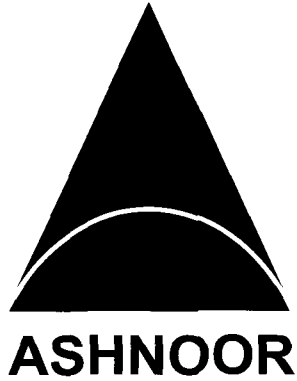


ASHNOOR

Annual Report

2011-2012

Ashnoor Textile Mills Limited



Board of Directors

- | | |
|------------------------------|--------------------------------|
| 1. Mr. Suneel Gupta | Chairman and Managing Director |
| 2. Dr. (Mrs.) Sangeeta Gupta | Whole-time Director |
| 3. Mr. Abhinav Gupta | Director |
| 4. Mr. Inder Mohan Agarwala | Director |
| 5. Ms. Pallavi Agarwal | Director |
| 6. Mr. Piyush Gupta | Director |

Registered Office and Factory

Behrampur Road
Village Khandsa
District Gurgaon
Haryana - 122 001

Auditors

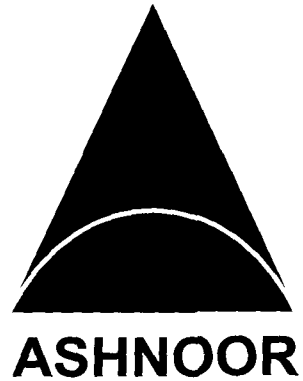
Messrs KSA & Co.,
Chartered Accountants
New Delhi - 110 014

Bankers

Bank of Baroda
International Business Branch
Bank of Baroda Building,
1, Sansad Marg
New Delhi - 110 001

Registrar

Messrs Link Intime India Private Limited
A-40, 2nd Floor
Naraina Industrial Area, Phase-II,
Near Batra Banquet Hall
New Delhi - 110 028



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ASHNOOR TEXTILE MILLS LIMITED

NOTICE

NOTICE is hereby given that 29th Annual General Meeting of the members of the Ashnoor Textile Mills Limited will be held on Saturday, September 29, 2012, at 9.30 a.m. at the Registered Office of the Company at Behrampur Road, Village Khandsa, District Gurgaon, Haryana-122001, to transact the following businesses:-

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at March 31, 2012 and the Profit and Loss Account for the year ended on that date together with the Report of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. Inder Mohan Aggarwala, who retires by rotation and, being eligible, offers him for re-appointment.
3. To appoint a Director in place of Ms. Pallavi Agarwal who retires by rotation and, being eligible, offers him for re-appointment.
4. To appoint Auditors of the company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

By order of the Board

Suneel Gupta
Chairman and Managing Director

Place : Gurgaon
Date : August 7, 2012
Registered Office:
Village Khandsa,
Behrampur Road,
Gurgaon, Haryana-122001

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURN, DULY COMPLETED, AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, September 24, 2012 to Saturday, September 29, 2012 (both days inclusive).
3. Members holding shares in physical form are requested to notify change in address, if any, to are requested to the Company at its registered office or to the Registrar and Share Transfer Agent – Messrs Link Intime India Private Limited, A-40, 2nd Floor, Nariana Industrial Area-II, Near Batra Banquet Hall, New Delhi-110028.
4. Members holding shares in electronic/demat form are requested to notify change in their address, if any, to their Depository Participant.
5. Members are requested to register their e-mail address and changes therein from time to time with the company and the concerned depository.
6. Members are requested to kindly bring their copies of Annual Report alongwith duly filled admission slips for attending the meeting.
7. Members are requested to kindly quote share folio number/Client ID No. in all their correspondence.
8. In case of joint holder attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
9. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing its representatives to attend and vote on its behalf at the meeting.

By order of the Board

Suneel Gupta
Chairman and Managing Director

Place : Gurgaon
Date : August 7, 2012
Registered Office:
Village Khandsa,
Behrampur Road,
Gurgaon, Haryana-122001

ASHNOOR TEXTILE MILLS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their 29th Annual Report on the affairs of the Company together with the Audited Accounts for the financial year ended on March 31, 2012.

Financial Results

Rupees in lakhs

PARTICULARS	2011-2012	2010-2011
Revenue from operations	4522.55	6090.20
Gross Profit prior to financial overheads and depreciation	168.68	328.96
Financial Overheads	13.35	114.82
Depreciation	144.52	138.12
Profit before Tax and Extra-ordinary Items	10.81	76.02
Extra-ordinary Items	14.73	30.21
Profit before Tax	25.54	106.23
FBT, Wealth Tax and Deferred Tax (Liability)/Assets	(23.36)	(15.82)
Profit after Tax-available for appropriation	2.18	90.41
Basic Earnings Per Share	0.03	1.08

Company's Performance

During the year under review, income from operations of the Company reduced from Rs.6,090.20 lakhs in previous year to Rs.4,522.55 lakhs in current year due to tough competition in domestic and international markets. Due to higher cost of material profit after tax declined from Rs.106.23 lakhs in previous year to Rs.25.54 lakhs in the current year.

The detailed discussion on the state of Company's affairs and the performance of operations of the Company is given in the annual report under "Management Discussion and Analysis Report".

Dividend

In view of inadequate profits, your Directors do not recommend any dividend for the year under review.

Fixed Deposits

During the year under review, your Company has not invited nor accepted any fixed deposit.

Directors

Mr. Inder Mohan Aggarwal and Ms. Pallavi Agarwal retire from the Board by rotation and are eligible for re-appointment at the forthcoming Annual General Meeting. The Notices convening the Annual General Meeting includes the proposals for re-appointment of Directors.

Corporate Governance

A detailed note on Corporate Governance as required under the Listing Agreement with the Bombay Stock Exchange Limited (BSE), Mumbai is annexed to this report along with a certificate issued by the Statutory Auditors of the Company in pursuance of Clause 49 of the Listing Agreement in compliance of Corporate Governance.

Auditors

Messrs KSA & Co., Statutory Auditors, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. They have confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956 and willingness to accept the office as Statutory Auditors, if so re-appointed.

Auditors' Observations

The observations of the Auditors include that speculative loss of Rs.129.12 lakhs (Rs.85.42 lakhs) on Trading of Foreign Currency treated as Current Assets in Balance Sheet. Due to none charging of speculative loss in the Profit and Loss Account, profit has been overstated by Rs.214.54 lakhs.

As per accounting policy of the Company, this loss will be amortized in five years in equal installments.

ASHNOOR TEXTILE MILLS LIMITED

Particulars of Employees

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, (as amended) is provided in annexed with this report as annexure-B and forms the part of this report.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

Additional information on conservation of energy, technology adsorption, foreign exchange earnings and outgo as required Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed as annexure-A and forms the part of this report.

Directors' Responsibilities Statement

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

- a) in preparation of the annual accounts for the financial year 2011-2012, the applicable accounting standards have been followed along with the explanations relating to material departures;
- b) the Directors had selected such appropriate 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 as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for the safeguard of the assets of the Company for preventing and detecting fraud and other irregularities; and
- d) the Directors had prepared the annual accounts for the financial year ended March 31, 2012 on a going concern basis.

Acknowledgments

Your Directors take this opportunity to thank the Banks, Central and State Government Authorities, Stock Exchange, Regulatory Authorities and stakeholders for their continued co-operation and support to the Company. The Board also wishes to record its appreciation for the contribution made by employees of the Company customer, clients, vendors and other business associates for their continued support.

By the order of the Board

Place : Gurgaon

Date : August 7, 2012

Suneel Gupta

Chairman and Managing Director

Sangeeta Gupta

Whole Time Director

ANNEXURES-A TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

I. CONSERVATION OF ENERGY

a) Energy Conservation Measures Taken

- To control potential areas of energy loss
- To maintain Power Factor

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy

- Continuously maintain CFL lights

c) Impact of the measures at (a) and (b) for reduction of energy consumption and conservation impact on the cost of production of goods.

- Savings in power and fuel cost

d) Total energy consumption and energy consumption per unit of production as per Form "A"

ASHNOOR TEXTILE MILLS LIMITED

Form "A"

Form of disclosure of particulars with respect to conservation of energy

PARTICULARS RELATING TO CONSERVATION OF ENERGY

Particulars	Unit	2011-2012	2010-2011
A. Power and Fuel Consumption:			
1) Electricity			
a) Purchased	KWH (In Lakhs)	32.60	48.57
Total Amount	Rs. (In Lakhs)	153.43	224.23
Rate per unit	(Rs. Per KWH)	4.71	4.62
b) Own Generation through Diesel Generator	KWH (In Lakhs)	7.38	14.24
Unit/Ltr of Oil	KWH	3.00	3.00
Cost per unit	(Rs. Per KWH)	11.29	10.75
2. Used in Boiler			
a) Furnance Oil			
Quantity	KL	-	-
Total cost	Rs. (In Lakh)	-	-
Average cost	(Rs. Per KL)	-	-
b) Petcoke			
Quantity	TON	1,443.15	2,287.68
Total cost	Rs. (In Lakh)	117.06	185.65
Average cost	(Rs. Per MT)	8,111.42	8,115.21
B. Consumption per unit of production			
i) Electricity	KWH (Per KG)	2.37	2.66
ii) Furnace oil	Ltr (Per KG)	-	-
iii) Petcoke	(Ltr per KG)	0.86	0.97

Form "B"

II. Technology Absorption, Adaptation and Innovation

The Company continues to use the latest technology for improving the productivity and quality of its products

A. Research and Development

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

- Replacement of conventional chemicals with effective and efficient chemicals
- Recovery of heat from diesel generator exhaust

b) Benefits derived as a result of R&D

- Cost Reduction

c) Future Plan of Action

- To find out more ways to improve quality of products and reduction in cost.

ASHNOOR TEXTILE MILLS LIMITED

d) Expenditure on R&D

Research and Development being an integral part of production is carried out in a continuous manner. Therefore, the Company does not maintain separate record on the expenditure incurred on Research and development.

B. Technology absorption, adaptation and innovation

Continuous efforts to improve the quality of finished goods

III. Foreign Exchange Earnings and Outgo

a) Activities relating to export, initiative taken to increase exports, development of new export market for products and export plans

The Company is continuously trying to increase exports in existing markets and also trying to find out new markets..

b) Total foreign exchange earned and used

Particulars	Rupees in lakhs	
	2011-2012	2010-2011
FOB value of Export of Terry Towels	4,001.21	4,282.94
Foreign exchange used	38.25	40.83
Net foreign exchange earned	3,962.96	4,242.11

ANNEXURES-B TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the directors' report for the year ended March 31, 2012

Name of Employee	Suneel Gupta	Sangeeta Gupta
Designation	Chairman and Managing Director	Whole Time Director
Qualification	MBA	MBBS
Age	51 years	51 Years
Date of Joining	21.01.1984	March 9, 1994
Experience	28 years	18 Years
Remuneration	30.00 lakhs	30.00 lakhs
Previous Employment and Designation	Not Applicable	Not Applicable

By the order of the Board

Place : Gurgaon
Date : August 7, 2012

Suneel Gupta
Chairman and Managing Director

Sangeeta Gupta
Whole Time Director

ASHNOOR TEXTILE MILLS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development Outlook

India Textile Industry is one of the leading industries in the world. Though was predominantly an organized industry a few years back, but the scenario started changing after the economic liberalization of Indian economy in 1991. The opening up of economy gave the much needed thrust to the Indian Textile Industry, which has now successfully become one of the largest in the world. Indian Textile Industry largely depends upon the textile manufacturing and exports. It also plays the major role in the economy of the country. India earns about 27% of its foreign exchange through textile exports. Further, the Textile Industry of India also contributes nearly 14% of the Total Industrial Production of the country. It also contributes around 3% to the GDP of the country. India Textile Industry is also the largest in the country in terms of employment generation. It not only generates jobs in its own industry but also opens up scopes for the other ancillary sectors. India Textile Industry currently generates employment to more than 35 million people.

India is now a fast emerging market inching to reach half a billion middle income population by 2030. All these factors are good for the Indian textile industry in a long run. Even though the global economic crisis seems to be worsening day-by-day, as long as economies are emerging and growing as those in South and South East Asia, textile industry is here to grow provided it takes competition and innovation seriously. Textile Industry is in a pinch. These are the reasons:

1. Global recession
2. Price of raw materials like cottons and
3. Infrastructure bottlenecks such as power.

It has been recently reported that textile exports in 2012-13 period will be equal or could be even lower than the one achieved in 2011-12. In this global financial meltdown situation, what should the Indian textile industry do? In the times of adversity, it is an immediate task for all stake holders to pause for a moment and take stock of the difficulties and chart plans for sustainability and growth of the Indian textile industry.

Opportunities and Threats

The country's domestic market offers much potential for growth and numerous business opportunities as demand for textile products is expected to keep step with increased purchasing power auguring well for the Industry. Experts are of the opinion that the era of domination of the world's textile and apparel market by goods originating in China has reached its zenith and that the base is gradually shifting to India and Pakistan.

Your company is very much optimistic keeping in view the above mentioned opportunities in the textile industry. The vast and varied experience of the management of the company in this opportunistic scenario may lead the company to come out of the influence of global recession and its impact on exports of the company.

Cotton prices which have been highly volatile are of major concern for textile manufacturers along with ever increasing energy prices. Rising oil prices and inadequate power supply situation in the state could result in higher input prices, which lead to lesser margins in the profitability. The next biggest challenge before the management of your company is to increase the turnover and profit margins of the company in this scenario.

Segment Reporting

The company is carrying its activities in only one segment Textile with a sole product "Terry Towel." The performance for the same has been discussed details in coming Para of this report.

Outlook and Review

This year also the company continued manufacturing its core product Terry Towel. Since last year the management of the company adopted the strategy to trap the domestic market due to recent global recession affecting US and UK market. This year also the management kept on following the same strategy. Due to bad global scenario of the Textile industry the company faced a dip in its sales in comparison to last year. The profitability of the Company, also suffered a setback because of continuing increases in input costs, the global economic slowdown, lack of adequate demand due to high inflation and other reasons like fierce competition. In these adverse conditions the Management of your Company presents its analysis over the Company's

ASHNOOR TEXTILE MILLS LIMITED

performance and results of operations during the financial year under review and its outlook for the future. This outlook of the management is based on the assessment of current business environment and the assumptions & expectations of future events, so it may vary due to future economic and other developments in India and abroad. The actual results may differ materially from those expressed in this statement.

In the year under report, the main challenge before the management of your company was to keep the sales above its break even and earn profits besides increase in raw material rates and adverse market conditions. And the management of your company succeeded in achieving its goal. The turnover of the company was closed at INR 4522 Lacs and the net profit after tax at INR 2.17 Lac. Although these results of your company are not up to the mark in comparison to last year, but if we analyze the performance of the company in the sky full of dark clouds of adverse factors, we find that it is the experience and expertise of management of your company, due to which the company sustained its survival with these financial results even when most of the textiles sector companies incurred heavy losses. The management of your company is very positive about the performance of the company in coming years because it has

Risks and Concern

The Indian textile industry has witnessed a year confronting many challenges including sluggish demand in domestic and export markets. Cotton prices reached at an all time high followed by a phase of correction. This left various mills with high cost inventories causing heavy losses as the selling prices of fabrics did not improve. There has been a persistent slowdown in the global demand for yarn, denim and ready-to-wear garments resulting in higher inventories. Textile products from Bangladesh permitted to be imported duty free are cheaper and have flooded the markets, pushing out Indian products with prices that cannot compete. The Indian textile industry is thus passing through an adverse phase although the future would be more optimistic if input costs, including the cost of raw material and interest, could remain generally stable.

As the saying goes in the financial sector, it is not advisable to put all eggs in one basket. This is what happened somewhat in the case of the Indian textile industry. With the opening of world markets and the abolition of textile quotas since 2005, there came a negative situation as well. But, hindsight is always 20-20. Indian textile industry should have focused on all major sectors right from fiber to fashion and planned for an organized growth across the supply chain so as to compete with China and even countries such as Pakistan, Vietnam and Thailand. Instead, the industry had put majority of its stock in the spinning sector. This is clearly evident in the utilization of Technology Upgradation Fund Scheme effectively by the spinning sector. Although it is a positive outcome, the industry turned a blind eye on value-adding sectors such as weaving and finishing. Indian powerloom sector, which enables value-addition is a highly unorganized industry and needs major upgradation. Not only India does not have world quality indigenous shuttleless looms, but also investments are not adequate to cope with the quality and quantity to cater to the export market. Technical textiles sector is still in its infancy and a tangible growth will be highly visible by 2035 when the growth in this sector will be exponential.

Internal Control Systems and their Adequacy

The Company has appropriate and adequate internal control systems and existing system and procedures helps in identifying the potential issues and problems, if any. It also has adequate internal control system and procedures with regard to expenses, purchase of stores, raw material, components, plant & machinery, furniture & fixtures and other assets and also suitable management information system.

Financial and Operational Performance

Due to effect of global recession on Indian Textile market the domestic turnover of the company declined to INR 505.00 lakhs from 1724.72 lakhs in FY 2010-2011. So the domestic turnover of the company declined by almost 71%. The export turnover of the company also declined a little bit by 7%. In this way the turnover of the company declined by approximately 26%. The net profits before tax remained at the level of INR 25.53 Lacs in comparison to INR 106.23 in the FY 2010-11. The major achievement of the management during the year under reporting was to maintain the level of export turnover besides the recession in US market.

Human Resources/Industrial Relations

The Company is committed to value its human resources and believes in unlimited potential of each of its staff member. These ensure highest quality, cost effectiveness and proper delivery system. During the financial year, the overall industrial relations remained cordial in the Company.

Disclaimer

Readers are cautioned that this discussion and analysis contains certain forward looking statements. All these statements always have certain risks and uncertainties. Actual results could differ materially from those expressed or implied and the Company is not bound to publicly update or revise forwarding looking statements. Therefore, readers are cautioned not to place undue reliance on these forwarding looking statements.

ASHNOOR TEXTILE MILLS LIMITED

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

The Company strongly believes that good Corporate Governance is a pre-requisite to generate long term wealth and create value for all the stakeholders so that to enhance and retain their trust in the Company. The Company adopts the policies, processes and practices which helps the Company to achieve its goal and act as a tool to attain transparency in operations, accountability and professional approach in dealing with the shareholders and strive for attaining its overall long term objectives of discharging social responsibilities

During the year, the Company conducted the business in a manner that complies with all the requirements of Clouse 49 of the Listing Agreement.

2. Board of Directors

(a) Composition of the Board

The Board has an optimum combination of Executive and Non-Executive Directors and is in conformity with the Clause 49 of the Listing agreement and it comprised of six Directors. Out of these three Directors are Promoter Directors and remaining three are Independent Directors. Out of three Promoter Directors two are executive Directors (one Chairman cum Managing Director, second is Whole time Director) while third is non executive Director. The detailed composition of the Board including other required information is given in the table below:

Name of Directors	Position	Attendance			Other Directorships		
		No. of Board Meeting held during the year	No. of Board Meeting attended	Last AGM attended (Yes/No)	Directorships in other public limited companies	Committee membership	Committees' Chairman
Mr. Suneel Gupta	Managing Director and Chairman (Promoter)	8	8	Yes	--	--	--
Mrs. Sangeeta Gupta	Whole-Time Director (Promoter)	8	7	Yes	--	--	--
Mr. Abhinav Gupta	Non Executive Director (Promoter)	8	0	No	--	--	--
Mrs. Pallavi Aggarwal	Non Executive Director (Independent)	8	7	No	--	--	--
Mr. Piyush Gupta	Non Executive Director (Independent)	8	7	Yes	--	--	--
Mr. Inder Mohan Aggarwala	Non Executive Director (Independent)	8	6	No	--	--	--

None of the Directors is Director in more than 15 public companies or member of board committees in excess of 10 or chairman in excess of five board committees, as required under clause 49 of the listing agreement and the Companies Act, 1956.

(b) Number of Board Meetings

During the year, 8 (eight) meetings of the Board of Directors were held. These were held on May 12, 2011; June 11, 2011; August 12, 2011; October 7, 2011; November 11, 2011; February 6, 2012; February 10, 2012 and March 12, 2012.

The gap between two Board Meetings did not exceed four months. During the year, all the relevant information as required to be placed before the Board as per Clause 49 of the Listing Agreement were placed before the Board and discussed/approved by it. These Schedule of the Board meetings were decided in advance and communicated to the Directors. The compliance reports of laws and regulations applicable to the Company were placed before the Board periodically.

ASHNOOR TEXTILE MILLS LIMITED

(c) Code of Conduct for Directors and Senior Management Personnel

The Company has instituted a Code of Conduct for members of the Board and senior Management Personnel of the Company. The Board members and senior management personnel of the Company have affirmed compliance with the code of conduct and Managing Directors has given a declaration affirming compliance with them code by them.

3. Audit Committee

(a) Composition, name of members and Chairman

The Company had constituted an Audit Committee. The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee is specified by the Board. The composition of Audit Committee is as follows.

Name of Members	Status	Member
Mr. Piyush Gupta	Chairman	Non Executive Director-Independent
Ms. Pallavi Aggarwal	Member	Non Executive Director-Independent
Dr. (Mrs.) Sangeeta Gupta	Member	Executive Director-Promoter

All the three Directors are financially literate as explained in Explanation of Clause 49(II)(A)(ii) of Listing Agreement and out of these Mr. Piyush Gupta and Ms. Pallavi Agarwal are having financial management expertise also. The minutes of Audit Committee Meeting were placed before the Board and discussed in the meetings of the Board of Directors.

(b) Brief description of terms of reference

The Audit Committee performs the functions as listed in Clause 49(II)(D) and have powers as mentioned in Clause 49(II)(C) of the Listing Agreement.

(c) Meetings and Attendance during the year

During the financial year 2011-2012, 04 (four) meetings of the Audit Committee were held on May 12, 2011, August 12, 2011; November 11, 2011; February 10, 2012. All the three members attended these meetings.

4. Remuneration Committee

(a) Composition, name of members and Chairman

The Remuneration Committee of the Board of Directors of the Company is consists of following Directors:

Name of Members	Status	Member
Mr. Piyush Gupta	Chairman	Non Executive Director-Independent
Mr. Inder Mohan Aggarwal	Member	Non Executive Director-Independent
Ms. Pallavi Agarwal	Member	Non Executive Director-Independent

(b) Brief description of terms of reference

The constitution of Remuneration Committee is to recommend/review the remuneration package of the Managing/Whole Time Directors and to formulate a broad policy framework for managerial remuneration.

(c) Meetings and Attendance during the year

During the financial year 2011-2012, 02 (two) meeting of the Remuneration Committee was held on May 2, 2011 and August 2, 2011 and attend by all the members.

ASHNOOR TEXTILE MILLS LIMITED

(d) Detail of Remuneration to all the Directors for the Financial Year 2011-2012

The detail of remuneration paid to the Managing Director and Whole Time Directors during the year 2011-2012 is given below:

Name	Designation	Salary and monetary value of perquisites
Mr. Suneel Gupta	Chairman and Managing Director	Rs.30,00,000/-
Dr. (Mrs.) Sangeeta Gupta	Whole Time Director	Rs.30,00,000/-

At present, the Non-Executive Directors do not draw any remuneration from the Company. The Company also does not pay any sitting fee for the Board/ Committee meetings attended by them.

5. Shareholder / Investor's Grievance Committee

(a) Composition, name of members and Chairman

At present the Shareholders / Investors Grievance Committee comprises of

Name of Members	Member	Status
Mr. Piyush Gupta	Chairman	Non Executive Director-Independent
Mr. Suneel Gupta	Member	Executive Director-Promoter
Dr. (Mrs.) Sangeeta Gupta	Member	Executive Director-Promoter

Mr. Suneel Gupta, Managing Director, is also Compliance Officer.

(b) Brief description of terms of reference

The Committee has power to approve / reject the transfer / transmission of shares, for issue of duplicate shares, to look into redressal of shareholders / investors grievances and formulate policies for redressal of shareholders / investors grievances.

(c) Meetings and Attendance during the year

During the financial year 2011-2012, twenty (20) meetings of the Shareholders / Investors Grievance Committee were held. These meetings were held on April 15, 2011; April 30, 2011; May 17, 2011; May 31, 2011; July 15, 2011; August 16, 2011; August 30, 2011; September 15, 2011; September 29, 2011; October 15, 2011; October 31, 2011; November 15, 2011; November 30, 2011; December 15, 2011; December 31, 2011; January 16, 2012; January 31, 2012; February 15, 2012; February 29, 2012 and March 15, 2012. All the meetings were attended by Mr. Suneel Gupta while Mr. Piyush Gupta attended 18 meetings while Dr. (Mrs.) Sangeeta Gupta attended 17 meetings.

During the year, 4 (Four) complaints were received by the Company, which were replied/resolved to the satisfaction of investors. There was no complaint was pending on March 31, 2012.

6. General Body Meetings

Location and time for the last three Annual General Meetings

Year	Date	Venue	Time
2008-2009	September 30, 2009	Beharampur Road, Village Khandsa, District Gurgaon, Haryana	9:30 A. M.
2009-2010	September 30, 2010	Beharampur Road, Village Khandsa, District Gurgaon, Haryana	9:30 A. M.
2010-2011	September 30, 2011	Beharampur Road, Village Khandsa, District Gurgaon, Haryana	9:30 A. M.

No special resolution was passed in 2008-2009. Two special resolutions relating to increase in remuneration payable to Managing Director and Whole-time Director were passed in the financial year 2009-2010. Two special resolutions relating to appointment of Managing Director and Whole Time Director were passed in the financial year 2010-2011. During the year under review no extra-ordinary general meeting was held.

ASHNOOR TEXTILE MILLS LIMITED

During the year under review, no resolution was passed through postal ballot as required by the Companies (Passing of the resolution by postal ballot) Rules, 2001 and clause 49 of the Listing Agreement.

7. Disclosures

(a) Disclosures on materially significant related party transactions, pecuniary or business relationship with the Company

The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. However, a detail disclosure on related party transaction has been made at Serial number 22.1 in Notes to Financial Statement.

(b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Market, during the last three years

The Company has been regular in complying with the various rules and regulations prescribed by stock exchange (s), Securities & Exchange Board of India or any other Statutory Authorities relating to the capital markets during the last three years. They have imposed no penalties or strictures on the Company.

(c) Disclosures regarding appointment or re-appointment of Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Inder Mohan Aggarwala and Ms. Pallavi Agarwal. will retire by rotation at the ensuing Annual General Meeting and being eligible both offers for re-appointment.

Details about Director eligible for re-appointment:

Mr. Inder Mohan Aggarwala (aged 64 years) is a B. Sc (Textile) and has more than 41 years of experience in spinning, weaving and textile units. He is an expert in the procurement and marketing of raw materials. Mr. Agarwal is Director since April 30, 2008 and will retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment as the Director of the Company. He does not hold directorship in any other public Company and membership of any Committee of any other public Company.

Ms. Pallavi Agarwal (aged 32 years) is a MBA from London and having experience of management accounting. She does not hold directorships in or membership in any committee of any other public company.

Both do not hold directorship in any other public Company and membership of any Committee of any other public Company.

8.. Means of Communication

Half-yearly report sent to each shareholders	No
Quarterly Results	Quarterly Results are announced within forty five days from the end of respective quarter, which are normally published in The Pioneer (English) and Veer Arjun (Hindi).
Any Website	No
Whether Management Discussion & Analysis is a part of Annual Report	Yes

9. General Shareholders Information

(a) Date, Time & Venue of Annual General Meeting

The Company will hold its Twenty Ninth Annual General Meeting on September 30, 2012 at 9:30 a. m. Beharampur Road, Village Khandsa, District Gurgaon, Haryana.

ASHNOOR TEXTILE MILLS LIMITED

(b) Financial Calendar (tentative and subject to change)

The Company expects to announce the un-audited quarterly results for the year 2012-2013, as per the following schedule:

First Quarter	:	On or before August 15, 2011
Second Quarter	:	On or before November 15, 2011
Third Quarter	:	On or before February 15, 2012
Fourth Quarter	:	On or before May 15, 2012

The Audited Results of the Company for the year 2012-2013 will expect to be announced on or before September 02, 2013.

(c) Date of Book Closure

The Company's Register of Members and Share Transfer Book will remain closed from Monday, September 24, 2012 to Saturday, September 29, 2012.

(d) Dividend Payment Date

The Board of Directors has not recommended any dividend for the financial year 2011-2012.

(e) Listing on Stock Exchanges

The Company's equity shares are listed in the following stock exchanges:

. The Bombay Stock Exchange, Mumbai

The Company has paid the Annual listing fees for the financial year 2012-2013.

(f) Stock Code

The Stock Exchange, Mumbai : 507872

(g) Market Information and Performance of Company's stock price in comparison broad based indices to BSE Sensex

Month	High (In)	Low (in `)	Monthly Closing Price (in `)
April 2011	5.20	4.95	4.95
May 2011	4.95	4.95	4.95
June 2011	No Transaction		
July 2011	4.71	4.71	4.71
August 2011	No Transaction		
September 2011	6.23	4.94	6.23
October 2011	7.83	6.41	7.14
November 2011	6.79	6.79	6.79
December 2011	6.46	6.46	6.46
January 2012	No Transaction		
February 2012	7.11	6.78	7.11
March 2012	No Transaction		

Source: bseindia.com

(h) Registrar and Share Transfer Agents

Messrs Link Intime India Private Limited is Registrar and Share Transfer Agent. Its address is as follows:

A-40, 2nd Floor, Naraina Industrial Area
Phase-II, Near Batra Banquet Hall
New Delhi-110028

ASHNOOR TEXTILE MILLS LIMITED

(i) Share Transfer System

The Company has a Share Transfer Committee, which normally met twice in a month, if the Company receives shares for transfer. The shares received usually transferred and returned within a period of 30 days from the date of receipt, if documents are complete with all respects.

Physical shares received from dematerialization are processed and completed within a period of 21 from the date of receipt. Bad deliveries are promptly returned to depository Participants under the advice of shareholders.

(j) Distribution and Pattern of Share holding

(i) Distribution of Shareholding of the Company as on March 31, 2012

Range of Equity	Shareholders		Share Capital Amount In Rupees			Share Capital Amount In Rupees	
	Number	%	Physical	NSDL	CDSL	Rupees	%
Upto - 2,500	14,916	79.867	1,41,52,520	8,94,030	4,30,310	1,54,49,860	18.470
2,501 - 5,000	2,919	15.630	89,16,860	8,10,020	4,06,660	1,01,33,540	12.115
5,001 - 10,000	614	3.288	36,07,160	4,47,730	1,83,060	42,37,950	5.067
10,001- 20,000	166	0.889	16,10,660	4,01,180	1,61,820	21,73,660	2.599
20,001- 30,000	23	0.123	3,79,210	1,22,790	50,330	5,52,330	0.660
30,001- 40,000	23	0.123	6,09,590	1,00,170	70,840	7,80,600	0.933
40,001- 50,000	4	0.021	1,30,200	42,470	---	1,72,670	0.206
50,001-1,00,000	4	0.021	2,25,050	70,700	---	2,95,750	0.354
1,00,001 and Above	6	0.037	3,31,310	4,91,32,610	3,84,100	4,98,48,020	59.596
Total	18,675	100.00	2,99,62,560	5,20,21,700	16,60,120	8,36,44,380	100.000

(ii) Shareholding Pattern of the Company as on March 31, 2012

Category of Shareholders	Number of Shares held	Percentage of holding
Promoters	48,99,051	58.57
Financial Institutions, Mutual Funds and Banks	4,585	00.06
NRIs/OCBs	16,535	00.20
Individual holding (nominal share capital) < 1 lakh	33,19,446	39.68
Private Corporate Bodies	79,298	00.95
Individual holding (nominal share capital) > 1 Lakh	38,410	0.46
Clearing Member	105	0.00
HUF	5,888	0.07
Trust	1,120	0.01
Total	83,64,438	100.00

(k) Outstanding GDRs/ADRs/Warrants or any Convertible Instrument

The Company has not issued any GDRs/ADRs /Warrants or any other convertible instruments which likely to have impact on Equity share capital of the Company.

- (l) The ISIN No. of the Company is INE372101018. 64.18% of the paid-up share capital had been dematerialized as at March 31, 2011 with the two depositories.

Reconciliation of Share Capital:

As stipulated by the SEBI reconciliation of the total admitted capital with both depositories and the total issued/paid-up capital and reconciliation of shares dematerialized in both the depositories and physical form with the total issued/paid-up capital of the Company for every quarter is placed before the board of Directors and also submitted to BSE and two depositories.

ASHNOOR TEXTILE MILLS LIMITED

(m) Plant Location

Behrampur Road
Village Khandsa
District Gurgaon
Haryana-122 001

(n) Address for Correspondence

Ashnoor Textile Mills Limited
Behrampur Road, Village Khandsa
District Gurgaon, Haryana-122 001
Phone: 0124 - 4940550
Fax: 0124 - 4940555
E-mail: atml_delhi@yahoo.com

By the order of the Board

Place: Gurgaon
Date: August 7, 2012

Suneel Gupta
Chairman and Managing Director

Sangeeta Gupta
Whole Time Director

- DECLARATION REGARDING COMPLIANCE BY THE BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT FOR THEM

It is hereby declared that as provided under Clause 49 (I)(D)(i) of the listing agreement with the Bombay Stock Exchange Limited, Mumbai, the Company has adopted a Code of Conduct for the Board Members and Senior Management Personnel.

Further, as provided under Clause 49(I)(D)(i) of the said agreement, it is confirmed that all the Board Members and Senior Management Personnel of the Company have affirmed compliance for the year ended March 31, 2012 with the respective Code of Conduct, as applicable to them.

By the order of the Board

Place: Gurgaon
Date: August 7, 2012

Suneel Gupta
Chairman and Managing Director

AUDITORS' CERTIFICATE ANNEXURE TO THE REPORT OF THE DIRECTORS CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITION OF CORPORATE GOVERNANCE

To the Members of Ashnoor Textile Mills Limited

We have examined the compliance of conditions of Corporate Governance by Ashnoor Textile Mills Limited for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange in India.

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 condition of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

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

We state that in respect of investor grievance received during the year ended March 31, 2012, no investor grievance are pending against the Company for the period exceeding one month as per records maintained by the Company which are presented to the Shareholders/Investor 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 KSA & Co.
Chartered Accountants

KAMAL PIYUSH
Partner
Membership Number: 83399
Place: New Delhi
Date: August 07, 2012

ASHNOOR TEXTILE MILLS LIMITED

AUDITOR'S REPORT

The members of Ashnoor Textile Mills Limited

1. We have audited the attached Balance Sheet of Ashnoor Textile Mills Limited as at March 31, 2012, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government 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.
4. Further to our comments in the Annexure referred to above, we report that;
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt from this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on March 31, 2012 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) (a) ***Speculative loss of Rs.129,11,943.28 (Rs. 8,541,620.63) on Trading of Foreign Currency treated as Current Assets in Balance Sheet. Due to none charging of speculative loss in the Profit and Loss Account, profit has been overstated by Rs. 21,453,563.91. Refer paragraph 17.1 of Notes on accounts.***
 - (b) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view conformity with the accounting principles generally accepted in India:
 - i) In the cases of the Balance Sheet, of the state of affairs of the company as at March 31, 2012; and
 - ii) In the case of the Profit and Loss Account, of the profits 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 date.

**For KSA & Co
Chartered Accountants
(Registration No. 003822C)**

**KAMAL PIYUSH
Partner
Membership Number: 83399
Place: New Delhi
Date : August 07, 2012**

ASHNOOR TEXTILE MILLS LIMITED

ANNEXTURE TO THE AUDITOR'S REPORT OF THE MEMBERS OF ASHNOOR TEXTILE MILLS LIMITED ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

(Referred to in paragraph 3 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) According to the information and explanation given, the company has adopted a phased program of physical verification of fixed assets. Under this program all the assets would be verified in phased manner the frequency of which, in our opinion, is reasonable, having regard to the size of the company and nature of its assets. As explained to us no material discrepancies were noticed in respect of assets verified during the year.
 - (c) During the year, the company has disposed off old Dryer Machine, Hydro Machine and Stenter Machine.
 - (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 maintainig proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
 - (iii) The company has not granted or taken any loan, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As no loans is granted or taken, clauses (b), (c), (d), (e), (fa) and (g) of paragraph (iii) of this order are not applicable.
 - (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
 - (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 have been entered in the register required to be maintained under that section; and
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regards to prevailing market prices at the relevant time.
 - (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any fixed deposits from the public within the meaning of section 58A, 58AA or any other relevant provisions of the of the Companies Act, 1956 and the rules framed there under. The Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not passed any order.
 - (vii) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
 - (viii) The Central Government has prescribed for the maintenance of cost records by the company under Section 209(1)(d) of the Companies Act, 1956 for Cotton Textile Industry. The company has not maintained prescribed cost records.
-

ASHNOOR TEXTILE MILLS LIMITED

- (ix) (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues with the appropriate authorities. There is no outstanding statutory liability as at March 31, 2012, which is due for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, Development Tax of Rs. 7,105,146/- levied by the State Government has been disputed and the local association on behalf of all the industries in the region has filed an appeal with Supreme Court of India.

Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Local Area Development Tax Act, 2000	Haryana Development Tax	918,034	2002-2003	Court
		2,110,645	2003-2004	
		1,966,381	2004-2005	
		1,660,354	2005-2006	
		449,732	2006-2007	
Central Excise Act, 1944	Excise Duty	50,000,000	Various years from 1998-1999 onwards	CESTAT

- (x) The company does not have accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not taken loans from the financial institutions and has not issued any debentures. Accordingly, there is no defaulted in repayment of dues to financial institution, bank or debenture holders.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund of a nidhi/mutual benefit fund/society. Therefore, the provision of clause 4(xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (xv) The company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) The company has availed term loan from its Bank and according to the information and explanation given to us the loan has been applied for the purpose for which the same was obtained.
- (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 no funds raised in short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

ASHNOOR TEXTILE MILLS LIMITED

- (xix) According to the information and explanations given to us, during the year covered by our audit report, the company had not issued any debentures and has not created any security in respect of debentures.
- (xx) According to the information and explanations given to us, the company has not raised any money from the public issue.
- (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 KSA & Co.
Chartered Accountants
(Registration No. 003822C)**

**KAMAL PIYUSH
Partner
Membership Number: 83399
Place: New Delhi
Date : August 07, 2012**

ASHNOOR TEXTILE MILLS LIMITED**BALANCE SHEET AS AT MARCH, 31 2012**

PARTICULARS	NOTE NUMBER	31.03.2012 Rupees	31.03.2011 Rupees
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUND			
(a) Share Capital	1	83,580,926.00	83,580,926.00
(b) Reserves and Surplus	2	57,472,233.63	57,254,687.16
NON CURRENT LIABILITIES			
(a) Long Term Borrowings	3	99,682.00	7,428,542.90
(b) Deferred Tax Liability (Net)	4	11,599,358.00	11,687,550.00
(c) Other Long Term Liabilities	5	11,429,222.00	11,429,222.00
(d) Long Term Provisions	6	1,818,879.00	1,386,580.00
CURRENT LIABILITIES			
(a) Short Term Borrowings	7	151,466,781.00	178,790,865.00
(b) Trade Payables	8	108,665,907.70	81,397,848.93
(c) Other Current Liability	9	5,301,181.93	6,625,480.04
(d) Short Term Provisions	10	3,391,530.42	3,535,985.42
TOTAL LIABILITIES		434,825,701.68	443,117,687.45
ASSETS			
NON CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible assets	11	123,644,059.28	126,631,509.35
(b) Non Current Investment	12	1,500,000.00	1,500,000.00
(c) Long Term Loans and Advance	13	32,951,479.90	19,397,331.66
CURRENT ASSETS			
(a) Inventories	14	125,938,652.33	109,311,903.83
(b) Trade Receivables	15	85,256,089.00	115,977,736.00
(c) Cash and Cash Equivalent	16	18,537,512.00	18,819,473.85
(d) Short Term Loans and Advance	17	46,997,909.17	51,479,732.76
TOTAL ASSETS		434,825,701.68	443,117,687.45
SIGNIFICANT ACCOUNTING POLICIES	27		
NOTES ON ACCOUNTS	1 to 26		

As per our report of even date attached

For KSA & Co.
Chartered Accountants

For and on behalf of the Board

KAMAL PIYUSH
Partner
Membership Number: 083399
Place: New Delhi
Date : August 07, 2012

SUNEEL GUPTA
Chairman and Managing Director

SANGEETA GUPTA
Whole time Director

ASHNOOR TEXTILE MILLS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

PARTICULARS	NOTE NUMBER	31.03.2012 Rupees	31.03.2011 Rupees
(I) Revenue from operation	18	452,255,058.00	609,020,286.23
(II) Other Income	19	42,080,482.76	54,483,466.27
Total Revenue		<u>494,335,540.76</u>	<u>663,503,752.50</u>
(III) Expenses			
(a) Cost of Material Consumed	20	453,789,413.68	617,260,424.16
(b) Change in Inventory of finished, work-in-progress and stock-in-trade	21	(28,771,879.56)	(45,320,504.96)
(c) Employee Benefit Expenses	22	9,033,742.00	8,406,215.00
(d) Finance Overheads	23	1,335,068.91	11,482,045.15
(e) Depreciation Expenses		14,452,272.00	13,812,282.00
(f) Other Expenses	24	43,415,736.84	50,261,445.60
Total Expenses		<u>493,254,353.87</u>	<u>655,901,906.95</u>
(IV) Profit Before Exceptional and Extraordinary Items and Tax		1,081,186.89	7,601,845.55
(V) Extra Ordinary Items	25	1,472,679.93	3,020,747.00
(VI) PROFIT BEFORE TAX		2,553,866.82	10,622,592.55
(VII) Tax Expenses			
(a) Current Tax		(2,370,661.35)	(2,679,211.35)
(b) Wealth Tax		(53,851.00)	(68,648.00)
(c) Deferred Tax		88,192.00	1,165,569.00
(VII) PROFIT FOR THE YEAR		217,546.47	9,040,302.20
(IX) Earning Per Equity Share	26		
(a) Basic Earning Per Share		0.03	1.08
Weighted Average Number of Equity Shares		8,364,438	8,364,438
(X) SIGNIFICANT ACCOUNTING POLICIES	27		
(XI) NOTES ON ACCOUNTS	1 to 26		

As per our report of even date attached

For KSA & Co.
Chartered Accountants

For and on behalf of the Board

KAMAL PIYUSH
Partner
Membership Number: 083399
Place: New Delhi
Date : August 07, 2012

SUNEEL GUPTA
Chairman and Managing Director

SANGEETA GUPTA
Whole time Director

ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

The previous year figure are regrouped and reclassified, wherever necessary to confirm to the current year presentation.

PARTICULARS	As at 31.03-2012 Rupees	As at 31.03.2011 Rupees
-------------	-------------------------------	-------------------------------

1. SHARE CAPITAL

AUTHORIZED

10,000,000 (10,000,000) Equity Shares of Rs. 10/- each 100,000,000.00 100,000,000.00

ISSUED, SUBSCRIBED AND PAID UP

8,364,438 (8,364,438) Equity Shares of Rs. 10/- each 83,644,380.00 83,644,380.00

Calls in Arrears (63,454.00) (63,454.00)

TOTAL 83,580,926.00 83,580,926.00

1.1 The reconciliation of shares outstanding is set out below:

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number	Amount	Number	Amount
Equity Shares outstanding at the beginning of the year	8,364,438	83,644,380.00	8,364,438	83,644,380.00
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	8,364,438	83,644,380.00	8,364,438	83,644,380.00

1.2 The details of Share Holders holding more than 5% shares:

Name of Shareholders	As at 31 March, 2012		As at March, 2011	
	Number of Shares held	% of Holding	Number of Share held	% of Holding
Mrs. Sangeeta Gupta	1,693,933	20.25	1,693,933	20.25
Mr. Suneel Gupta	3,205,118	38.32	3,205,118	38.32

1.3 Details of Calls in Arrears

Unpaid Calls	31.03.2012	31.03.2011
By Others	63,454.00	63,454.00
Total	<u>63,454.00</u>	<u>63,454.00</u>

2.0 RESERVES AND SURPLUS

Capital Reserves

Opening Balance 3,000,000.00 3,000,000.00

Add: Current Year Transfer - -

Closing Balance 3,000,000.00 3,000,000.00

Share Forfeited Account

Opening Balance 233,969.00 233,969.00

Add: Current Year Transfer - -

Closing Balance 233,969.00 233,969.00

Surplus

Opening balance 54,020,718.16 44,980,415.96

Add: Net Profit for the current year 217,546.47 9,040,302.20

Closing Balance 54,238,264.63 54,020,718.16

Grant Total 57,472,233.63 57,254,687.16

ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	As at 31.03-2012 Rupees	As at 31.03.2011 Rupees
3.0 LONG TERM BORROWINGS		
SECURED LOANS		
<i>Term Loan from Bank: (Refer Note 3.1)</i>	-	6,915,192.00
UNSECURED		
Other Loans and Advances		
Advance Received From Customers	<u>99,682.00</u>	<u>513,350.90</u>
TOTAL	<u>99,682.00</u>	<u>7,428,542.90</u>
3.1		
Term Loan from Bank of Baroda for purpose of Plant and Machinery is against security of Immovable and Movable Properties and Assets, and personal guarantees of two Directors and relatives of directors. Repayable in 48 monthly installments of Rs.10,93,750/- from May 2008.		
4.0 DEFERRED TAX LIABILITY (NET)		
DESCRIPTION		
Difference of WDV of fixed assets between books and income tax	(38,254,338.28)	(38,336,359.35)
Unabsorbed Losses	-	-
Disallowances under section 43B	715,963.00	512,573.00
Net Temporary Difference	(37,538,375.28)	(37,823,786.35)
Effective Rate of Income Tax	30.90%	30.90%
Deferred Tax Assets (Liability)	<u>(11,599,358.00)</u>	<u>(11,687,550.00)</u>
Less: Charged in Previous Year	<u>(11,687,550.00)</u>	<u>(12,853,119.00)</u>
Net Deferred Tax Assets (Liability)	<u>88,192.00</u>	<u>1,165,569.00</u>
5 OTHER LONG TERM LIABILITIES		
Interest Accrued and Due on Borrowings	2,119,000.00	2,119,000.00
Others (refer note no 5.1)	<u>9,310,222.00</u>	<u>9,310,222.00</u>
TOTAL	<u>11,429,222.00</u>	<u>11,429,222.00</u>
5.1		
Interest on late payment of Rs.2,684,738/- (2010-2011 – Rs.2,684,738/-) and Rs.18,725/- (2010-2011 - Rs.18,725/-) has been levied under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Act, 1948 respectively by the authorities for the years 2000-2005. Appeal has been filed against this demand in the Court and provision has been consider in books of accounts . Out of this demand, Rs. 498,387/- has been deposited with the authorities under protest and adjusted with this provision amount and showing under other provision.		
6 LONG TERM PROVISIONS		
Provision for Employee Benefits		
(a) Gratuity (unfunded)	1,229,198.00	980,204.00
(b) Bonus Payable	311,820.00	213,977.00
(c) Leave Encashment (unfunded)	<u>277,861.00</u>	<u>192,399.00</u>
TOTAL	<u>1,818,879.00</u>	<u>1,386,580.00</u>

ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	As at 31.03-2012 Rupees	As at 31.03.2011 Rupees
7 SHORT TERM BORROWINGS		
SECURED		
<i>- from banks</i>		
Packing Credit Limits	85,299,973.00	82,195,734.00
Foreign Bills Discounted	65,764,136.00	96,504,194.00
UNSECURED		
Other Loans and Advances	402,672.00	90,937.00
TOTAL	<u>151,466,781.00</u>	<u>178,790,865.00</u>
7.1 Packing Credit loans and Foreign Bills Loans are secured by hypothecation of present and future stock of raw materials, stock in progress, finished goods, stores and spares, books debts and outstanding receivables.		
8 TRADE PAYABLES		
Micro, Small and Medium Enterprises	-	-
Others	108,665,907.70	81,397,848.93
TOTAL	<u>108,665,907.70</u>	<u>81,397,848.93</u>
8.1 There are no amount due to the suppliers covered under the Micro, Small and Medium Act, 2006. This information takes into account only those suppliers who have responded to the inquiries made by the company for this purpose.		
9 OTHER CURRENT LIABILITIES		
Other Payables	5,301,181.93	6,625,480.04
TOTAL	<u>5,301,181.93</u>	<u>6,625,480.04</u>
10 SHORT TERM PROVISION		
(a) Provision for Employee Benefits		
Salary and Reimbursement	780,251.00	676,727.00
Contribution To Providend Fund	68,410.00	38,967.00
Contribution to ESI	93,532.00	53,938.00
(b) Other	2,449,337.42	2,766,353.42
TOTAL	<u>3,391,530.42</u>	<u>3,535,985.42</u>

ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

11. FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2011 Rupees	Additions during the year Rupees	Adjustments during the year Rupees	As at 01.04.2011 Rupees	For the year Rupees	Adjustments During the year Rupees	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
Tangible Assets								
Land	8,557,120.00	-	-	-	-	-	8,557,120.00	8,557,120.00
Factory Building	84,081,585.24	-	-	40,036,241.24	2,808,325.00	-	41,237,019.00	44,045,344.00
Office Building	2,558,130.00	-	-	1,193,116.00	85,442.00	-	1,278,558.00	1,365,014.00
Electric Installation	587,603.84	-	-	409,160.00	38,231.00	-	140,212.84	178,443.84
Plant and Machinery	339,740,463.44	10,601,367.00	(5,148,640.00)	285,673,044.93	8,999,422.00	(5,949,763.93)	56,468,477.44	54,065,408.51
Generator Set	9,103,568.00	-	-	3,349,859.00	937,430.00	-	4,816,279.00	5,753,709.00
Furniture and Fixture	513,423.00	-	-	246,796.00	32,500.00	-	234,127.00	266,627.00
Office Equipment	1149,748.00	39,449.00	-	632,489.00	75,068.00	-	481,640.00	517,259.00
Computers	523,922.00	22,882.00	-	325,664.00	75,781.00	-	145,359.00	198,258.00
Vehicles	14,754,165.00	-	-	3,069,839.00	1,400,073.00	-	10,284,253.00	11,684,326.00
Grand Total	461,569,718.52	10,663,698.00	(5,148,640.00)	334,938,209.17	14,452,272.00	(5,949,763.93)	123,644,059.28	126,631,509.35
Previous year	460,343,972.52	3,928,398.00	(2,702,652.00)	323,928,791.17	13,812,282.00	(2,892,864.00)	126,631,509.35	136,415,181.35

ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	As at 31.03-2012 Rupees	As at 31.03.2011 Rupees
12 NON CURRENT INVESTMENTS		
<i>Trade Investments-at cost</i>		
Investments in Mutual Funds	1,500,000.00	1,500,000.00
TOTAL	1,500,000.00	1,500,000.00
12.1 Aggregate amount of quoted investments (Market value of 24,65,582/- (Previous Year Rs. 2,802,572/-)		
13 LONG TERM LOANS AND ADVANCES		
Security Deposits	19,037,388.00	4,037,388.00
Other Loans and Advances (Refer Note-13.1, 13.2)	13,914,091.90	15,359,943.66
TOTAL	32,951,479.90	19,397,331.66
13.1 Excise demand of Rs. 10,000,000/- (2010-2011- Rs. 10,000,000/-) has been paid in protest to the Excise Department and is shown under 'Excise Demand Paid Under Protest' under 'Other Receivables' in Schedule-I of 'Loans and Advances'. Company has filed an appeal in Central Excise and Service Tax Appellate Tribunal against the order of Commission Adjudication - Excise Department.		
14 INVENTORIES (As certified by the management and valued at lower of cost and net realizable value)		
a) Raw materials;	16,610,937.00	31,824,753.47
Goods-in-transit	3,555,688.00	-
b) Stock-in-progress	55,422,602.18	45,991,966.65
c) Finished goods	44,519,914.15	25,178,670.12
d) Stores and spares	5,829,511.00	6,316,513.59
TOTAL	125,938,652.33	109,311,903.83
15 TRADE RECEIVABLES (Unsecured and Considered Good)		
Outstanding for a period less than six months from the date they are due for payment	85,256,089.00	115,977,736.00
TOTAL	85,256,089.00	115,977,736.00
15.1 Confirmation from Debtors and advances to and from various parties were not received and their balances are shown as appearing in the accounts.		
16 CASH AND CASH EQUIVALENTS		
a) Balances with banks:		
Current Accounts	8,318,858.00	6,144,466.85
Margin Money (Refer Note no 16.1)	6,287,000.00	10,160,600.00
Bank Deposits (Refer Note no 16.2)	2,021,508.00	1,889,320.00
b) Cheques in Hand	1,500,000.00	-
c) Cash in Hand	410,146.00	625,087.00
TOTAL	18,537,512.00	18,819,473.85

ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	As at 31.03-2012 Rupees	As at 31.03.2011 Rupees
16.1 Companies has given Interest Free Margin Money of Rs. 6,287,000/- (2010-2011 Rs.10,160,000/- to Bank of Baroda for Foreign Currency Transaction.		
16.2 <i>Following are the contingent liabilities, which has not been provided for:</i>		
a) Excise Duty of Rs. 50,000,000/- out of which Rs. 10,000,000/- has been paid in protest for filing the appeal with the Tribunal.		
b) Bank Guarantee of Rs. 60,000/- issued to Assistant Commissioner, Central Excise, Delhi-III		
c) Bank Guarantee of Rs. 4,000,000/- issued to Assistant Commissioner, Central Excise, for deboning of the Unit.		
d) Bank Guarantee of Rs. 750,000/- issued to Assistant Commissioner, Central Excise, for deboning of the Unit.		
e) Bank Guarantee of Rs. 175,00,000/- issued Globe Capital for trading with foreign currency.		
17 SHORT TERM LOANS AND ADVANCES		
Advance Tax and TDS	2,073,790.00	2,667,651.00
Other Loans and Advances	44,924,119.17	48,812,081.76
TOTAL	46,997,909.17	51,479,732.76
17.1 Speculative loss of Rs.21,453,563.91 (2010-2011 Rs.8,541,620.63) incurred on trading of foreign currency has been shown as current assets instead of charging to Profit and Loss Account. As per accounting policy of the company, this loss will be amortized in five years in equal installments.		
17.2 In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of the business at least equal to the amount at which they are stated in the balance sheet.		
18 REVENUE FROM OPERATION		
Sale of products	452,255,058.00	609,020,286.23
TOTAL	452,255,058.00	609,020,286.23
19 OTHER INCOME		
Net gain /(loss) on Sale of Investment (Refer Point no 20.1)	(4,194,527.12)	31,870.69
Interest and Dividend	572,665.38	630,332.08
Other Income	45,702,344.50	53,821,263.50
TOTAL	42,080,482.76	54,483,466.27
19.1 Statement of Realized Profit/(Loss) on sale of Investments		
Sale of investment (Equity) realized	(4,152,290.43)	13,420.69
Sale of Mutual Fund of BOB	-	18,450.00
Sale of investment Commodities	(42,236.69)	-
Sale of investment Currency) realized	(12,911,943.28)	(8,541,620.63)
Total	(17,106,470.40)	(8,509,749.94)

ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	As at 31.03-2012 Rupees	As at 31.03.2011 Rupees
20 COST OF MATERIAL CONSUMED		
Raw Material Consumed*	261,455,209.48	354,407,498.10
Packing Material Consumed	23,798,887.44	32,214,163.87
Fuel Consumed	19,728,530.71	33,968,032.58
Dyes and Chemicals Consumed	83,729,218.11	117,269,706.40
Purchase Rugs and Carpets	13,492,536.00	14,101,708.00
Stores and Spares*	21,668,097.48	23,555,497.99
Manufacturing Expenses	29,916,934.46	41,743,817.22
TOTAL	<u>453,789,413.68</u>	<u>617,260,424.16</u>

20.1 Value of imported and indigenous raw materials, stores and spare parts, components consumed and percentage of each to the total consumption:

Particulars	2011-2012		2010-2011	
	Amount	%	Amount	%
Raw Materials:				
Imported	-	-	-	-
Indigenous	354,407,498.10	100.00%	354,407,498.10	100.00%
Stores and Spares:				
Imported	1,238,777.00	5.72%	1,681,348.00	7.00%
Indigenous	20,429,320.48	94.28%	21,874,149.99	92.84%

20.2 Particulars of quantitative detail of consumption (including wastes) of principal items of raw materials and other significant material:

Cotton Yarn	261,455,209.48	354,407,498.10
Dyes, Chemicals and Consumables	83,729,218.11	117,269,706.40
HSD / Pet Coke	19,728,530.71	33,968,032.58
Packing Material	23,798,887.44	32,214,163.87
Stores and Spares	21,668,097.48	23,555,497.99

21 CHANGE IN INVENTORY OF FINISHED GOODS AND STOCK IN PROCESS

Opening Stocks		
Stock in Progress	45,991,966.65	17,324,375.47
Finished Goods	25,178,670.12	8,525,756.34
	<u>71,170,636.77</u>	<u>25,850,131.81</u>
Closing Stocks		
Stock in Progress	55,422,602.18	45,991,966.65
Finished Goods	44,519,914.15	25,178,670.12
	<u>99,942,516.33</u>	<u>71,170,636.77</u>
Change in Inventory	<u>28,771,879.56</u>	<u>45,320,504.96</u>

ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	As at	As at
	31.03-2012	31.03.2011
	Rupees	Rupees

22 EMPLOYEE BENEFIT EXPENSES

Salaries and Incentives*	8,693,594.00	8,050,894.00
Company's Contribution to PF and ESI	97,363.00	74,170.00
Staff Welfare	242,785.00	281,151.00
TOTAL	9,033,742.00	8,406,215.00

22.1 Related Party Disclosures:

a. <i>Following are related parties:</i>				
Key Management Personnel		Mr. Suneel Gupta (Managing Director) Mrs. Sangeeta Gupta (Whole time Director)		
Significant Influence		Suneel Gupta & Sons, HUF		
b. <i>Related party transactions:</i>				
Transaction	Key Management Personal		Significant Influence	
	2011-2012	2010-2011	2011-2012	2010-2011
Director Salary	6,000,000.00	6,000,000.00	-	-
c. There is Nil balance (2010-2011 Rs. Nil) as on March 31 of related parties. No balance has been written off and written back of the related parties during the year.				

23 FINANCIAL OVERHEADS

Interest Expense	15,948,240.91	12,967,594.15
Net Gain/Loss on Foreign Currency Transactions	(14,613,172.00)	(1,485,549.00)
TOTAL	1,335,068.91	11,482,045.15

24 OTHER EXPENSES

Clearing and Forwarding	20,211,550.75	25,415,612.00
Sales Promotion and Documentation Expenses	6,277,065.99	3,606,871.92
Commission	6,966,697.00	8,755,974.00
Travelling and Conveyance	4,795,380.36	4,523,086.00
Freight and Cartage	235,977.00	2,015,520.00
Rent, Rates and Taxes	265,309.00	325,036.00
Insurance	354,284.00	344,581.00
Vehicle Maintenance	845,138.87	391,844.00
Communication Expenditure	578,500.60	612,179.29
Office/Factory Maintenance	330,770.00	698,477.70
Legal and Professional Charges	725,138.00	473,017.00
Payment to the Auditors	370,000.00	370,000.00
Other Expenses	1,459,925.27	2,729,246.69
TOTAL	43,415,736.84	50,261,445.60

ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	As at 31.03-2012 Rupees	As at 31.03.2011 Rupees
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24.1 ACTIVITY IN FOREIGN CURRENCY

Earnings in Foreign Currency (Realization Basis):

FOB value of Export of Terry Towels **400,120,757.00** 428,294,038.00

Expenditure/Remittances in Foreign Currency:

Stores and Spares **1,769,014.00** 1,369,329.00

Foreign Traveling **2,055,671.00** 2,713,442.00

Net Earnings in Foreign Currency **396,296,072.00** **424,211,267.00**

24.2 IMPORTS (VALUE ON THE COST, INSURANCE AND FREIGHT BASIS)

Stores and Spares **1,238,777.00** 1,681,348.00

Total Value **1,238,777.00** **1,681,348.00**

25 EXTRA ORDINARY ITEMS

Prior Period Income /(Loss) **397,092.00** (402,900.00)

Depreciation of Earlier Years Written Back **801,123.93** 100,212.00

Income Tax Adjustment Account **(171,336.00)** 2,362,577.00

Profit/(Loss) on Sale of Fixed Assets **445,800.00** 960,858.00

TOTAL **1,472,679.93** **3,020,747.00**

26 EARNING PER SHARE

Profit After Tax **217,546.47** 9,040,302.20

Number of Equity Shares **8,364,438** 8,364,438

Nominal Value of Each Equity Share **10.00** 10.00

Basic Earning Per Share **0.03** 1.08

27. SIGNIFICANT ACCOUNTING POLICIES

1. System of Accounting

- a) Financial statements are prepared under the historical cost convention in consonance and accordance with applicable accounting standards, accepted accounting principles and relevant presentational requirements of the Companies Act, 1956.
- b) Company follows accrual basis of accounting in accordance with the provisions of the Companies Act, 1956.
- c) Purchases are booked net of discounts and rebates.
- d) The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2. Fixed Assets

- a) Fixed assets are recorded at historical cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attribute cost of bringing the assets to its working condition for its intended use.
- b) Increase/decrease in liability towards creditors for capital goods due to change in foreign exchange rate is added to/reduced from the cost of asset.

3. Depreciation

- a) Depreciation on Fixed Assets has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- b) Depreciation on additions to fixed asset during the year has been provided on pro rata basis from the date of such addition. Depreciation of Plant and Machinery, Generator and Electrical Installation has been provided on triple shift basis.
- c) Depreciation on amount, added to/reduced from the cost of asset consequent to increase/decrease in liability towards creditors for capital goods, due to change in foreign exchange rate, is provided prospectively for the remaining life of the assets at the rates on which concerned asset has been depreciated so far.

4. Impairment of Assets

The Carrying amounts of assets are reviewed at each balance sheet if there is any indication of impairment based on internal/external factors. If any indications exist the recoverable value of assets is estimated. An Impairment loss is recognized whenever the carrying amount of an assets is exceeds its recoverable amount, the latter being greater of net selling price and value in use.

5. Inventories

- a) Inventory of raw material, packing material, fuels, consumables, dyes and chemicals, are valued on Lower of Cost and Net Realizable Value. Cost is calculated on First in First out (FIFO) basis of costing and is net of subsequently recoverable duties and taxes.
- b) Stock in progress is valued at Lower of Cost and Net Realizable Value. Costs include raw material cost, ascertained on the basis of average cost of purchases, and direct cost incurred up to the stage of production of Grey Yarn, processing and fabrication. Inventory lying for more than six months is valued at half of cost of production.
- c) Finished goods are valued at Lower of Cost and Net Realizable Value. Cost includes raw material cost, ascertained on the basis of average cost of purchases, and direct cost. Old inventory lying for more than six months is valued at half of cost of production. Inventory of rejected finished goods is valued at Net Realizable Value.
- d) Inventory of carpets and trading items is valued on lower of cost and net realizable value.
- e) Inventory of waste is valued on net realizable value.
- f) Stores and Spares are charged to expenses on purchase and no inventory is maintained.

6. Investments

Long Term investments are valued at cost. Provision for decrease in market value of the short term investment is created in the books as unrealized losses.

7. Retirement Benefits

Retirement benefits have been accounted for on accrual basis. Provision of Gratuity is created for the employees who became eligible after completing five years of services under the Payment of Gratuity Act, 1972. Provision of Gratuity has not been provided on the managerial remuneration.

ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

8. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

9. Revenue Recognition

- a) Sale is recorded on FOB value exclusive of freight, insurance and excise duty recovered from the customers. Sale is recognized on the date of dispatch of goods from factory after verification by the Excise Authorities from the Bonded Warehouse, which is located within the premises of the factory.
- b) Export Sale is recorded at the foreign currency exchange rate prevailing on the date of the transaction.
- c) Sales are recorded on invoice value net of discounts and rebates.

10. Foreign Currency Transactions

- a) Expenses and Income in foreign exchange are accounted for at the rates prevailing on the date of transactions and exchange differences on settlement of transaction are taken to the Profit and Loss Account.
- b) Monetary assets and liabilities relating to foreign currency transaction pending for settlement have been restated on the foreign currency conversion rates prevailing on March 31, 2011 in accordance with Accounting Standard-11 on 'Accounting for the Effects of Changes in Foreign Exchange Rates' issued by the Institute of Chartered Accountants of India. Resultant loss/gain has been booked as exchange rate fluctuation in the Profit and Loss Account under 'Financial Charges'/'Other Income'.

11. Segment Reporting

The Company is engaged in production of Towels of various sizes and operations are confined only to the factory at Gurgaon. As such there is no other reportable segment as defined by Accounting Standard – 17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

12. Taxation

Deferred tax is recognized, on timing differences, being the difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

**For KSA & Co.
Chartered Accountants**

For and on behalf of the Board

KAMAL PIYUSH
Partner
Membership Number: 083399
Place: New Delhi
Date : August 07, 2012

SUNEEL GUPTA
Chairman and Managing Director

SANGEETA GUPTA
Whole time Director

ASHNOOR TEXTILE MILLS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012
(PURSUANT TO THE LISTING AGREEMENT WITH THE STOCK EXCHANGES)**

S.No.	PARTICULARS	31.03-2012 Rupees	31.03.2011 Rupees
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit/(Loss) Before Tax and Extraordinary Items	1,081,186.89	7,601,845.55
	Adjustments for :		
	Depreciation	14,452,272.00	13,812,282.00
	Other Income	42,080,482.76	54,483,466.27
	Interest Paid	1,335,068.91	11,482,045.15
	Operating Profit Before Working Capital Changes	(25,211,954.96)	(21,587,293.57)
	Adjustments for:		
	Trade and Other Receivables	21,649,322.35	(88,718,916.25)
	Inventories	(16,626,748.50)	(62,176,950.91)
	Trade Payments	26,143,412.66	68,030,843.15
	Cash Generated from Operations	5,954,031.55	(104,452,317.58)
	Interest Paid	15,948,240.91	12,967,594.15
	Income and Fringe Benefit Tax	2,336,320.35	2,747,859.35
	CASH FLOW BEFORE EXTRAORDINARY ITEMS	(12,330,529.71)	(120,167,771.08)
	Extraordinary Items	225,756.00	1,991,547.69
	Net Cash from Operating Activities	(12,104,773.71)	(118,176,223.39)
B.	CASH FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	10,663,698.00	3,928,398.00
	Sale of Fixed Assets	445,800.00	960,858.00
	Net Gain/Loss on Foreign Currency Transactions	(14,613,172.00)	(1,485,549.00)
	Sale/ (Purchase) on Investments	-	(6,611,212.00)
	Interest and Other Income	42,080,482.76	54,451,595.58
	Net Cash from Investing Activities	46,475,756.76	59,580,816.58
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Issue of Share Capital/Share Application	-	-
	Proceeds from Long Term Borrowings	(7,328,860.90)	(16,258,507.00)
	Proceeds from Other Borrowings	(27,324,084.00)	79,787,263.00
	Public Issue and Other Expenses	-	-
	Capital Subsidy Received	-	-
	Net Cash from Financing Activities	(34,652,944.90)	63,528,756.00
D.	NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(281,961.85)	4,933,349.19
	Opening Balance of Cash and Cash Equivalents	18,819,473.85	13,886,124.66
	Closing Balance of Cash and Cash Equivalents	18,537,512.00	18,819,473.85

AUDITORS' CERTIFICATE

We have examined the attached cash flow statement of Ashnoor Textiles Mills Limited for the year ended March 31, 2012 and March 31, 2011. The Statement has been prepared by the Company in accordance with the requirement of listing agreement Clause 32 with Stock Exchanges and is based on and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

For KSA & Co.
Chartered Accountants

KAMAL PIYUSH
Partner
Membership Number: 83399
Place: New Delhi
Date : August 07, 2012

BOOK POST

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District Gurgaon, Haryana - 122 001