st March, next year.

(iii) **Book Closure:** From Tuesday the 25th day of September 2012 to Saturday the 29th day of September 2012 (both days inclusive).

(iv) Company has not declared any dividend during the year 2011-12.

(v) **Listing Details:** The Equity shares of the Company are listed on

(i) The Stock Exchange, Mumbai, Pheroze Jeejeebhoy Towers, 25th floor, Dalal street, Mumbai - 400 001

(ii) The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana - 141 001

(iii) The Delhi Stock Exchange Association Limited, DSE House, Asaf Ali Road, New Delhi - 110 002

(iv) The Culcatta Stock Exchange Limited, 7, Lyons Range, Kolkata - 700001.

(v) The Madras Stock Exchange Limited, Post Bag No. 183, 11 Second Line Beach, Chennai - 600 001

(vi) The Ahmdabad Stock Exchange Limited, Kamdhenu complex, Panjara Road, Ahemdabad - 380015

Stock Code : BSE Code: 514113

(vi) Depositories for Equity Shares : National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

ISIN No. for the Companies Equity Shares : INE207C01019

(vii) Registrar and Share Transfer Agent.

The details of Registrar & Transfer Agents are as under

Name : Skyline Financial Services (P) Ltd.

Address : D-153/A 1<sup>st</sup> Floor, Okhla Industrial Area, Phase -1

New Delhi-110020

Phone No. : 011-26812682-83-84

Fax No. : 011-26812682

Contact Person : Mr. Subhash Aggarwal, Director.

(viii) The distribution of Company's shareholding is as follows :

NO OF SHARES		PHYSICAL FORM			D-MAT FORM		
		NO. OF SHARE HOLDERS	NO. OF SHARES HELD	PERCENTAGE OF SHARE CAPITAL HELD \$	NO. OF SHARE HOLDERS	NO. OF SHARES HELD	PERCENTAGE OF SHARE CAPITAL HELD \$
From 1	To 500	19813	2429195	35.65	3049	466594	6.85
501	1000	318	246580	3.62	149	119355	1.75
1001	2000	92	128820	1.89	66	94421	1.39
2001	3000	18	43150	0.63	20	49113	0.72
3001	4000	6	20050	0.30	7	24800	0.36
4001	5000	1	4850	0.07	4	18850	0.28
5001	10000	3	19070	0.28	9	58545	0.86
10001	above 10001	11	2617660	38.41	9	473297	6.94
<b>TOTAL</b>		<b>20262</b>	<b>5509375</b>	<b>80.86</b>	<b>3313</b>	<b>1304975</b>	<b>19.15</b>

\$ The above percentage is after excluding the shares forfeited but not re-allotted



**(ix) Share Transfer System:**

The Board has delegated the power of approving re-materlisation of shares, transfer and transmission cases, splitting- consolidation of share certificates and issue of duplicate share certificates etc. to the Share Transfer – cum – Investor Grievances Committee. A list of valid transfers prepared by Transfer Agent in respect of transfers received by them and objections, if any, are placed before the committee for approval/ confirmation.

The shares are accepted for registration of transfer at the Registered Office of the Company in addition to the office of Registrar & Transfer Agent, M/s Skyline Financial Services Private Ltd., New Delhi.

(x.) Market Price data: The monthly high and low stock quotations for the shares of the company at the Stock Exchange, Mumbai, during the last financial year are not available.

(xi.) The Company has not issued any GDR's / ADR's and there are no warrants or any convertible warrants.

**(xii.) Location of Plant:**

Adinath Textiles Ltd., Vill. Bholapur, P.O. Shabana, Chandigarh Road, Ludhiana

**(xiii.) Address for Correspondence:**

Adinath Textiles Limited, Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana (India) - 141 123

Ph. (0161) 2685271, 2685272  
Email : [cs@adinathtextiles.com](mailto:cs@adinathtextiles.com)

Fax. 91-161-2685270  
Website : [www.adinathtextiles.com](http://www.adinathtextiles.com)

**DECLARATION**

To  
The Members  
Adinath Textiles Limited

**DECLARATION BY THE EXECUTIVE DIRECTOR UNDER CLAUSE 49(1D) OF THE LISTING AGREEMENT**

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Directors and Senior Management Personnel as approved by the Board, for the Financial Year ended 31st March, 2012 in terms of clause 49 (1)(D)(ii) of the Listing Agreement entered with the Stock Exchanges.

Place : Ludhiana  
Date : 30th August 2012

(Rajneesh Oswal)  
Chairman & Executive Director

**Certificate on Compliance with the condition of Corporate Governance  
under clause 49 of the Listing Agreement**

To  
The Members  
Adinath Textiles Limited

We have examined the compliance of conditions of corporate governance by Shreyan Industries Limited ("the Company") for the year ended on 31<sup>st</sup> March, 2012 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and based on the presentation made by the Directors and Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

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

For P. S. Bathla & Associates.  
Company Secretaries

(P. S. Bathla)  
CP No. 2585

Place : Ludhiana  
Dated : 30th August, 2012

## AUDITORS REPORT

To,  
The Members  
ADINATH TEXTILES LIMITED

a) We have audited the attached Balance Sheet of ADINATH TEXTILES LIMITED, as at 31st March, 2012, Statement of Profit and Loss & 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.

b) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion, proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books. Though the net worth of the company has become negative (also refer to note no. 26 of notes to accounts) and the company have been declared as a Sick by BIFR and the draft rehabilitation package, as submitted through SBI (OA), is pending before the Hon'ble BIFR.

(iii) The Balance Sheet and Profit and Loss Statement dealt with by this report, are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet and Profit & Loss Statement dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of the section of The Companies Act, 1956.

(v) On the basis of written representation received from directors on 31<sup>st</sup> March 2012 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a director in term of clause (g) of sub section (1) of sec 274 of Companies Act, 1956.

(vi) We report that :-

1. We are unable to express our opinion regarding realization

of trade receivables amounting RS 12948488.89/- (previous year - 15426957) which are due for more than three years. However in the opinion of the management the said amount is recoverable, hence no provision has been made against the same.

2. Company is not having any whole time Company Secretary.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies & Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2012; and

b) In the case of Profit and Loss statement of the Profit for the period ended on that date.

c) In the case of Cash Flow Statement of the Cash Flows for the period ended on that date.

FOR DASS KHANNA & CO.  
CHARTERED ACCOUNTANTS  
Registration No. 000402N

PLACE : LUDHIANA  
DATED : 30-08-2012

(RAKESH SONI)  
PARTNER  
M.NO. 083142

(REFERRED TO IN PARAGRAPH (3) OF OUR REPORT EVEN DATE ON THE STATEMENT OF ACCOUNTS FOR ADINATH TEXTILES LIMITED AS AT AND FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012.)

(i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification, which, in our opinion, is reasonable, having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.

(c) The company has not disposed off substantial part of fixed assets which could effect it's going concern.

(ii) (a) The inventory has been physically verified during the year, by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventories, followed by the management, are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records, were not material.

(iii) (a) The company has not granted loans, secured or unsecured to companies, firms or other related covered in the register maintained under section 301 of the Act.

(b) The company has not taken loans from the parties covered in the register maintained under section 301 of the Act.

(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 the nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

(v) According to the information and explanations given to us, we are of the opinion that there was no contracts or arrangements that need to be entered in to the register maintained under section 301 of the Companies Act.

(vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposit with the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

(vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the accounts & records maintained by the company in pursuant to the rule made by the Central Government for maintenance of cost records under section 209(1) of the companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made & maintained.

(ix) (a) The company is regular in depositing with appropriate authorities undisputed. However company is irregular in depositing sales tax. The extent of arrear outstanding as at 31<sup>st</sup> March 2011 for a period of more than six month from the date they become payable are as under-

Nature of Dues	Amount in (Rs.)
Sales Tax	22,77,956
Entry Tax	2,37,798
Intt. on PF/ESI / Sale Tax	13,42,158

(b) According the records of the company, the disputed statutory dues aggregating to Rs. 16,95,001/- that have not been deposited on account of matters pending before the appellate authorities in respect of custom duty and excise duty are as follow

Forum where dispute is pending	Nature of Dues	Disputed Amount (Rs.)
Commissioner Central Excise & Customs, Chandigarh	Penalty	15,00,000 <sup>***</sup>

\*\* Note: However Rs. 500000/- has been deposited under protest.

(x) In our opinion, the company has accumulated losses more than its net worth.

(xi) In our opinion and according to the information and explanations given to us, there is not default w.r.t. to debenture holders.

(xii) We are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the company is not a chit fund or a nidhi /mutual benefit fund/ society.

(xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investment.

(xv) In our opinion, and according to the information and explanations given to us the company has not given guarantees for loans taken by others from banks or financial institutions.

(xvi) During the year company has not raised any term loan.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment except permanent working capital.

(xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to a parties covered in the register maintained under section 301 of the Act which are not prejudicial to the interest of the company.

(xix) According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures.

(xx) According to the information and explanations given to us, the company has not raised money by public issues.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**FOR DASS KHANNA & CO.**  
**CHARTERED ACCOUNTANTS**  
Registration No. 000402N

PLACE : LUDHIANA  
DATED : 30-08-2012

(RAKESH SONI)  
PARTNER  
M.NO. 083142

## BALANCE SHEET AS AT 31ST MARCH 2012

PARTICULARS	Note No.	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS :</b>			
(a) Share Capital	3	70,143,500	70,143,500
(b) Reserves & Surplus	4	(7,17,90,659)	(7,89,62,573)
		<u>(16,47,159)</u>	<u>(88,19,073)</u>
<b>(2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		0	0
<b>(3) NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	5	1,71,50,000	1,83,50,000
(b) Long-term provisions	6	4,39,731	4,09,177
		<u>1,75,89,731</u>	<u>1,87,59,177</u>
<b>(4) CURRENT LIABILITIES</b>			
(a) Short-term borrowings	7	3,05,621	13,05,621
(b) Trade Payables	8	3,37,19,139	4,53,37,396
(c) Other current liabilities	9	96,98,778	91,45,663
(d) Short-term provisions	10	8,93,306	10,44,572
		<u>4,46,16,843</u>	<u>5,68,33,252</u>
		<u>6,05,59,415</u>	<u>6,67,73,356</u>
<b>II ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed Assets	11		
(i) Tangible assets		2,11,85,738	2,20,44,915
(b) Non-current investments	12	1,71,250	1,71,250
(c) Other non-current assets	13	6,92,581	4,86,084
		<u>2,20,49,569</u>	<u>2,27,02,249</u>
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	14	15,32,569	23,51,551
(b) Trade receivables	15	2,97,28,629	3,49,06,722
(c) Cash and cash equivalents	16	30,34,901	39,69,113
(d) Short-term loans and advances	17	38,90,550	27,87,554
(e) Other current assets	18	3,23,198	56,166
		<u>3,85,09,846</u>	<u>4,40,71,107</u>
		<u>6,05,59,415</u>	<u>6,67,73,356</u>
Significant Accounting Policies	2		
The accompanying notes are an integral part of these financial statements.			

This is the Balance Sheet referred to in our report of even date.

FOR AND ON BEHALF OF THE BOARD

For Dass Khanna & Co.  
Chartered Accountants

(RAKESH SONI)  
Partner  
M.No. 83142

(RAJESH KUMAR)  
Manager A/C'S

(R.P. GUPTA)  
Director

(RAJNEESH OSWAL)  
Executive Director

PLACE : LUDHIANA  
DATED : 30.08.2012

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDING 31ST MARCH 2012

PARTICULARS	Note No.	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
I Revenue from operations	19	5,01,97,734	4,48,14,652
II Other income	20	80,89,120	39,42,572
III Total revenue ( I + II )		<u>5,82,86,854</u>	<u>4,87,57,223</u>
<b>IV EXPENSES :</b>			
Cost of Materials consumed	21	5,92,340	19,24,915
Purchases of stock-in-trade		3,50,25,000	3,00,00,110
Employee Benefits Expenses	22	41,10,447	43,81,403
Financial Expenses	23	1,268	1,375
Depreciaton and amortization		9,76,702	10,39,175
Other expenses	24	1,04,17,184	72,07,047
		<u>5,11,22,941</u>	<u>4,45,54,024</u>
V Profit before exceptional and extraordinary items and tax (III-IV)		7163913	42,03,199
VI Add: Exceptional items		0	0
VII Profit before extraordinary (V-VI)		<u>7163913</u>	<u>42,03,199</u>
VIII Extraordinary items		0	0
IX Profit before Tax (VII-VIII)		<u>7163913</u>	<u>42,03,199</u>
X Tax expenses:			
i) Current tax		0	0
ii) Deferred tax assets		0	0
iii) Tax expense relating to earlier years		8,000	0
XI Profit (Loss) for the period from continuing operators (IX-X-XIV)		<u>71,71,913</u>	<u>42,03,199</u>
XII Profit for the period (XI-XIV)		<u>71,71,913</u>	<u>42,03,199</u>
XII Earing per equity share (Nominal Value per share :Rs. 10/- (2011:Rs. 10/-)			
Basic (including extraordinary items)		1.05	0.62
Diluted (including extraordinary items)		1.05	0.62
Basic (excluding extraordinary items, net of tax expense)		1.05	0.62
Diluted (excluding extraordinary items, net of tax expense)		1.05	0.62

### Significant Accounting Policies

2

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

This is the Profit & Loss Statement referred to in our report of even date.

For And on Behalf of The Board

For Dass Khanna & Co.  
Chartered Accountants

(RAKESH SONI)  
Partner  
M.No. 83142

(RAJESH KUMAR)  
Manager A/C'S

(R.P. GUPTA)  
Director

(RAJNEESH OSWAL)  
Executive Director

PLACE : LUDHIANA  
DATED : 30.08.2012

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

PARTICULARS	DETAIL	2011-12	DETAIL	2010-11
<b>A CASH FLOW FROM OPERATIONS</b>				
Net Profit/(Loss) Before tax And Extraordinary Items		7171913		42,03,199
<b>Adjustment For Non Cash &amp; Non Operating Items :</b>				
Depreciation	9,76,702		10,39,175	
Interest Received	(12,831)		(14,104)	
Financial (Bank Charges) Expenses	1,268		1,375	
Loss on Sale of Fixed Assets Sold	1,83,012		0	
Gain on Sale of Fixed Assets Sold	(1,47,526)		(1,23,030)	
Rental Income	(71,80,973)		(31,86,045)	
	<u>(61,80,348)</u>	(61,80,348)	<u>(22,82,629)</u>	(22,82,629)
Operating Profit Before Working Capital Changes		9,91,566		19,20,570
<b>Adjustment For Working Capital</b>				
Decrease in Trade Recievable	51,78,093		1,35,81,203	
Decrease in Inventory	8,18,982		1,25,415	
Decrease in Trade Payables	(1,16,18,257)		(3,14,06,606)	
Increase/(Decrease) in short term loans & advances	(1576524)		21,29,281	
Repayment of Short term Borrowings	(10,00,000)		(20,00,000)	
Increase in other Current Liabilities	5,53,114		6,03,403	
Increase/(Decrease) In Provision for Employee Benefits	(1,20,712)		4,47,932	
	<u>(77,65,303)</u>	77,65,303	<u>(1,65,19,394)</u>	(1,65,19,394)
Cash Flow From Operating Activities Before Tax & Extraordinary Items		(67,73,737)		(1,45,98,824)
Interest received on Income Tax Refund	12,831		14,104	
Taxes Paid	0		0	
	<u>12,831</u>	12,831	<u>14,104</u>	14,104
Net Cash From Operating Activities		(67,60,906)		(1,45,84,720)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase Of Fixed Assets	(5,46,369)		(61,562)	
Purchase Of Equity Shares	0		(1,71,250)	
Sale Of Fixed Assets	2,45,832		1,03,569	
Rental Receipt	71,80,973		31,86,045	
Gain On Sale Of Fixed Assets Sold	1,47,526		1,23,030	
Net Cash Genrated in Investing Activities	<u>70,27,962</u>	70,27,962	<u>31,79,832</u>	31,79,832

PARTICULARS	DETAIL	— 2011-12	DETAIL	2011-12
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Repayment Of Long Term Borrowings	(12,00,000)		1,43,50,000	
Financial (Bank charges)Expenses	(1,268)		(1,375)	
<b>Net Cash Genrated/(used) in Financing Activities</b>	<u>(12,01,268)</u>	(12,01,268)	<u>1,43,48,625</u>	1,43,48,625
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(9,34,212)</b>		<b>29,43,737</b>
Opening Cash and Cash Equivalents		39,69,113		10,25,376
Closing Cash and cash Equivalents		30,34,901		39,69,113

This is the Profit & Loss Statement referred to in our report of even date.

For And on Behalf of The Board

For Dass Khanna & Co.  
Chartered Accountants

**(RAKESH SONI)**  
Partner  
M.No. 83142

**(RAJESH KUMAR)**  
Manager A/C'S

**(R.P. GUPTA)**  
Director

**(RAJNEESH OSWAL)**  
Executive Director

PLACE : LUDHIANA  
DATED : 30.08.2012



PARTICULARS	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
<b>3 SHARE CAPITAL</b>		
<b>(a) AUTHORISED</b>		
9900000 Equity Shares of Rs. 10/-each	9,90,00,000	9,90,00,000
10000, 11% Redeemable Non-cumulative preference shares of RS 100/- each	10,00,000	10,00,000
	<u>10,00,00,000</u>	<u>10,00,00,000</u>
<b>(b) ISSUED AND SUBSCRIBED</b>		
8616800 Equity Shares of Rs.10/- each.	8,61,68,000	8,61,68,000
2000, 11% Redeemable Non-cumulative preference shares of RS 100/- each	2,00,000	2,00,000
	<u>8,63,68,000</u>	<u>8,63,68,000</u>
<b>(C) PAID UP CAPITAL</b>		
6814350 Equity Shares of Rs.10/- each.	6,81,43,500	6,81,43,500
2000, 11% Redeemable Non-cumulative preference shares of RS 100/- each*.	2,00,000	2,00,000
Add : Shares Forfeited (Amount originally paid up)	18,00,000	18,00,000
	<u>7,01,43,500</u>	<u>7,01,43,500</u>

\*Note:- 11% Non-cumulative Preference Shares will be redeemed with in the period specified under section 80 of the Company Act, 1956 as amended from the date of allotment i.e.29.11.1998 or earlier at the discretion of Board of Directors.

**(D) Reconciliation of shares outstanding at the beginning and at the end of the reporting period.**

PARTICULARS	As at 31/03/2012		As at 31/03/2011	
	No. of Shares	Amount Rs.	No. of Shares	Amount Rs.
Opening Equity Shares	68,14,350	6,81,43,500	68,14,350	6,81,43,500
Addition during the year.	0	0	0	0
Closing Equity Shares	<u>68,14,350</u>	<u>6,81,43,500</u>	<u>68,14,350</u>	<u>6,81,43,500</u>
Opening Preference Shares	2,000	2,00,000	2,000	2,00,000
Addition during the year.	0	0	0	0
Closing Preference Shares	<u>2,000</u>	<u>2,00,000</u>	<u>2,000</u>	<u>2,00,000</u>

**(E) Shareholders holding more than 5% of share capital.**

Name of Shareholder/ Class of Equity shares	As at 31/03/2012		As at 31/03/2011	
	No. of Shares	% of Holding EQUITY SHARES	No. of Shares	% of Holding EQUITY SHARES
(i) Shreyans Industries Ltd.	19,80,000	29.06	19,80,000	29.06

PARTICULARS	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
<b>4 RESERVES AND SURPLUS</b>		
<b>(A) Securities Premium Reserve</b>		
Opening Balance	6,95,07,250	6,95,07,250
Add: Addition During the year	0	0
	<u>6,95,07,250</u>	<u>6,95,07,250</u>
<b>(B) Capital Reserve</b>		
Opening Balance	12,000	12,000
Add: Addition During the year	0	0
	<u>12,000</u>	<u>12,000</u>

PARTICULARS	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
<b>(C) Surplus</b>		
Opening Balance	(14,84,81,823)	(15,26,85,021)
Add: Addition During the year	71,71,913	42,03,199
	<u>(14,13,09,909)</u>	<u>14,84,81,823</u>
<b>TOTAL :</b>	<u>(7,17,90,659)</u>	<u>(7,89,62,573)</u>

PARTICULARS	NON CURRENT PORTION		NON CURRENT PORTION	
	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
<b>5 LONG-TERM BORROWINGS</b>				
<b>(A) UNSECURED LOANS</b>				
(i) From Others (Interest free loan is Repayable on or after 2013.)	1,71,50,000	1,83,50,000	0	0
<b>TOTAL :</b>	<u>1,71,50,000</u>	<u>1,83,50,000</u>	<u>0</u>	<u>0</u>

PARTICULARS	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
<b>6 LONG-TERM PROVISIONS</b>		
Provision for employee benefits - Gratuity	4,39,731	4,09,177
	<u>4,39,731</u>	<u>4,09,177</u>
<b>7 SHORT TERM BORROWINGS</b>		
<b>UNSECURED LOANS</b>		
Loans & Advances from related parties From Director (Interest free)	3,05,621	13,05,621
	<u>3,05,621</u>	<u>13,05,621</u>
<b>8 TRADE PAYABLES</b>		
<b>Sundry Creditors</b>		
Total Outstanding to Small, Medium & Micro enterprises	0	0
Total Outstanding to other than Small, Medium & Micro enterprises	3,37,19,139	4,53,37,396
<b>TOTAL :</b>	<u>3,37,19,139</u>	<u>4,53,37,396</u>

The Micro, Small and Medium Enterprises Development Act, 2006 has come into force with effect from October 2, 2006. As per the Act, the company is required to identify the Micro and Small Vendors/Service providers and pay interest to them on overdue beyond the specified period irrespective of the terms agreed upon. The company has not received any confirmation from its Vendors/Service Providers regarding their status of registration under the said Act, which has been relied upon by the auditors, hence prescribed disclosures under Section 22 of the said Act has been provided.

PARTICULARS	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
<b>9 OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long-term debt	0	0
(b) Income received in advance	95,550	34,876
(c) Other Payables		
i) Statutory Duties & Taxes	26,24,514	25,30,808
ii) Employee Benefits	21,87,961	24,78,675
iv) Advance from Customer	2,08,226	2,09,928
v) For Expenses	32,49,527	25,78,377
vi) Securities Payables	13,33,000	13,13,000
<b>TOTAL :</b>	<u>96,98,778</u>	<u>91,45,663</u>
<b>10 SHORT-TERM PROVISIONS</b>		
<b>Provision for Employee benefits.</b>		
- Leave encashment	4,29,029	5,27,662
- Gratuity	4,64,277	5,16,909
<b>TOTAL :</b>	<u>8,93,306</u>	<u>10,44,572</u>

## 11 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01/04/2011 Rs.	Addition during the year Rs.	Sale/ Adjustment during the year Rs.	As at 31/03/2012 Rs.	As at 01/04/2011 Rs.	Adjustment during the year Rs.	Provided for the year Rs.	As at 31/03/2012 Rs.	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
Land	8,68,977	0	0	8,68,977	0	0	0	8	8,68,977	8,68,977
Building	3,34,78,206	0	3,81,054	3,30,97,162	1,56,98,339	1,55,999	8,35,894	1,63,78,236	1,67,18,917	1,77,79,866
Plant & Machinery	5,32,36,495	0	1,16,646	6,31,19,849	5,04,19,889	1,10,814	30,753	6,03,39,828	27,80,021	28,16,606
Furniture, Fixture & Other Equipment	22,97,711	2,013	0	22,99,724	19,45,605	0	66,342	20,11,947	2,87,777	3,52,106
Vehicles	4,26,304	5,44,356	4,26,304	6,44,366	1,98,944	2,28,347	43,713	14,310	6,30,046	2,27,360
<b>Total</b>	<b>9,03,07,692</b>	<b>5,46,369</b>	<b>9,24,004</b>	<b>8,99,30,068</b>	<b>6,82,62,777</b>	<b>4,95,160</b>	<b>9,76,702</b>	<b>6,87,44,320</b>	<b>2,11,86,738</b>	<b>2,20,44,915</b>
Previous Year	9,84,82,585	61,562	1,03,569	9,84,40,678	7,53,56,488	0	10,39,175	7,63,96,663	2,20,44,916	-----

PARTICULARS	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
<b>12 NON-CURRENT INVESTMENTS</b>		
Other Investment (At Cost)		
21500 equity shares of RS 10/- Each fully paid up of Fountain Tie-Up Pvt. Ltd	1,71,250	1,71,250
<b>Aggregate amount of unquoted investment</b>	<u>1,71,250</u>	<u>1,71,250</u>
<b>13 OTHER NON-CURRENT ASSETS</b>		
Unsecured, Considered Goods		
Others		
Security Deposits	6,92,581	4,86,084
<b>TOTAL :</b>	<u>6,92,581</u>	<u>4,86,084</u>
<b>14 INVENTORIES</b>		
<b>STOCK &amp; STORES</b>		
(Taken as valued and certified by the Management)		
Raw Materials	1,13,500	7,05,840
Work In Process	0	0
Stores & Spares	13,67,212	14,97,212
Others (scrap of machinery)	51,857	1,48,499
<b>TOTAL :</b>	<u>15,32,569</u>	<u>23,51,551</u>
<b>15 TRADE RECEIVABLES</b>		
Outstanding for a period exceeding six months from the date they become due.		
- Unsecured, consider good	19,91,106	2,78,821
- Doubtful	1,51,58,489	1,54,26,957
Less: Provision For Doubtful Debts	<u>22,10,000</u>	<u>0</u>
	1,49,39,595	1,57,05,778
ii) Other Debts	1,47,89,034	1,92,00,944
<b>TOTAL :</b>	<u>2,97,28,629</u>	<u>3,49,06,722</u>
<b>16 CASH AND CASH EQUIVALENTS</b>		
(A) Balance With Banks in Current Accounts	5,82,418	14,34,976
(B) Cheques in hand	6,00,000	3,00,000
(C) Cash in Hand Including Imprest	18,52,483	22,34,137
<b>TOTAL :</b>	<u>30,34,901</u>	<u>39,69,113</u>
<b>17 SHORT TERM LOAN AND ADVANCES</b>		
<b>UNSECURED, CONSIDERED GOODS</b>		
Others		
i) Advance to Suppliers	8,24,890	0
ii) Advance to Employees	67,796	13,375
iii) Advance tax	5,75,605	2,48,121
iv) Prepaid Expenses	9,006	11,717
v) Excise duty receivable	4,70,652	4,70,652
vi) sales Tax Receivable	12,55,732	12,55,732
vii) Vat input	1,13,967	1,17,741
viii) Service Tax input	70,402	0
ix) custom duty receivable	5,00,000	5,00,000
x) Expenses Receivable	2,500	1,70,217
<b>TOTAL :</b>	<u>38,90,550</u>	<u>27,87,554</u>

PARTICULARS	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
<b>18 OTHER CURRENT ASSETS</b>		
Others		
i) Rent receivable	3,23,198	56,166
TOTAL :	<u>3,23,198</u>	<u>56,166</u>
<b>19 REVENUE FROM OPERATIONS</b>		
<b>(A) Sale of products</b>		
(a) Finished Goods		
Yarn	8,29,224	32,48,822
(b) Traded Goods		
Unstitched Suitings, Shirtings & Dress Materials	4,17,23,750	3,45,00,127
<b>(B) Sale of services</b>		
Job Charges Received (Yarn manufacturing)	76,44,760	70,65,703
TOTAL :	<u>5,01,97,734</u>	<u>4,48,14,652</u>
<b>20 OTHER INCOME</b>		
Interest received	12,831	14,104
Rent	71,80,973	31,86,045
Excess provision written back	3,528	0
Sundry Balances written back	6,84,227	2,86,773
Sale of machinery scrap	1,47,526	1,23,030
Miscellaneous income	60,035	3,32,620
TOTAL :	<u>80,89,120</u>	<u>39,42,572</u>
<b>21 COST OF MATERIALS CONSUMED</b>		
Opening Stock of Raw Material		
Yarn	7,05,840	6,00,605
Add : Purchases of Yarn	0	20,30,150
	<u>7,05,840</u>	<u>26,30,755</u>
Less : Closing Stock of Raw Material		
Yarn	1,13,500	7,05,840
TOTAL :	<u>5,92,340</u>	<u>19,24,915</u>
<b>22 EMPLOYEES BENEFITS EXPENSE</b>		
Salaries, Wages & Other Allowances	40,48,941	43,53,398
Staff & Labour Welfare	61,506	28,005
TOTAL :	<u>41,10,447</u>	<u>43,81,403</u>
<b>23 FINANCE COST</b>		
Bank Charges & Commission	1,268	1,375
	<u>1,268</u>	<u>1,375</u>

PARTICULARS	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
<b>24 OTHER EXPENSES</b>		
<b>(A) MANUFACTURING EXPENSES</b>		
Stores & Spares	3,93,905	4,26,790
Packing Expenses	2,18,910	2,89,591
Power and Fuel	37,61,720	38,51,532
Repairs to Machinery	1,24,348	1,74,810
<b>SUB TOTAL :</b>	<u>44,98,883</u>	<u>47,42,723</u>
<b>(B) ADMINISTRATIVE EXPENSES</b>		
Rent	12,000	12,000
Insurance	50,269	61,955
Listing Fees	10,85,750	80,142
Legal & Professional Expenses	7,17,000	5,221,86
Deemat Charges	86,032	94,842
Directors Sitting Fees	9,000	6,750
Canteen Expenses	93,022	1,02,826
Fees & Taxes	2,52,996	2,54,996
Loss on sale of fixed asset	1,83,012	0
Travelling Expenses		
- Directors	0	0
- Others	1,14,490	1,40,070
Auditors Remuneration		
- Audit Fee	20,000	15,000
- Tax Audit	5,000	5,000
- Service Tax	0	2,060
- Cost Audit Fees	2,500	0
Vehicle Expenses	1,05,339	70,738
Other Expenses	3,15,728	9,45,143
<b>SUB TOTAL :</b>	<u>30,52,138</u>	<u>23,13,708</u>
<b>(C) SELLING EXPENSES</b>		
Advertisement	36,793	17,042
Commission	85,036	1,26,331
Provision For Doubtful debts	22,10,000	0
Sundry Balances Written off	5,32,153	4,473
Freight & Cartage Outward	2,180	2,770
<b>SUB TOTAL :</b>	<u>28,66,162</u>	<u>1,50,616</u>
<b>GRAND TOTAL :</b>	<u>1,04,17,184</u>	<u>72,07,047</u>

**1 GENERAL INFORMATION**

ADINATH TEXTILES LIMITED is a public limited company incorporate in India under the provisions of the Companies Act, 1956. The company is engaged in the business of Manufacturing of Blended acrylic Yarn and Trading of Unstitched Suitings, Shirtings & Dress Materials.

**2 SIGNIFICANT ACCOUNTING POLICIES****A. Accounting Conventions:**

The company's financial statements have been prepared in accordance with the historical cost convention on accrual basis of accounting, as applicable to going concern in accordance with generally accepted accounting principle in india, mandatory accounting standards prescribed in the companies (Accounting Standards) Rules 2006 issued by Central Government in consultation with the provisions of companies act, 1956 to the extent applicable. The financial statements are presented in Indian rupees.

All assets and liabilities have been classification as current or non current as per company's normal operating cycle and other criteria set out in the Revised Schedule IV of Companeis Act, 1956. Based on the nature of business, the company has ascertained its operating cycle as 12 months for the purpose of current or non current classification of Assets and liabilities.

**B. Revenue Recognition**

1. Sales are recognized at the time of delivery of goods from the factory, net of trade discount & sales tax.
2. Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable

**C. Fixed Assets**

Fixed assets are stated at cost of acquisition and inclusive of inward freight, duties & taxes & incidental expenses related to acquisition net of capital subsidy relating to specific fixed assets.

**D. Inventory Valuation**

Inventories are valued at cost or net realizable price whichever is lower except scrap at net realisable value.

The cost formula used for valuation of inventories are:-

1. In respect of raw material and stores and spares have been valued at cost on FIFO basis.
2. cost of stores & spares is calculated at weighted average of cost plus direct expenses.
3. Wastes are valued at net realisable value.

**E. Depreciation**

Depreciation has been provided on Straight Line basis in term of Schedule XIV to the Companies Act 1956. Assets costing Rs. 5000/- or less acquired during the year are depreciated at 100%.

**F. Accounting for Taxes on Income**

Deferred Tax is recognized subject to the consideration of Prudence on timing differences, being the difference between Taxable Income and Accounting Income that originate in one period and are capable of reversal on one or more subsequent periods. Deferred Tax Assets are not recognized on unabsorbed depreciation and carry forwards of Losses unless there is virtual certainty that sufficient future Taxable income will be available against which such deferred Tax Assets can be realized.

**G. Employee Benefits**

- i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss statement of the year in which the related service is rendered.
- ii) Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provision Act, 1952 and is charged to the Profit and Loss statement.
- iii) Gratuity  
The liability for Gratuity is provided on the basis of actuarial valuation at the end of financial year.
- iv) Provision for leave encashment is made on the basis of actuarial valuation the close of the year.

**H. Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past event and it is probable that there will be outflow of resources. Contingent liability, which are considered significant and material by the company, are disclosed in the Notes to Accounts. Contingent Assets are neither recognised nor disclosed in financial statements.

**I. Investments**

Long term investments are carried "at cost" Less Provision, if any, for diminution in value, which is other than temporary.

- J.** The Company is a single segment company engaged in manufacturing of blended acrylic yarn. Accordingly the disclosure requirement as prescribed in the Accounting Standard (AS) -17 on Segment Reporting issued by the institution of Chartered Accountants of India is not applicable.

**K. Earning Per Share**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earning considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preferences dividends and any attributable tax thereto for the period.

**L. Leases**

Rent income from factory building given on operating lease, which can be renewed by the mutual consent of the parties after the expiry date, is recognised as income in the profit & loss statement

**25 CONTINGENT LIABILITIES NOT PROVIDED FOR :**

- a) Outstanding Excise Duty (Penalty) of Rs. 1500000/-\*\*.

\*\* Note: The amount includes Rs.500000/- has been deposited under protest.

- 26** In the opinion of the Board of Directors, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated except as expressly stated otherwise.

- 27** Since the company has become sick and has been registered with the Board for Industrial and Financial Reconstruction.



- 28 Confirmation of balances, whether in debit or credit from parties have not been obtained. As such their effect on Profit & Loss Account cannot be reflected.
- 29 As per Accounting Standard (AS)-28 on "Impairment of Assets" At each Balance Sheet date, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.
- 30 Earning Per Share- The numerators and denominators used to calculate Basic and Diluted Earning per Share.

PARTICULARS	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
1. Profit Attributable to the Equity Shareholders (A)	71,71,913	42,03,198
2. Basic/Weighted average no. of Equity Shares o/s o/s during the Year (B)	68,14,350	68,14,350
3. Nominal Value of Share Rs.	10	10
4. Basic/Diluted E.P.S. Rs.(A)/(B)	1.05	0.62

- 31 Previous year figures have been regrouped/recasted wherever necessary to make them comparable.
- 32 The position of Deferred Tax & Deferred Tax liability as at 31st March 2011 is as under:

PARTICULARS	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
<b>Deffered Tax assets arising on account of:</b>		
On account of unabsorbed depreciation & b/f losses	63.49	124.51
Less DTL : On account of timing Difference of depreciation	32.06	34.31
<b>Deffered Tax assets (Net)</b>	<b>31.43</b>	<b>90.20</b>

The deferred tax asset has not been recognized in the books of accounts in view of there being no virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

- 33 As the allotment money on 480 Fully convertible Debentures, out of 3,80,880 Fully convertible Debentures issued during 1989-91 has not been received as on 31.3.2012, the same have not been converted into equity shares.
- 34 Sundry Debtors exceeding six month includes Rs.12948488.89/- which are outstanding for more than three years, however the company has filed suits against some of the debtors whose outstanding amount as on 31.03.2012 is Rs.5076837

**35** Detail of transactions entered into with the related parties during the year as required by Accounting Standard (AS)-18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India are as under:

**A Transactions with the related parties**

(In Rs.)

Name of Transactions during the year	Associate	Key Management Personnel	Relatives of Key Management Personnel
Remuneration	NIL	NIL	NIL
Salary	NIL	NIL	NIL
Interest paid	NIL	NIL	NIL
Rent Paid	NIL	NIL	NIL
Loan Taken	NIL	NIL	NIL
Loan Repaid	NIL	(1,50,000)	NIL
	NIL	10,00,000	NIL
	(45,90,000 Cr.)	(21,50,000)	NIL
Opening Balance	3,72,094 Cr.	13,05,620 Cr.	NIL
	(4,62,72,094 Cr)	(33,05,620 Cr.)	NIL
Closing Balance	3,72,094 Cr	3,05,620 Cr.	NIL
	(3,72,094 Cr)	(13,05,620 Cr)	NIL

\* Note : Amounts shown in bracket relates to previous year figures.

**A Key Management Personnel and relatives of Key Management Personnel:**

**1. Key Management Personnel:**

- i) Rajneesh Oswal (Executive Director)

**2. Relatives of Key Management Personnel**

- i) Mr. Vishal Oswal (Brother)  
ii) Mr. Kunal Oswal (Brother)  
iii) Mrs. Priti Oswal (Wife)  
iv) Mrs. Nirmal Oswal (Mother)

**B Associates:**

- i) Shreyans Industries Limited.

**C Entities Over Which Key Management Personnel and Relatives of Such Personnels are able to Exercise Significant Influence**

- i) Punctual Dealers Private Limited

**36 Employee Benefits (Defined Benefit Plan)**

The employee's gratuity fund scheme managed by the Trust is a defined benefits plan. The present value of obligation is determined based on the actuarial valuation using the Project unit Credit Method, which recognised each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

**1 Changes in the present value of obligation:-**

PARTICULARS	As at 31/03/2012		As at 31/03/2011	
	Gratuity (Unfunded)	Leave (Unfunded)	Gratuity (Unfunded)	Leave (Unfunded)
Present value of obligation at the beginning of the period	5,65,533	4,47,109	3,31,245	2,44,105
Interest cost	44,662	34,671	27,721	20,187
Current service cost	1,01,121	1,28,476	1,17,110	1,40,921
Benefits paid	(1,04,360)	(97,182)	(10,240)	(13,226)
Actuarial (Gain)/Loss on obligation	(63,501)	(1,55,210)	99,697	55,122
Present Value of obligation at the end of period	5,43,455	3,57,864	5,65,533	4,47,109

**2 fair value of plan asset:-**

PARTICULARS	As at 31/03/2012		As at 31/03/2011	
	Gratuity (Unfunded)	Leave (Unfunded)	Gratuity (Unfunded)	Leave (Unfunded)
Fair value of plan assets at the beginning of the period	-----	-----	-----	-----
Actual return on plan assets	-----	-----	-----	-----
Contribution	-----	-----	-----	-----
Withdrawals/ Benefits Paid	-----	(13,226)	-----	(97,182)
Fair value of plan assets at the end of the period	-----	-----	-----	-----
Present value of obligation at the end of the period	5,43,455	4,47,109	5,65,533	3,57,864
Funded status	(5,43,455)	(4,47,109)	(5,65,533)	(3,57,864)

**3 Actuarial gain/(loss) recognised:-**

PARTICULARS	As at 31/03/2012		As at 31/03/2011	
	Gratuity (Unfunded)	Leave (Unfunded)	Gratuity (Unfunded)	Leave (Unfunded)
Actuarial gain/(loss) on obligation	63,501	1,55,210	(99,697)	(55,122)
Actuarial gain/(loss) on plan assets	-----	-----	-----	-----
Total (gain)/loss	(63,501)	(1,55,210)	99,697	55,122
Actuarial (gain)/loss recognized in the period	(63,501)	1,55,210	99,697	55,122
Unrecognized actuarial (gain)/loss at the end of the period	-----	-----	-----	-----

**4 Amount to be recognised in the balance sheet:-**

PARTICULARS	As at 31/03/2012		As at 31/03/2011	
	Gratuity (Unfunded)	Leave (Unfunded)	Gratuity (Unfunded)	Leave (Unfunded)
Unrecognized actuarial (gain)/loss at the end of the period	5,43,455	3,57,864	5,65,533	4,47,109
Unrecognized actuarial (gain)/loss at the end of the period	-----	-----	-----	-----
Funded status	(5,43,455)	(3,57,864)	(5,65,533)	(4,47,109)
Unrecognized actuarial (gain)/loss at the end of the period	-----	-----	-----	-----
Net assets/(liability) recognized in the balance sheet	5,43,455	3,57,864	5,65,533	4,47,109

## 5 Expenses recognised in the profit and loss statement:-

PARTICULARS	As at 31/03/2012		As at 31/03/2011	
	Gratuity (Unfunded)	Leave (Unfunded)	Gratuity (Unfunded)	Leave (Unfunded)
Current service cost	1,01,121	128476	117110	140921
Interest cost	44,662	34671	27721	20,187
Expected return on plan assets	-----	-----	-----	-----
Actuarial (gain)/loss recognized on the period	(63,501)	(155210)	99697	55122
Expenses recognized in the statement of profit and loss	82,282	7937	244528	216230

## 6 Principal actuarial assumptions at the balance sheet date:-

PARTICULARS	As at 31/03/2012		As at 31/03/2011	
	Gratuity (Unfunded)	Leave (Unfunded)	Gratuity (Unfunded)	Leave (Unfunded)
Imputed rate of interest	8.70% p.a.	8.70% p.a.	8.50% p.a.	8.50% p.a.
Future salary rise	8.00 % p.a.	8.00 % p.a.	9.00 % p.a.	9.00 % p.a.
Remaining working life	17.83 years	17.83 years	17.63 years	17.63 years
Method of Valuation	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

## 37 Disclosure requirement as per AS - 19 on 'Leases':-

factory building is given on Lease to different parties for the period varies between 1 to 7 years.

General description of the Lease agreement:

lease agreement can be terminated by either party by giving advance notice either by lessee or lessor.

Lessee can not sublet the building further.

lease rent is subject to yearly increase by 10%.

PARTICULARS	2011-12	2010-11
Future minimum lease payments under non cancellable operating leases	2,79,18,382	3,41,12,807
Not later than one year	72,10,671	61,94,425
Later than one year & not later than five years	2,07,07,711	2,32,70,321
Later than five years	0	46,48,061
Lease income recognised in the profit & loss statement	71,80,973	31,86,045

### 38 i) Value Of Raw Material, Stores And Spares Consumed

PARTICULARS	Indigenous		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Raw materials	6,70,518	19,93,715	87.21%	73.41%
Stores & Spares	66,550	1,45,272	96.24%	94.20%

PARTICULARS	Imported		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Raw materials	0	0	0	0
Stores & Spares	63,450	46,476	92%	93%

### ii) Purchase of Traded Goods

PARTICULARS	Current Year	Previous Year
Unstitched Suitings, Shirtings & Dress materials	3,50,25,000	3,00,00,110
<b>TOTAL</b>	<b>3,50,25,000</b>	<b>3,00,00,110</b>

### 39 C.I.F. value of Imports - NIL

These are the notes to financial statements referred to in our report of even date. For And on Behalf of The Board

For Dass Khanna & Co.  
Chartered Accountants

(RAKESH SONI)  
Partner  
M.No. 83142

(RAJESH KUMAR)  
Manager A/C'S

(R.P. GUPTA)  
Director

(RAJNEESH OSWAL)  
Executive Director

PLACE : LUDHIANA  
DATED : 30.08.2012

**ADINATH TEXTILES LIMITED**

Regd. Office : Village Bholapur, P.O. Sahabana  
Chandigarh Road, Ludhiana - 141 123.

**PROXY FORM**

FOLIO NO/Client ID.....

I/We.....  
Of.....being a member /members  
Of.....or failing.  
him/her.....  
of.....

as my/our proxy to vote for me/us on my/our behalf at the 32ND ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 29th day of Sept., 2012 at 11.00 A.M. at Registered Office of the Company and at any adjournment thereof.

Signed this.....day of.....2012.

Signature.....

AFFIX
RS. 1/-
Revenue
Stamp

**NOTE :**

The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. The proxy need not be a member of the Company.

CUT HERE

**ADINATH TEXTILES LIMITED**

Regd. Office : Village Bholapur, P.O. Sahabana  
Chandigarh Road, Ludhiana - 141 123.

**ATTENDANCE SLIP**

I here by record my presence at the 32ND ANNUAL GENERAL MEETING of the Company held on Saturday, the 29th September, 2012 at 11.00 A.M. at the Registered Office of the Company Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana - 141 123.

Full Name of the Shareholder  
(IN BLOCK LETTERS)

Signature

Folio No.....  
Full Name of Proxy.....  
(IN BLOCK LETTERS)

Client ID. ....  
D. P. ID. ....

- NOTE :**
1. The Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
  2. A proxy need not be a member.

If undelivered, please return to :  
**ADINATH TEXTILES LIMITED**  
Village Bholapur, P.O. Sahabana,  
Chandigarh Road, Ludhiana - 141 123.