

**42<sup>nd</sup> Annual Report  
2011-12**

**SWADESHI POLYTEX LIMITED**

# SWADESHI POLYTEX LIMITED

## BOARD OF DIRECTORS AS ON DATE OF AGM

Shri Gaurav Swarup	<i>Chairman</i>
Shri Hartaj Sewa Singh	<i>Vice Chairman</i>
Shri K. Ramachandran Pillai	<i>Director</i>
Shri R. K. Sharma	<i>Director</i>
Shri Atul Seksaria	<i>Director</i>
Shri P. C. Vaish	<i>Director</i>
Shri S.S. Madan	<i>Director</i>
Shri N. K. Gupta	<i>Director</i>
Shri Naveen Aggarwal	<i>Director</i>
Shri S.B. Singh Khathpal	<i>Director</i>
Shri B. Mehrotra	<i>Director</i>
Shri Y. J. Dastoor	<i>Director</i>

## REGISTERED OFFICE

New Kavi Nagar, Industrial Area Ghaziabad - 201002 (U.P.)

## REGISTRAR AND SHARE TRANSFER AGENT

RCMC Shares Registrar Private Limited

B-106, Sector-2, Noida - 201301

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## Notice

Notice is hereby given that 42<sup>nd</sup> Annual General Meeting of the members of Swadeshi Polytex Limited will be held at the Registered Office of the Company at New Kavi Nagar, Industrial Area, Ghaziabad - 201002 (Uttar Pradesh) on 21<sup>st</sup> September, 2012 at 12.00 Noon to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2012 and the Statement of Profit and Loss Account of the Company ended as on that date and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in Place of Shri Atul Seksaria, who retires by rotation and being eligible, offers himself for re- appointment.
3. To appoint a Director in place of Shri Hartaj Sewa Singh, who retires by rotation and being eligible, offers himself for re- appointment.
4. To appoint a Director in place of Shri Naveen Aggarwal, who retires by rotation and being eligible, offers himself for re- appointment.
5. To appoint Auditors and to fix their remuneration and for that purpose to pass the following Resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to section 224A and other applicable provisions of the Companies Act 1956, if any M/S Suresh Bansal & Co. Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General meeting to the conclusion of the next Annual General Meeting of the Company and the Board of Directors / Audit Committee be authorised to fix their remuneration.

### **SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modification(s), the following Resolutions as **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting new Article 10 A after the existing Article 10:

#### **10A Dematerializations of securities**

- (1) Notwithstanding anything contained in these Articles, the Company shall be entitled, as and when decided by the Board of Directors, to dematerialise its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.
- (2) Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.  
If a person opts to hold his security with a Depository, the Company shall intimate such Depository details of allotment of the security, and on receipt of information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.
- (3) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in sections 153, 153A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

- (4) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of affecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.
- (5) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (6) Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.
- (7) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
- (8) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.
- (9) The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of members and security holders for the purpose of these Articles.
- (10) For the purpose of this Article:-

‘Beneficial Owner’ means a person or persons whose name is recorded as such with a Depository;

‘SEBI’ means the Securities and Exchange Board of India;

‘Depository’ means a Company formed and registered under the Companies Act, 1956 and which has been granted a Certificate of Registration to Act as a Depository under the Securities and Exchange Board of India Act, 1992 and ‘Security’ means such security as may be specified by SEBI from time to time.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate.”

By order of the Board  
For **Swadeshi Polytex Limited**

Place : New Delhi  
Dated : 9<sup>th</sup> August, 2012

(**R.K.Sharma**)  
(Director)

(**B. Mehrotra**)  
(Director)

## Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend on his behalf and on a poll to vote on his behalf and that the proxy need not be a member of the Company. Proxies in order to be effective must be signed, stamped and deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. Blank proxy form is annexed hereto.**
2. Explanatory Statement(s) pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Businesses contained in item no. 6 to be transacted at the meeting is annexed hereto and forms part of Notice.
3. In case of joint holding only that joint holder who is highest in order of the names as per Company's record shall be entitled to vote.
4. The register of members and share transfer books of the Company will remain closed from 15<sup>th</sup> September, 2012 to 21<sup>st</sup> September, 2012 (Both days inclusive).
5. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
6. Pursuant to Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form No 2B in duplicate (which will be made available on request) to the R&T Agent.
7. Members are requested to bring their attendance slip along with Copy of the Report and Accounts to the AGM.
8. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed Companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company.
9. Members are requested to visit the website of the Company <http://www.splindia.co.in> for viewing the quarterly and annual financial results and for more information on the Company.
10. RCMC is the Registrar & Share Transfer Agent (R&T Agent) of the Company. All investor related communication may be addressed to the RCMC at the following address:

RCMC Share Registrar Private Limited

B-106, Sector-2, Noida-201301

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

In Conformity with the provisions of section 173 (2) of the Companies Act, 1956 the following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the Notice should be taken as forming part thereof.

**Item No- 6**

Members are aware that with the introduction of The Depositories Act 1996 and depository System, some of the provisions of The Companies Act 1956 in relation to Issue, Holding, Transfer of share, debenture and other securities has been amended to facilitate the implementation of the new system. The depository system is safe and convenient method to hold and trade in securities of the company. The System eliminates several constraints and limitations experienced in the script base system such as bad deliveries, fraudulent transfer, and perseverance of share Certificates etc. The system also offers several cost benefit such as reduction in postage expenditure, exemption from stamp duty on transfers.

Further The Companies Act 1956 as amended by up to date has provided every holder of shares or debentures or other securities an options to nominate a person to whom his /her share or debenture of the company shall vest in the event of his /her death.

In view of enabling provisions now being available and keeping in view the larger Share holders interest it is proposed to amend the Articles of Associations of the company, suitable incorporating therein necessary provisions relating to the implementation of the depository system and for providing nominations facility in conformity with The Depositories Act 1996 and The Companies Act 1956 respectively.

Section 31 of the Companies Act 1956 provides that any alteration to the Articles of Association of the Company shall be approved by the shareholders by means of special resolution.

The Directors therefore recommend passing of the Special Resolution as set out in Item no 6 of the notice.

None of the Directors are interested in the resolutions.

By order of the Board  
For **Swadeshi Polytex Limited**

Place : New Delhi  
Dated : 9<sup>th</sup> August, 2012

**(R.K.Sharma)**  
(Director)

**(B. Mehrotra)**  
(Director)

**ANNEXURE TO THE NOTICE DATED 9th AUGUST 2012**

**Details of Directors' seeking reappointment at the forthcoming Annual General Meeting.  
(Pursuant to clause 49 of the Listing Agreement)**

<b>Name of the Director</b>	<b>Shri Atul Seksaria</b>
Date of appointment	23/11/2006
Brief Resume and nature of expertise in functional area	Senior Chartered Accountant, Possesses rich and wide post qualification experience of 25 years in the areas of assurance, business and risk advisory, due diligence reviews, advising & structuring of entrepreneurial growth companies etc.
Directorship held in other Public Companies (Excluding Foreign and Private Companies)	Amar Ujala Publications Ltd.
Membership/Chairman/of Committees of other Public Companies (includes only Audit Committee and Shareholders'/Investor Grievance Committee	2-Audit Committee & Remuneration Committee.
Number of Shares held in the Company	250 Shares

**SWADESHI POLYTEX LIMITED**

<b>Name of the Director</b>	<b>Shri Hartaj Sewa Singh</b>
Date of appointment	26/09/2003
Brief Resume and nature of expertise in functional area	An MBA with over 30 years experience in Banking, Finance and General management. Served for 11 years with American Express Bank and subsequent to that has been an independent entrepreneur running professional services business.
Directorship held in other Public Companies (excluding Foreign and Private Companies)	Nil
Membership/Chairman/of Committees of other Public Companies (includes only Audit Committee and Shareholders'/Investor Grievance Committee)	Nil
Number of Shares held in the Company	250 Shares

<b>Name of the Director</b>	<b>Shri Naveen Aggarwal</b>
Date of appointment	23/11/2006
Brief Resume and nature of expertise in functional area	Senior Chartered Accountant, Possesses rich and wide post qualification experience of 17 years in the areas of assurance, business and risk advisory, due diligence reviews, advising& structuring of entrepreneurial growth companies etc.
Directorship held in other Public Companies (excluding Foreign and Private Companies)	Nil
Membership/Chairman/of Committees of other Public Companies (includes only Audit Committee and Shareholders'/Investor Grievance Committee)	Nil
Number of shares held in the Company	250 Shares

**DIRECTORS' REPORT**

Dear Members,

Your directors have pleasure in presenting the 42<sup>nd</sup> Annual Report along with Audited Accounts and annexure attached thereto for the year ended 31<sup>st</sup> March, 2012.

**HIGHLIGHTS**

The factory of the company located at Ghaziabad is closed since 1998. Since there were no production activities during the year, the Company has not made any manufacturing profit during the year.

The Company continued with the business trading of yarn/textiles during the year.

Out of the various business opportunities available with the Company, the Company has entered the Real Estate sector during the year. Your directors foresee good opportunities in the said sector and are hopeful of achieving better results in the current financial year.

**FINANCIAL REPORT**

The Financial Results of the Company for the year 2011-2012 are summarized below:

	<b>Year Ended on 31.03.2012</b>	Year Ended on 31.03.2011
Total Income	<b>55,452,719</b>	34,998,439
Net Loss before tax	<b>(147,344,182)</b>	(3,19,22,353)
Loss After Tax	<b>(35,058,077)</b>	(3,19,22,353)
Balance in Profit & Loss Account brought forward from last Year	<b>(689,669,818)</b>	(65,77,47,465)
Balances Carried forward to Balance Sheet	<b>(724,727,895)</b>	(68,96,69,818)

**DIVIDEND**

Your Directors do not recommend any dividend for the year under review, in the absence of profit.

**PARTICULARS OF EMPLOYEES**

There are no employees who are in receipt of remuneration for which particulars are required to be disclosed as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGOING**

In the absence of any manufacturing activities during the year under review, no steps were required to be taken for conservation of energy, technology absorption and research & development and as such the information relating thereto may be taken as nil. There were no foreign exchange earnings and outgo during the year under review.

**DIRECTORS**

Mr. Atul Seksaria, Mr. Hartaj Sewa Singh, and Mr. Naveen Aggarwal retire by rotation and being eligible, have offered themselves for re-appointment.

**LISTING OF SHARES**

The Bombay Stock Exchange had revoked the suspension of the Companies equity shares listed at their exchange. Now the Companies shares has started trading in Bombay Stock Exchange. The depository for the Company's shares are CDSL. The Company is also in discussion with NSDL for necessary admission of the Companies securities with them. The listing fees of Mumbai Stock Exchange has also been paid by the Company till 2012-2013. The Company has also taken steps to discontinue the membership of all the other stock exchanges where the Company shares are listed other than BSE.

**AUDITORS**

M/s Suresh Bansal & Co., Chartered Accountants, the Statutory Auditors of the Company retires at the forthcoming Annual General Meeting. A letter has been received from Suresh Bansal & Co. Chartered Accountants confirming



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that their appointment, if made, will be in conformity with the provisions of Section 224 (1-B) of the Companies Act, 1956. As per section 224A of the Companies Act 1956, members are requested to pass the special resolution.

## COMMENTS ON AUDITORS' REPORT

The management view on the auditors Comments are as follow.

SI. No.	AUDITORS COMMENTS	MANAGEMENT VIEW
1	Balance confirmation for certain Inoperative Bank Accounts, Trade receivables & Payables, loans and advances are pending.	Since the Inoperative Bank Accounts, Trade receivables & Payables, loans and advances are very old and the Company has also written letter for their confirmation but the confirmation letters have not been received by the Company till date.
2	TDS on Interest of Rs. 5,93,517, remaining outstanding for more than six months as at 31 <sup>st</sup> March, 2012 from the date it was payable.	The Company is in the process of making payment of the outstanding TDS amount with interest with the Income tax authority.

## PUBLIC DEPOSITS:

During the year under review, Your Company has not accepted any deposits in terms of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975, and also no amount was outstanding on account of principal or interest thereon, as on the date of the Balance Sheet.

## CORPORATE GOVERNANCE

The report on Corporate Governance and the certificate from the Company Secretary in Practice regarding compliance with the conditions of Corporate Governance have been furnished in the Annual Report and forms part of the Annual Report.

## COMPLIANCE CERTIFICATE

N.K. Rastogi & Associates, Company Secretaries, has given the compliance certificate as required under section 383 A of the Companies Act, 1956. The Copy of the same is enclosed and form part of this report.

## DIRECTORS' RESPONSIBILITY STATEMENT

(As per section 217 (2AA) of the Companies Act 1956)

The Directors hereby confirm:

- i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgment 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 loss of the Company for that period.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the Annual Accounts on a going concern basis.

## ACKNOWLEDGEMENT

Your Directors wish to convey their sincere thanks to all the shareholders for the trust they have reposed in the Company and its board.

For and on behalf of the Board  
**FOR SWADESHI POLYTEX LIMITED**

Place: New Delhi  
Date : 9<sup>th</sup> August, 2012

**(R. K. Sharma)**  
Director

**(B. Mehrotra)**  
Director

## COMPLIANCE CERTIFICATE

Registration No of the Company: L25209UP1970PLC003320

Nominal Capital: Rs 250,000,000/-(Rupees Twenty Five Crores only)

To,

The Members

M/s Swadeshi Polytex Limited

New Kavi Nagar, Industrial Area

Ghaziabad

We have examined the registers, records, books and papers of M/s Swadeshi Polytex Limited as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being Public Limited Company has the minimum prescribed paid-up capital and comments with reference to maximum no. of members are not required.
4. The Board of Directors duly met 7 (Seven) times on 3<sup>rd</sup> May 2011, 30<sup>th</sup> May 2011, 21<sup>st</sup> July 2011, 9<sup>th</sup> August 2011, 8<sup>th</sup> September 2011, 5<sup>th</sup> November 2011 and 14<sup>th</sup> February 2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 15<sup>th</sup> September, 2011 to 21<sup>st</sup> September, 2011 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.3.2011 was held on 21<sup>st</sup> September, 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Governments.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
  - (i). Not allotted any securities during the year and the Company delivered all the certificates on lodgment for transfer /transmission or any other purpose in accordance with the provisions of the Act.
  - (ii) Not deposited any amount of dividend in a separate bank account as no dividend was declared during the financial year.
  - (iii) Not required to post warrants to any members of the Company as no dividend was declared during the financial year.

- (iv) There was no unpaid dividend account, application money due for refund etc. that have remained unclaimed or unpaid for a period of seven years.
- (v) Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of directors, additional directors, alternate directors and directors to fill casual vacancy have been duly made.
15. The Company has not appointed any Managing Director/ Whole time Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company law Board, Regional Director, Registrar and / or such other authorities as prescribed under the various provision of the Act during the year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited /accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made any loan or advances or given guarantees or provide securities to other bodies corporate and consequently no entries have been made in the registers kept for this purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year for offences under the act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards provident fund during the financial year, as the same is not required under the Act.

SIGNATURE : Sd/-  
NAME OF THE COMPANY SECRETARY : NAVEEN KUMAR RASTOGI  
C.P. NO. : 3785

Place : DELHI

Dated : 9<sup>th</sup> August, 2012

**M/s Swadeshi Polytex Limited**

S.No.	Name of the Register as Maintained by Company	Section under which register is maintained
1.	Minutes of Board And General Meeting	U/S 193 of the Companies Act, 1956
2.	Member Register	U/S 150 of the Companies Act, 1956
3.	Share Transfer Register	U/S 108 of the Companies Act, 1956
4.	Register of Particulars of Directors	U/S 303 of the Companies Act, 1956
5.	Directors Shareholdings	U/S 307 of the Companies Act, 1956
6.	Register of Charges	U/S 143 of the Companies Act, 1956
7.	Register and Return	U/S 163 of the Companies Act, 1956
8.	Book of Accounts	U/S 209 of the Companies Act, 1956
9.	Register of Contract	U/S 301 of the Companies Act, 1956

**NOTE:**

The Company has not maintained the following registers as it was informed that there were no entries / transactions to be recorded therein:

1. Register of Depositors under rule 7 of the Cos. Act (Acceptance of Deposits) Rules 1975.
2. Register of Securities Brought Back under Section 77A.
3. Register & Index of debenture holder u/s 152.

**ANNEXURE -B**

Forms and returns as filed by the Company with the Register of Companies, Regional Directors, Central Government or other authorities during the financial year 2011-2012:

FORM NO./ RETURN	FILED U/S	DATE OF FILING	PARTICULARS	WHETHER FILED WITHIN TIME (YES/NO)
Balance Sheet & Profit & Loss Account (Form 23 AC & 23 ACA)	220	05.01.2012	Year ended on 31.03.2011	NO
Annual Return (Form 20 B )	159(1)	21.11.2011	For AGM held on 21.09.2011	YES
Compliance Certificate (Form 66)	383 A	22.10.2011	Year ended on 31.03.2011	NO
Form 32	303(2)	13.06.2011	For Appointment & Cessation of Director	YES
Form 23	192	22.10.2011	For registration of Special Resolution	NO

**COMPLIANCE REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Your Company firmly believes that maintaining the highest standards of Corporate Governance is the implicit rule that determines a management's ability to make sound decisions in the best interest of shareholders and other stakeholders.

The philosophy of Corporate Governance is primarily based on the principles of integrity, transparency, fairness, accountability, full disclosure and independent monitoring of the State of affairs.

**I BOARD OF DIRECTORS****A. Composition, Category and Attendance of the Board of Directors**

During the year 2011-12, the Board of Directors consisted of Twelve Directors, all are the non-executive Directors. Mr. Gaurav Swarup is the Chairman of the Company and Mr. Hartaj Sewa Singh is the Vice Chairman of the Company.

**The composition of Board of Directors is as follows.**

Sl. No.	Name	Category
1.	Mr. Gaurav Swarup	Chairman and Non Executive Director
2.	Mr. Hartaj Sewa Singh	Vice Chairman and Non Executive Director
3.	Mr. K.Ramachandran Pillai	Non Executive Director
4.	Mr. R.K.Sharma	Non Executive Director
5.	Mr. Atul Seksaria	Independent Director
6.	Mr. K.Subramanian	Non Executive Director
7.	Mr. S.S.Madan	Independent Director
8.	Mr. N.K.Gupta	Independent Director
9.	Mr. Naveen Agarwal	Independent Director
10.	Mr. S.B Singh Khathpal	Non Executive Director
11.	Mr. Bipin Behari Mehrotra	Non Executive Director
12.	Mr. Yezdezard Jehangir Dastoor	Independent Director
<b>DIRECTORS RETIRED/RESIGNED DURING THE YEAR 2011-12</b>		
1.	Mr. R.K Sanghi*	Non Executive Director

\* Mr. R.K Sanghi ceased to be a Director on the Board w.e.f. 30<sup>th</sup> May, 2011

The Chairman is a promoters Director and the number of Independent Non-Executive Directors on the Board is more than 40% of the Board strength at any point of time.

**B.** None of the non-executive Directors has any pecuniary relationship with the Company.

**C.** During the period, the Board of Directors of your Company met 7times. The dates on which the meetings were held are 3<sup>rd</sup> May 2011, 30<sup>th</sup> May 2011, 21<sup>st</sup> July 2011, 9<sup>th</sup> August 2011, 8<sup>th</sup> September 2011, 5<sup>th</sup> November 2011 and 14<sup>th</sup> February 2012, and the gap requirement of four months between two meetings has been complied with.

All relevant information, as per clause 49 of the listing Agreement was placed before the Board from time to time

Name	Number of Board Meetings held during the year	Number of Board Meetings attended	Last AGM Attendance (Yes/No)
Mr. Gaurav Swarup	7	2	Yes
Mr. Hartaj Sewa Singh	7	7	Yes
Mr. K.Ramachandran Pillai	7	1	No
Mr. R.K.Sharma	7	7	Yes
Mr. Atul Seksaria	7	5	Yes
Mr. K.Subramanian	7	5	No
Mr. S.S.Madan	7	7	Yes
Mr. N.K.Gupta	7	5	No
Mr. Naveen Agarwal	7	7	Yes
Mr. S.B Singh Khathpal	7	5	Yes
Mr. Bipin Behari Mehrotra	7	7	Yes
Mr. Yezdezard Jehangir Dastoor	7	4	No
Mr. R.K Sanghi	7	1	No

None of the Directors of your Company were members in more than 10 Committees or acted as Chairman of more than 5 committees across all Companies in which they were Directors.

**D. Code of Conduct**

The board has approved the code of conduct for all the board members and senior management personnel of the Company.

**II AUDIT COMMITTEE**

The Board has constituted an Audit Committee of Directors in accordance with the requirements of Sec 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement.

**A. Composition, Name of Members and Chairman**

The Audit Committee of the Company comprises of Mr. Naveen Agarwal (Chairman), Mr. B.Mehrotra, Mr. K.Subramanian and Mr. N.K Gupta.

Mr. Naveen Agarwal & Mr.B. Mehrotra holds 250 shares and Mr. K.Subramanian holds nil shares of the Company.

Sl.No.	Name of the Member	Category	No. of Meetings Held	No. of Meetings Attended
1.	Mr. Naveen Agarwal	Chairman	4	4
2.	Mr. B. Mehrotra	Member	4	4
3.	Mr. K.Subramanian	Member	4	3
4.	Mr. N.K. Gupta	Member	4	2

**B.** During the year, Audit Committee met times on 24<sup>th</sup> May 2011, 9<sup>th</sup> August 2011, 2<sup>nd</sup> November 2011 and 8<sup>th</sup>February, 2012

## **C. Powers Of Audit Committee**

The Audit Committee inter alia, has following powers

1. To investigate any activity within terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure the attendance of outsiders with relevant expertise, if considers necessary.

## **D. Role of Audit Committee**

The role of audit committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, the reappointment and, if required, replacement or removal of statutory auditors and the fixation of audit fee.
3. Approval of payment to Statutory Auditors for any other services rendered by statutory auditors
4. Reviewing, with the management, the annual financial statements before submission to the Board, with particular reference to :
  - a. Matters required being included in the Directors Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit finding.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  - a. Reviewing, with the management, the statement of uses / application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing with the management, performance of statutory and internal auditors, and the adequacy of internal control system.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with the internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors in to matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
10. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look in to reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

## **E. Review of Information by Audit Committee**

The Audit Committee reviews the following information:

1. Management discussion and analysis of the financial condition and results of the operation;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters / letters of internal control weaknesses issued by Statutory Auditors;
4. Internal Audit reports relating to internal control weaknesses ; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor are subject to review by the Audit Committee.

## **III The Company does not have any subsidiary company.**

## **IV DISCLOSURES**

- A. Related party transactions and its details as given in Clause 49 are placed before Audit Committee.
- B. While preparing the financial statements, the Company has followed prescribed accounting standards.
- C. Your Company has established the adequate procedures for the purpose of ensuring that identified risk is effectively managed through properly defined framework.
- D. During the year the Company has not raised any funds by way of Public Issues, Right Issues Preferential Issues etc.
- E. There are no materially significant related parties transactions which have potential conflict with the interest of Company. Transaction with related party are disclosed in notes to accounts in the annual report.
- F. No penalties or strictures have been imposed on the Company by the stock Exchange/s or SEBI or any statutory authority on any matter related to capital markets for non compliance by the Company. However, due to earlier non-compliances the shares of the Company have been placed in suspended category – Z. The Company has applied for revocation of suspension and the Company got In-Principal approval for revocation of suspension in trading of equity shares on 19 March 2012. The shares had started traded in the BSE w.e.f 28<sup>th</sup> May, 2012.
- G. The Company has complied with all the mandatory requirements of clause 49 of the listing agreement.

## **H. Remuneration of Directors**

The Company does not have any pecuniary relationship with any Non-Executive Directors. Therefore, no remuneration was given to any of the Director during the financial year 2011-12.

## **I. General Shareholders Information**

1. Quarterly results and presentation made by the Company to the analyst, if any, has been sent in such form so as to enable the stock exchange on which the Company is listed to put its own web site.
2. The Board has constituted Shareholder's Grievance Committee of Directors in order to meet the requirement of Clause 49 of the Listing Agreement of the Stock Exchanges.



**a. Composition of Committee**

Shareholders' Grievance Committee comprises of Mr. N.K Gupta (Chairman), Mr. R.K Sharma, Mr D.K Agarwal and Mr. Bhuwan Chaturvedi have been appointed as committee members.

**b. Key Responsibilities**

The Key Responsibilities of the Investor Grievance Committee include the following:

- Redressal of shareholders and investor complaints e.g. transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc.
- Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time.
- Issue of duplicate share certificates in place of original certificate, which may be lost/ torn/ mutilated;
- To approve and effect transmission of shares arising as a result of death of the sole/ anyone joint shareholder.

**c. Details of queries/complaints received and resolved during the year**

Name of Compliance Officer : Mr. Bhuwan Chaturvedi

Designation of Compliance Officer : CEO

This committee monitors complaints of shareholders relating to transfer of shares, non-receipt of Balance Sheet, dividend, interest etc.

The details of Shareholders Grievance are as follows:-

No. of Complaints received during the year	12
No. of Complaints resolved during the year	12
Pending Complaints at the end of the financial year	NIL

3. The Board has constituted Share Transfer Committee in order to meet the requirements of Clause 49 of the Listing Agreement of the Stock Exchanges.

The Share Transfer Committee comprises of Mr. Naveen Agarwal (Chairman), Mr. Bhuwan Chaturvedi, & Mr. B. Mehrotra & Mr. K.Subramanian.

The Board has designated Mr. Bhuwan Chaturvedi, CEO as the Compliance officer of the Company.

**V CEO/CFO CERIFICATION**

Certificate as required by clause 49 of the Listing Agreement is enclosed.

**VI GENERAL BODY MEETINGS**

The details of last three Annual General Meetings (AGM) of shareholders held were as under:

Year	Date	Location	Time	Whether Special Resolutions Passed
41 <sup>st</sup> AGM	21/09/2011	New Kavi Nagar Industrial Area, Ghaziabad, U.P	12.00 Noon	Yes
40 <sup>th</sup> AGM	28/10/2010	—Do—	12.00 Noon	Yes
39 <sup>th</sup> AGM	30/09/2009	—Do—	12.00 Noon	Yes

Special Resolution passed at the last three Annual General Meetings.

<b>AGM</b>	<b>Description of Special Resolution</b>
41 <sup>st</sup> AGM	Appointment of Auditors and fixation of their remuneration
40 <sup>th</sup> AGM	Change name of the Company, reappointment of Auditors' & and conversion of loan into equity under sec 81(1A)
39 <sup>th</sup> AGM	Re-appointment of Auditors and fixation of their remuneration

## VII DISCLOSURES

- A. Transactions of material nature entered into by the Company with promoters, directors or the management, their subsidiaries or relatives etc. , if any form part of the Notes to the Accounts
- B. The Company has complied with some of the requirements of the Listing Agreement with Stock Exchanges, SEBI and other Statutory and Regulatory Authorities on capital markets. No penalties or strictures have been imposed on your Company by the Stock Exchanges, SEBI and other Statutory and Regulatory Authorities in connection with violation of capital market norms, rules and regulations etc. in the last three years.
- C. The Company has complied with all mandatory requirements of the Clause 49.

## VIII MEANS OF COMMUNICATION

The Company has published the quarterly, half yearly and annual financial results during the year.

## IX GENERAL SHAREHOLDER INFORMATION

### S No. Information

- A. Annual General Meeting
  - Date and Time 21<sup>st</sup> September, 2012 at 12.00 noon
  - Venue Kavi Nagar Industrial Area Ghaziabad.
- B. Financial Year Ending 31<sup>st</sup> March, 2012
- C. Book Closure Date 15<sup>th</sup> September, 2012 to 21<sup>st</sup> September, 2012
- D. Listing on Stock Exchange: The Stock Exchange, Mumbai  
Phiroze Jee Jee Bhoy Tower, 25<sup>th</sup> Floor,  
Dalal Street, Mumbai – 400001
- E. Dividend payment date In view of losses during the current year,  
dividends are not recommended by the board.  
  
Listing Fee of The Stock Exchange Mumbai upto the year 2012-2013 has been paid and the confirmations of delisting from regional and other Stock Exchange is still awaited
- F. Stock Code  
The Stock Exchange, Mumbai : 503816
- G. Market Price Data (BSE): High, Low during each month in last financial year was NIL as the shares of the Company were lying in the suspended category and it got In-Principal approval for revocation of suspension on 19<sup>th</sup> March, 12 and trading of equity shares at BSE was started w.e.f 28<sup>th</sup> May, 2012.
- H. Performance in Comparison to BSE Sensex The Bombay Stock Exchange has provided In-Principal approval for revocation of suspension of Companies equity shares on 19<sup>th</sup> March, 12 and trading of equity shares at BSE was started w.e.f 28<sup>th</sup> May, 2012.
- I. Registrar and Transfer Agent The Company has appointed RCMC as Registrar and Share Transfer Agent.

**J. Share Transfer System**

The Share Transfer Committee meets regularly to approve the transfer/transmission etc.

**K. Distribution of Shareholdings as on March 31, 2012**

Share Holding of Nominal Value of Rs. 10/-	No. of Shareholders	% of Shareholders	No of Shares held	Amount	% to total
1 to 5000	9648	98.47	6,78,150	67,81,500.00	17.39
5001 to 10000	92	0.93	71,950	7,19,500.00	1.84
10001 to 20000	33	0.33	50,700	5,07,000.00	1.30
20001 to 30000	8	0.08	18,000	1,80,000.00	0.46
30001 to 40000	5	0.05	16,400	1,64,000.00	0.42
40001 to 50000	4	0.04	19,850	1,98,500.00	0.51
50001 to 100000	1	0.01	5,250	52,500.00	0.13
100001 to Above	9	0.09	30,39,700	30,39,7000.00	77.94
<b>Grand Total</b>	<b>9800</b>	<b>100.00</b>	<b>39,00,000</b>	<b>3,90,00,000.00</b>	<b>100.00</b>

**Pattern of Shareholding as on March 31, 2012**

Category	Number of Shares	% of Holding
<b>1. Promoters Holding</b>		
i. Promoters – Indian Promoters	<b>22,29,700</b>	57.17
– Foreign Promoters	NIL	NIL
ii. Persons acting in concert	NIL	NIL
Sub Total	<b>22,29,700</b>	<b>57.17</b>
<b>2. Non Promoters Holding</b>		
i. Institutional Investors	NIL	NIL
ii. Mutual Fund and UTI	NIL	NIL
iii. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/Non Govt. Institutions)	72,575	1.86
iv. FII's	NIL	NIL
Sub Total	<b>72,575</b>	<b>1.86</b>
<b>3. Others</b>		
i. Private Corporate Bodies	7,61,222	19.52
ii. Indian Public	8,31,743	21.33
iii. NRI's/OCB's	4760	0.12
iv. Any Others(HUF/Firm/Foreign Companies)		
Sub Total	<b>15,97,725</b>	<b>40.97</b>
Grand Total	<b>39,00,000</b>	<b>100.00</b>

**L. Dematerialization of Shares**

The Company has obtained the permission from CDSL for dematerialization of Shares and the Company is in the process of obtaining approval from NSDL and all shares are lying in physical form as on 31<sup>st</sup> March, 2012.

M. Registered Office	Kavi Nagar Industrial Area, Ghaziabad 201002
N. Plant Location	Kavi Nagar Industrial Area, Ghaziabad 201002
O. Address for communication	Shareholders correspondence should be addressed to the Company at the Registered Office of the Company or with the Registrar.
P. Certificate of Corporate Governance	As stipulated in clause 49 of the listing agreement, the certificate from a N.K. Rastogi & Associates regarding Compliance of condition of Corporate Governance is annexed herewith.

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## Certificate on Corporate Governance

To,  
The Members of  
**Swadeshi Polytex Limited**

We have examined the compliance of conditions of Corporate Governance by **Swadeshi Polytex Limited** for the period ended on 31<sup>st</sup> March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges 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 conditions of the Corporate Governance as stipulated in the said clause. 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 representation made by Directors and management, we certify that the Company has mostly 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 to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **N. K. Rastogi and Associates**  
Company Secretaries

Sd/-

**Naveen K. Rastogi**

Proprietor

C.P. No. 3785

Place : Faridabad

Date : 9<sup>th</sup> August, 2012

Camp : Ghaziabad

**CEO CERTIFICATE**

To,  
The Members  
**Swadeshi Polytex Limited**

Declaration by Chief Executive Officer on Code of Conduct under clause 49 of the Listing Agreement

I hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed in writing their adherence with the code of conduct adopted by the Company.

Place : New Delhi  
Date : 9<sup>th</sup> August, 2012

(Bhuwan Chaturvedi)  
CEO

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**CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY**

We, B. Mehrotra and R.K. Sharma, Directors of **Swadeshi Polytex Limited** certify:

1. We have reviewed the Financial Statements and Cash Flow Statement of the Company for the year ended March 31, 2012 and that to the best of our knowledge and belief:
  - These Statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - These Statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2012 which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining the Company's internal controls system for financial reporting and evaluating its effectiveness. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
4. During the year:
  - There has not been any significant change in internal control over financial reporting during the year under reference;
  - There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statement; and
  - We are not aware of any instance during the year of significant fraud with involvement therein of management or any employee having a significant role in the Company's internal control system over financial reporting.

Date : 9<sup>th</sup> August, 2012  
Place : New Delhi

(B. Mehrotra)  
Director

(R.K. Sharma)  
Director

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****Global Economy**

Financial year 2011-2012 was a challenging year for the economies across the world. It witnessed numerous events-starting from USA's debt and unemployment issues to Euro zone crisis-impacting growth. The developing nations on the other hand showed signs of stability and emerged as a ray of hope to the rest of the world.

**Indian Economy**

The Indian economy had its own sets of challenges during the year. It dealt with issues like high inflation, tightening monetary policy, weakening industrial growth and investments, lack of direction in government policies, depreciating rupee and high crude oil prices. This led to a slowdown in the overall growth of the economy. According to CSO estimates, the economy grew by 6.9% during the year. However, India is expected to gain back its growth momentum in the medium term owing to higher savings and easing inflationary pressures which would lead to capital formation and fresh investments.

**Real Estate**

From the last year the Company has entered into real estate sector. As we all are aware that real estate is one of the three primary needs of mankind with food and clothing being the other two. The demand for Real Estate though un-questionable is driven by many factors including affordability, cyclicity, market sentiment, availability of loans etc. The supply side is influenced by regulatory policies, liquidity, and availability of skilled and unskilled resources.

Owing to the impact of the challenging macro economic factors, this financial year 2011-12 was quite challenging for the sector. It faced difficulties in terms of funding, rising costs, labor shortages and regulatory issues, hampering project execution.

**Outlook on opportunities, threats, risks and concerns**

Driven by long term vision for real estate, we have always been optimistic on the promising future outlook of this industry. The global economy is fast recovering and is reflecting in improved performance of some companies in the IT and export oriented industries.

The middle class segment and urban population continue to grow. A significantly higher percentage of Indian populace is young, skilled and thriving, especially in the 25 to 45 age group. Their aspiration to own their own residence at a much earlier age in life and the subsequent rise in priority to acquire this asset give rise to the constant demand for such dwelling units. However, this market has experienced a shift in demand for high cost lifestyle apartments to medium cost affordable housing.

While the management of Your Company continues to leverage the opportunities, it also foresees the challenges, like the availability of skilled resources and retention of highly talented workforce, frequent amendments in regulations, Inflationary pressures which would increase raw material/labor cost, lack of supporting infrastructure such as roads, highways, electricity, etc. that can hamper the growth of real estate as it thrives on availability of good infrastructure.

**Financial performance**

During the period under review as explained elsewhere, the Company has incurred a loss during the year of Rs.35,058,077/- as against Rs 31,922,353/- loss in the previous year.

## **Human Resources / industrial relations**

We continue to believe that our employees are key contributors to our success. The Group's endeavor to impart best training practices and provide a healthy and robust work environment in order to retain talent remains unabated.

## **Internal control systems**

The Company has well defined and adequate internal control systems to ensure that all assets are safeguarded and serve to be more productive. Internal controls are supplemented by periodical along with management reports which are reviewed by our Audit Committee.

We have an independent and qualified Audit Committee that includes members from our Board of Directors. The Company has also appointed Messer's SSKM as internal auditors to the Company who carry out ongoing audit and controls on the affairs of the Company. The Audit Committee reviews the efficiency and competency of internal control systems and makes suggestions for any improvements or corrections. These internal controls ensure efficiency in operations, compliance with internal policies of the Company, applicable laws and regulations, protection of resources and accurate reporting of financial transactions.

## **Cautionary Statement**

Statements in the Management's Discussion and analysis report describing the Company's estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand-supply conditions, change in Government regulations, tax regimes, economic developments within the country and other factors such as litigation etc.

**AUDITORS' REPORT**

To,  
The Members,  
**Swadeshi Polytex Limited**  
Ghaziabad

1. We have audited the attached Balance Sheet of Swadeshi Polytex Limited as at 31<sup>st</sup> March 2012, the Statement of Profit & Loss 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 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 (as amended) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give our comments in the annexure on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by 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 representation received from the Directors as 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 terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) A) without qualifying our opinion, we draw attention to Note B-2.29 regarding provision of interest in pursuance of Full time Settlement reached with secured lenders, which is pending independent confirmation by the respective lenders.  
B) *Attention is invited to Note No. B-2.27 in relation to pending confirmation for certain inoperative Bank Accounts, Trade receivables & Payables, loans and advances. The impact of reconciliation and adjustment of the same, if any, on the financial statements is unascertained.*

In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to our comments in para 4(vi) (B) above* and read together with the Other Notes attached thereto give the information required by 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;
- (b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Suresh Bansal & Co.**

Chartered Accountants

Firm's Regn. No. 003343N

**S. K. Bansal**

Partner

(Membership No. : 082242)

Place : Faridabad

Date : 21<sup>st</sup> May, 2012

Camp : Ghaziabad

**Annexure referred to in paragraph 3 of our report of even date to the members of Swadeshi Polytex Limited on the accounts 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) The Company has carried out the year end physical verification of majority of fixed assets. In our opinion, the frequency of the physical verification is reasonable having regard to the size and nature of operations of the company.
- (c) The Company in accordance with an agreement has disposed off the substantial part of its Building and Plant & Machinery kept under the head 'Assets held for disposal'. Further, the company has commenced the new business of dealing in real estate by converting its factory land into tradable stock in trade. In view of the ongoing trading activities and the intention of the company to continue the business in the future, we are of the opinion that the going concern assumption will not be affected due to the disposal of the aforesaid Buildings and Plant & Machinery.
- (ii) (a) The only inventory in hand at the year end is in the form of lease hold plot rights, for which management has conducted physical verification in the form of measurement, frequency of which in our opinion is reasonable;
- (b) In our opinion and in view of nature of inventory, the action taken and procedures followed by the management for physical verification of inventory were reasonable and adequate.
- (c) In respect of the trading activity of real estate, the company has identified and maintained records in respect of various plots of land and no material discrepancies were noticed on the physical verification of the same.
- (iii) (a) We are explained that the Company has not granted any loans secured or unsecured to any Company, firm or other party required to be listed in the register maintained under Section 301 of the Companies Act 1956.

In view of clause (iii) (a) above, the clauses (iii)(b), (iii)(c) and (iii)(d) are not applicable.

- (e) The company had taken secured loan from a body corporate and unsecured loans from another body corporate listed in the register maintained under Section 301 of the Companies Act 1956. The maximum amount involved for the said loans was Rs. 2451.49 lacs for Secured Loan and Rs. 230.21 Lacs for unsecured loans.
- (f) In our opinion, the terms and conditions of the aforesaid loans taken by the company are prima facie not prejudicial to the interest of the company;

- (g) In respect of the aforesaid secured loan, we are explained that the company has reached a full time settlement in respect of all dues upto a cut off date during the year. As at the year end, there was no overdue amount pending for repayment. In respect of unsecured loan, it is informed that the same is repayable on demand. We are also informed that no such demand was raised for repayment of aforesaid loan during the year and therefore there was no overdue amount at the year end.
- (iv) In our opinion and according to the information and explanations give to us, there are adequate internal control systems commensurate with the size of the company and nature of its business with regard to purchase of fixed assets and Trading activities. Further, on the basis of our examination and according to the information and explanations given to us, we have neither came across nor have been informed of any instance of major weakness in the aforesaid internal control procedures.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the company has not entered into any transactions exceeding the aggregate amount of Rs. five lacs in respect of aforesaid parties during the year except the transactions under loan and interest thereon and reimbursement accounts.
- (vi) The company has not, during the year, accepted any fixed deposit from the public to which provisions of section 58A & 58AA of the Companies Act, 1956 and relevant rules framed there under apply.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We are informed that the maintenance of the cost records has not been prescribed u/s 209 (1) (d) of the Companies Act 1956 for the company since no manufacturing activities were carried out by the company during the year under report.
- (ix) (a) According to the information and explanation given to us and on the basis of our examination of the books of account, the company has been *generally* regular in depositing the 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 material statutory dues applicable to it with the appropriate authorities *except TDS on Interest of Rs. 5,93,517, remaining outstanding for more than six months as at 31<sup>st</sup> March, 2012 from the date it was payable.*
- (b) According to information and explanation given to us and on the basis of our examination of the books of accounts of the company, following are the details of sales tax/income tax/custom duty/wealth tax/service Tax/excise duty/cess, which have not been deposited on account of any dispute.

Name of Statute	Nature of Dues	Amount (in lacs)	Period	Forum at which dispute is pending
Various Sales Tax Acts	Sales Tax Demand	133.86	Various Years	Various Forum
The Central Excise Act, 1944	Excise Duty on unauthorised removal of goods	165.22	Various Years	Commissioner Central Excise and CESAT
The Central Excise Act, 1944	Penalty on Excise Duty.	25.00	2012	CESAT
The Central Excise Act, 1944	Custom Duty	0.19	Old	D. C. Customs Mumbai

- (x) At the end of the current financial year, Company's accumulated losses were more than 50% of its net worth.
- The company had incurred cash loss during the current financial year as well as in the immediately preceding financial year.
- (xi) According to the information and explanation given to us, we are informed that the company had not borrowed any money from any bank or financial institution and had not issued debentures during the year under report.
- (xii) We are informed that the Company had 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 or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's report) Order, 2003 (as amended) are not applicable to it.
- (xiv) On the basis of examination of books of accounts and according to information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other Investments.
- (xv) According to the information and explanation given to us by the Management, the Company had not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) We are informed that the Company had not obtained any term loans during the current financial year.
- (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 Company had not used the short term funds for long term investment during the year under report.
- (xviii) According to the information and explanation given to us, the Company had not made any preferential allotment of shares to parties or Companies covered in register maintained under Section 301 of the Act.
- (xix) The company had not issued any debentures, consequently the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to it.
- (xx) The Company had not raised any money by means of public issue.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the Management.

For **Suresh Bansal & Co.**

Chartered Accountants

Firm's Regn. No. 003343N

**S. K. Bansal**

Partner

(Membership No. : 082242)

Place : Faridabad

Date : 21<sup>st</sup> May, 2012

Camp : Ghaziabad

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012**

Particulars	Note No.	Amount as at 31 <sup>st</sup> March, 2012	Amount as at 31 <sup>st</sup> March, 2011
<b>I. EQUITY &amp; LIABILITIES</b>			
(1) Shareholders' Funds			
(a) Share Capital	2.1	<b>39,000,000</b>	39,000,000
(b) Reserves & Surplus	2.2	<b>-545,554,229</b>	-510,496,152
		<b>-506,554,229</b>	-471,496,152
(2) Non-current liabilities			
(a) Other Long-term liabilities	2.3	<b>27,114,272</b>	27,315,965
(b) Long-term provisions	2.4	<b>3,403,008</b>	28,848,622
		<b>30,517,280</b>	56,164,587
(3) Current liabilities			
(a) Short-term borrowings	2.5	<b>610,096,745</b>	287,297,597
(b) Trade payables	2.6	<b>25,037,408</b>	76,084,937
(c) Other current liabilities	2.7	<b>50,070,766</b>	189,102,050
		<b>685,204,919</b>	552,484,584
	<b>TOTAL</b>	<b>209,167,970</b>	137,153,019
<b>II. ASSETS</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.8	<b>1,323,481</b>	33,819,696
		<b>1,323,481</b>	33,819,696
(b) Non-current investments	2.9	—	15,323
(c) Deferred Tax Assets (Net)	2.10	<b>70,063,823</b>	—
(d) Long-term loans and advances	2.11	<b>9,124,556</b>	11,108,546
		<b>79,188,379</b>	11,123,869
(2) Current assets			
(a) Inventories	2.12	<b>69,607,845</b>	6,530,058
(b) Trade receivables	2.13	<b>35,741,125</b>	60,319,007
(c) Cash and cash equivalents	2.14	<b>23,019,276</b>	24,375,965
(d) Short-term loans and advances	2.15	<b>88,388</b>	462,379
(e) Other current assets	2.16	<b>1,99,476</b>	522,045
		<b>128,656,110</b>	92,209,454
	<b>TOTAL</b>	<b>209,167,970</b>	137,153,019

Significant Accounting Policies

1.0

The Notes No. 1 to 2.38 are integral part of these financial statements

As per our report of even date attached

 For **Suresh Bansal & Co.**

Chartered Accountants

Firm Regn. No. 003343N

Sd/-

**S. K. Bansal**

Partner

Membership No. 082242

Place : Faridabad

Camp : Ghaziabad

 Date : 21<sup>st</sup> May, 2012

Sd/-

**(R.K. Sharma)**

Director

Sd/-

**(B. Mehrotra)**

Director

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
I. Revenue from operations	2.17	53,957,640	31,876,578
II. Other Income	2.18	1,495,079	3,121,861
<b>III. Total Revenue (I +II)</b>		<b>55,452,719</b>	<b>34,998,439</b>
IV. <u>Expenses:</u>			
Purchase of Stock-in-Trade		—	30,032,247
Land Development Expenses		70,533,542	—
Changes in inventories of Stock-in-Trade		(68,412,287)	—
Financial costs	2.19	180,538,791	74,290,207
Depreciation and amortization expense	2.8	56,773	756,260
Less: Charged from Revaluation Reserve		—	(176,696)
Other expenses	2.20	20,080,082	21,442,128
<b>Total Expenses</b>		<b>202,796,901</b>	<b>126,344,146</b>
V. Profit/(Loss) before exceptional items and tax	(III - IV)	(147,344,182)	(91,345,707)
VI. Exceptional Items	2.21	—	59,423,354
VII. Profit/(Loss) before tax	(V - VI)	(147,344,182)	(31,922,353)
VIII. Tax expense:			
(1) Current tax		(13,483,953)	—
(2) Income Tax provision no longer required		(662,864)	—
(3) Deferred tax		(70,063,823)	—
X. Profit/(Loss) from the period from continuing operations	(VII-VIII)	(63,133,542)	(31,922,353)
X. Profit/(Loss) from Discontinuing operations	2.22	41,559,418	—
XI. Tax expense of Discontinuing operations		13,483,953	—
XII. Profit/(Loss) from Discontinuing operations	(X-XI)	28,075,465	—
XIII. Profit/(Loss) for the period	(IX+XII)	(35,058,077)	(31,922,353)
XIV. Earning per equity share: (nominal value of Rs. 10 each (previous year Rs. 10 each)			
<b>Basic &amp; Diluted</b>			
Computed on the basis of profits from continuing operations		-16.19	-8.19
Computed on the basis of the total profits of the period		-8.99	-8.19

Significant Accounting Policies

1.0

The Notes No. 1 to 2.38 are integral part of these financial statements

As per our report of even date attached

 For **Suresh Bansal & Co.**

Chartered Accountants

Firm Regn. No. 003343N

**Sd/-**
**S. K. Bansal**

Partner

Membership No. 082242

Place : Faridabad

Camp : Ghaziabad

 Date : 21<sup>st</sup> May, 2012

**Sd/-**
**(R.K. Sharma)**

Director

**Sd/-**
**(B. Mehrotra)**

Director

**CASH FLOW STATEMENT YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) before tax	(105,784,763)	(31,922,353)
<b>Adjustment for :</b>		
Provisions no longer required written back		
Interest Expenses	180,538,791	74,277,194
Credit Balances written back	(57,575,002)	
Interest Income	(1,403,596)	(1,135,100)
Depreciation	56,773	579,564
Fixed Assets written off	507,935	
(Profit)/Loss On Sale of Assets	(15,355,808)	(84,423,354)
Miscellaneous Assets written off	3,614,725	
Provision write off for Doubtful Debts/Advances	17,133,573	25,000,000
<b>Operating Cash before working capital changes</b>	<b>21,732,627</b>	<b>(17,624,049)</b>
<b>Adjustment for :</b>		
(Increase)/Decrease in Long Term Loans & Advances	(3,648,943)	514,980
(Increase)/Decrease in Short Term Loans & Advances	373,991	
Increase/(Decrease) in Other Long Term Liabilities	(105,715)	(998,643)
Increase/(Decrease) in Other Current Liabilities	(150,345,070)	5,485,372
(Increase)/Decrease in Other Current Assets	163,910	457,487
(Increase)/Decrease in Inventory	(63,077,787)	3,793,942
Increase/(Decrease) in Trade Payables	1,288,168	(16,532,745)
(Increase)/Decrease in Trade Receivables	(15,364,558)	(13,559,762)
<b>Cash Generated from Operation</b>	<b>(208,983,377)</b>	<b>(38,463,417)</b>
Direct Tax Paid/(Refund)	(62,181)	22,002
<b>Net Cash Flow from Operating Activities</b>	<b>(208,921,196)</b>	<b>(38,485,419)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	51,902	
Sale of Fixed Assets	(47,339,216)	(85,956,358)
Interest Received	(1,562,255)	(805,112)
<b>Net Cash used in Investing Activities</b>	<b>(48,849,569)</b>	<b>(86,761,470)</b>

**SWADESHI POLYTEX LIMITED**

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Payment of Short Term Borrowings	-	40,000,000
Proceeds from Short Term Borrowings	(322,799,148)	-
Interest Paid	164,084,209	11,275,744
<b>Net Cash used in Financing Activities</b>	<b>(158,714,939)</b>	<b>51,275,744</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (A-B-C)	(1,356,688)	(2,999,693)
Cash and Cash Equivalent at the Beginning of the Year	24,375,965	27,375,658
Cash and Cash Equivalent at the End of the Year	23,019,276	24,375,965
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash in hand	1,762,266	6,255,706
Cheque/Draft in Hand	-	1,110,000
Balance with Banks		
- Current Accounts	20,587,553	729,010
- Deposit Accounts	669,457	16,281,249
<b>Total Cash and Cash Equivalents (Note 2.14)</b>	<b>23,019,276</b>	<b>24,375,965</b>

As per our report of even date attached

For **Suresh Bansal & Co.**

Chartered Accountants

Firm Regn. No. 003343N

Sd/-

**S. K. Bansal**

Partner

Membership No. 082242

Sd/-  
**(R.K. Sharma)**  
Director

Sd/-  
**(B. Mehrotra)**  
Director

Place : Faridabad

Camp : Ghaziabad

Date : 21<sup>st</sup> May, 2012

## Note No. SIGNIFICANT ACCOUNTING POLICIES & PRACTICES AND NOTES TO ACCOUNTS

### 1 SIGNIFICANT ACCOUNTING POLICIES & PRACTICES

#### 1.1 ACCOUNTING CONCEPTS

The Financial Statements are prepared under the historical cost convention on accrual basis of accounting as going concern and in accordance with the generally accepted accounting principles, accounting standards as prescribed under companies Accounting Rules, 2006, as applicable and the relevant provisions, rules and disclosure requirements of the Companies Act, 1956.

#### USE OF ESTIMATES

In preparing the Financial Statements in conformity with the generally accepted accounting principles management is required to make estimates and assumptions that may affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the amount of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

#### 1.2 FIXED ASSETS, REVALUATION OF ASSETS AND DEPRECIATION

- (a) Fixed assets are stated at their original cost of acquisition including cost of installation. MODVAT/ CENVAT availed has been deducted from the cost of respective asset.
- (b) Projects under Commissioning and other Capital Works-in-Progress are carried at cost, comprising direct cost and related incidental expenses.
- (c) In case of Revaluation of Fixed Assets, the concerned asset is stated at revalued amount with the creation of Revaluation Reserve. Consequent depreciation on revalued portion of fixed assets based on the remaining useful life is being withdrawn from Revaluation reserve crediting the Profit & Loss Account.
- (d) Depreciation on Plant & Machinery and Buildings is being provided on Straight Line Method, other assets except leasehold land is provided on written down value method at the rates specified in Schedule XIV (as amended) to the Companies Act, 1956.

#### 1.3 IMPAIRMENT OF ASSETS

- (i) The carrying amounts of fixed assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal /external factors.
- (ii) An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount and the same is recognized as an expense in the statement of Profit & Loss and Carrying amount of the asset is reduced to recoverable amount.
- (iii) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exists or have decreased.

#### 1.4 REVENUE

Sales is recognized on dispatch of goods and includes excise duty but excludes sales tax, rebate & discount allowed, as applicable and is net of return/rejections. Certain Incomes the accrual of which is ab-initio not agreed/disputed upon by the parties is not accounted for till such time is agreed / received. Similarly Interest on receivables are accounted only on the receipt or settlement of the same, which ever is earlier. Revenue on transfer of lease hold land is recognised on the basis of transfer of rights along with the related risk and rewards to the buyer.



**1.5 INVENTORIES**

Valuation of stocks is done as mentioned below:

Raw Material and Stores & Spares	At lower of cost or Net realisable value
Work-in-Process	At cost of material included therein or net realisable value whichever is lower.
Finished Goods	At lower of cost or net realisable value
Leasehold Land held for sale	At lower of book value or net realisable value
Saleable Waste, Inventory Held for Disposal and by products	At Net estimated realisable value

- (a) Cost is arrived at using monthly weighted average method.
- (b) Cost of Finished Goods is inclusive of Excise Duty.
- (c) Cost of Lease hold Land is determined after including the expenditure incurred on the development there of

**1.6 TAXATION****i) Current Tax**

Provision for Taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of Income Tax Act, 1961. However, where the tax is computed in accordance with the provision of Section 115 JB of the Income Tax Act, 1961, as Minimum Alternate Tax (MAT), it is charged off to the Profit & Loss Account of the relevant year.

**ii) Deferred Tax**

Deferred Income Tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income and accounting income computed for the current accounting year and reversal of earlier years' timing differences.

Deferred Tax assets are recognized and carried forward to the extent there is reasonable certainty, except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent of deferred tax liabilities or there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**1.7 Refunds of Taxes and Duties**

Refund claims arising out of monies paid under protest or under appeals and charged to Revenue are accounted for at the time of receipt of orders or actual refunds whichever is earlier.

**1.8 Contingent Liabilities**

Disputed liabilities and claims against the company including claims raised by fiscal authorities (e.g. Sales Tax, Income Tax, Excise etc.) except frivolous claims for which no reliable estimate can be made of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in notes to accounts. However, present obligation as a result of past event with possibility of outflow of resources, when reliably estimable, is recognized in accounts.

**2.1 SHARE CAPITAL**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
<b>AUTHORISED</b>		
22500000 Equity Shares of Rs 10/- each	<b>225,000,000</b>	225,000,000
250000 9.5% Redeemable cumulative Preference Shares of Rs 100/- each	<b>25,000,000</b>	25,000,000
	<b>250,000,000</b>	250,000,000
<b>ISSUED , SUBSCRIBED &amp; PAID UP</b>		
3900000 Equity Shares of Rs 10/- each fully paid up	<b>39,000,000</b>	39,000,000
	<b>39,000,000</b>	39,000,000

**Reconciliation of the no. of shares outstanding as at 31-March-2012 & 31-March-2011 is set out below:**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
No. of shares at the beginning	<b>3,900,000</b>	3,900,000
Add/(Less) - Shares issued/(Shares forfeited/Buy Back)	-	-
No. of shares at the end	<b>3,900,000</b>	3,900,000

**Shares in the company held by each shareholder holding more than 5% shares**

National Textile Corporation Ltd	-	33.61%
M.K.J Enterprises Ltd	-	12.47%
Selecto Pac Private Ltd.	-	8.80%
Paharpur Cooling Towers Ltd.	-	7.50%
Doy Pac Systems Pvt Ltd.	-	7.11%

**The rights, preferences and restrictions attached to each class of shares:**

The Company has issued only one class of Equity Shares having the par value of Rs 10/- per share. Each shareholder is entitled to one vote per share.

**2.2 RESERVES & SURPLUS**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
<b>Capital Reserve</b>		
Opening Balance	506,250	506,250
Add - Additions made	-	-
Closing Balance	506,250	506,250
<b>Revaluation Reserve</b>		
Opening Balance	8,036,441	8,213,137
Add - Additions made	-	-
Less - Deletions in respect of sale of revalued assets	-7,413,606	-176,696
Closing Balance	622,835	8,036,441
<b>Capital Redemption Reserve</b>		
Opening Balance	10,975,000	10,975,000
Add - Additions made	-	-
Closing Balance	10,975,000	10,975,000
<b>Surplus</b>		
Opening Balance	-689,669,818	-657,747,465
Add - Profit/(Loss) during the year	-35,058,077	-31,922,353
Closing Balance	-724,727,895	-689,669,818
<b>General Reserve</b>		
Opening Balance	159,655,975	159,655,975
Add - Additions made	7,413,606	-
Closing Balance	167,069,581	159,655,975
<b>TOTAL</b>	<b>-545,554,229</b>	<b>-510,496,152</b>

**2.3 Other Long Term Liabilities**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
Other Payables :		
- due to personnel	27,114,272	27,315,965
<b>TOTAL</b>	<b>27,114,272</b>	<b>27,315,965</b>

**2.4 LONG TERM PROVISIONS**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
Others :		
- Provision for Income Tax/FBT (net of Advance Tax & TDS)	-	445,614
- Provision for Contingencies	<b>3,200,000</b>	28,200,000
- Provision for Excise duty	<b>203,008</b>	203,008
<b>TOTAL</b>	<b>3,403,008</b>	28,848,622

**2.5 SHORT TERM BORROWINGS**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
(a) Loan From Other Parties :-		
*- Secured Loan from a Body Corporate	<b>350,754,249</b>	140,000,000
	<b>350,754,249</b>	140,000,000
(b) Loans from related parties :		
*- Secured Term Loan from a Body Corporate	<b>236,320,999</b>	124,276,100
- Unsecured Demand Loan (Interest free) from a Body Corporate	<b>23,021,497</b>	23,021,497
	<b>259,342,496</b>	147,297,597
<b>TOTAL</b>	<b>610,096,745</b>	287,297,597

\* Rupee term loans are secured by way of pari-passu negative lien on the land & building situated at Kavi Nagar, Ghaziabad, UP.

Details of the default amount is as follow :

- (i) Loan from related Party - Principal Rs. Nil (Previous Year Rs. 12,42,76,100) , Interest Nil (Previous Year Rs. 3,10,50,000)
- (ii) Loan from other Body Corporate - Principal Nil (Previous Year 14,00,00,000), Interest Nil (Previous Year Rs. 14,62,00,892)

**2.6 TRADE PAYABLES**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
Short Term		
Creditors relating to Discontinued business	-	50,628,601
Other Creditors	<b>25,037,408</b>	25,456,336
<b>TOTAL</b>	<b>25,037,408</b>	76,084,937

**2.7 OTHER CURRENT LIABILITIES**

Particulars	Amount as at 31-Mar-12	Amount as at 31-Mar-11
Interest accrued but not due on borrowings	731,351	-
Interest accrued & due on borrowings	16,124,262	177,250,892
Advance received from customers	20,514,279	-
Other Payables :		
- Security deposits payable	-	5,512,652
- Other Liabilities	-	29,175
- Statutory Dues	9,413,998	6,309,331
- Retention Money Payable	3,286,876	-
<b>TOTAL</b>	<b>50,070,766</b>	<b>189,102,050</b>

**NOTE 2.8 : FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 31/03/2011	ADDITIONS DURING THE YEAR	SALE/ADJU- STMENT DURING THE YEAR	AS AT 31/03/2012	UPTO 31/03/2011	FOR THE YEAR	SALE/ADJU- STMENT DURING THE YEAR	UPTO 31/03/2012	AS AT 31/03/2012	AS AT 31/03/2011
	Rs. (2)	Rs. (3)	Rs. (4)	Rs. (5)	Rs. (6)	Rs. (7)	Rs. (8)	Rs. (9)	Rs. (10)	Rs. (11)
Land (Lease hold)	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	345,000	25,902	-	370,902	16,388	15,667	-	32,055	338,848	328,613
Furniture & Fixtures	11,996,531	-	9,558,921	2,437,610	11,331,761	31,456	9,054,854	2,308,363	129,247	664,770
Computers	116,996	26,000	-	142,996	98,972	9,650	-	108,622	34,374	18,024
Vehicles	183,403	-	77,345	106,058	174,233	-	73,477	100,756	5,302	9,170
<b>Total(A)</b>	<b>12,641,930</b>	<b>51,902</b>	<b>9,636,266</b>	<b>3,057,566</b>	<b>11,621,353</b>	<b>56,773</b>	<b>9,128,331</b>	<b>2,549,795</b>	<b>507,771</b>	<b>1,020,577</b>
Building Held for Disposal (B)	10,525,113	-	9,709,402	815,711	-	-	-	-	815,711	10,525,113
Plant & Machinery Held for Disposal (C)	22,274,006	-	22,274,006	-	-	-	-	-	-	22,274,006
<b>Assets Held for Disposal (D)= (B+C)</b>	<b>32,799,119</b>	<b>-</b>	<b>31,983,408</b>	<b>815,711</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>815,711</b>	<b>32,799,119</b>
<b>Grand Total (A+D)</b>	<b>45,441,049</b>	<b>51,902</b>	<b>41,619,674</b>	<b>3,873,276</b>	<b>11,621,353</b>	<b>56,773</b>	<b>9,128,331</b>	<b>2,549,795</b>	<b>1,323,481</b>	<b>33,819,695</b>
Previous year	69,585,959	10,525,113	34,670,023	45,441,049	33,476,999	756,260	22,611,906	11,621,353	33,819,696	36,108,960

**2.9 NON CURRENT INVESTMENT**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
Investment in NSC	-	5,400
Investment in IDBI funding scheme	-	9,923
<b>TOTAL</b>	<b>-</b>	<b>15,323</b>

**2.10 DEFERRED TAX ASSETS (NET)**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
Deferred tax asset due to:		
a) Provision for doubtful debts and advances	15,791,199	-
b) Provision for Contingencies	1,038,240	-
c) Expenditure allowable u/s 40(a)(ia)	53,628,370	-
Deferred tax liability due to:		
a) Depreciation	393,985	-
<b>TOTAL</b>	<b>70,063,823</b>	<b>0</b>

**2.11 LONG TERM LOANS & ADVANCES**

(Unsecured, considered good unless otherwise stated)

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
Security Deposits	-	225,780
	-	225,780
Other Loans & Advances :		
- Tax deducted at Source	304,013	0
- Advances Recoverable	-	3,371,089
- Balance with excise authorities	21,512	2,212,645
- Loan to officers of the Company	2,500,000	-
- Statutory dues deposited under Protest	6,299,032	5,299,032
	9,124,556	10,882,766
- Doubtful Loans & Advances		
- Balance with excise authorities	2,191,133	-
- Advances Recoverable	-	17,010
- Claims Recoverable	2,843,621	2,843,621
Less - Provision for doubtful advances	-5,034,754	-2,860,631
	-	-
<b>TOTAL</b>	<b>9,124,556</b>	<b>11,108,546</b>

**2.12 INVENTORIES**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
Scrap Inventory held for disposal	-	5,334,500
Stock in Trade	<b>69,607,845</b>	1,195,558
<b>TOTAL</b>	<b>69,607,845</b>	6,530,058

**2.13 TRADE RECEIVABLES**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
Short Term trade Receivables (Unsecured, considered good unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered Good	<b>5,106,805</b>	46,392,185
- Considered Doubtful	<b>43,635,916</b>	3,693,476
	<b>48,742,721</b>	50,085,661
Less : Provision for doubtful debts	<b>43,635,916</b>	3,693,476
	<b>5,106,805</b>	46,392,185
Others Receivables	<b>30,634,320</b>	13,926,822
	<b>30,634,320</b>	13,926,822
<b>TOTAL</b>	<b>35,741,125</b>	60,319,007

**2.14 CASH & CASH EQUIVALENTS**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
Balances with Banks		
- On Current accounts	<b>20,587,553</b>	729,010
- Deposit with original maturity of less than three months	<b>669,457</b>	8,920,983
Cheques In hand	-	1,110,000
Cash on hand	<b>1,762,266</b>	6,255,706
	<b>23,019,276</b>	17,015,699
Other Bank Balances		
- Margin Money	-	7,360,266
	-	7,360,266
<b>TOTAL</b>	<b>23,019,276</b>	24,375,965

**2.15 SHORT TERM LOANS & ADVANCES****(Unsecured , considered good unless otherwise stated)**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
Security Deposits	15,000	15,000
Loans & Advances to related parties		
- Advance against expenses to directors	-	392,433
		392,433
Advance recoverable from others	73,388	54,946
	73,388	54,946
<b>TOTAL</b>	<b>88,388</b>	<b>462,379</b>

**2.16 OTHER CURRENT ASSETS**

<b>Particulars</b>	<b>Amount as at 31-Mar-12</b>	<b>Amount as at 31-Mar-11</b>
- Prepaid expenses	4,125	115,460
- Interest accrued	195,351	354,010
- Recoverable superannuation trust	-	52,575
<b>TOTAL</b>	<b>199,476</b>	<b>522,045</b>

**2.17 REVENUE FROM OPERATIONS**

<b>Particulars</b>	<b>Year ending 31-Mar-12</b>	<b>Year ending 31-Mar-11</b>
Revenue from sale of lease plot rights	53,957,640	-
Trading Sale	-	31,876,578
<b>TOTAL</b>	<b>53,957,640</b>	<b>31,876,578</b>

**2.18 OTHER INCOME**

<b>Particulars</b>	<b>Year ending 31-Mar-12</b>	<b>Year ending 31-Mar-11</b>
Interest Income		
On deposits with Banks (TDS Rs 1,48,943 (Previous Year 1,29,385/-)	1,360,013	1,123,833
Others	43,583	11,267
Liabilities no longer required written back	-	178,700
Miscellaneous Income	91,483	1,808,061
<b>TOTAL</b>	<b>1,495,079</b>	<b>3,121,861</b>



**2.19 FINANCIAL COST**

<b>Particulars</b>	<b>Year ending 31-Mar-12</b>	<b>Year ending 31-Mar-11</b>
Interest Expense	180,538,791	74,290,207
<b>TOTAL</b>	<b>180,538,791</b>	<b>74,290,207</b>

**2.20 OTHER EXPENSES**

<b>Particulars</b>	<b>Year ending 31-Mar-12</b>	<b>Year ending 31-Mar-11</b>
Legal & Professional Expenses	11,442,508	6,907,364
Conveyance & Travelling Expense	2,553,217	2,289,643
Loss on Revaluation of Inventory	-	4,989,500
Fees to Stock Exchange	1,055,831	55,150
Security Expenses	1,783,840	1,772,005
Power & Fuel	216,345	350,796
Repair to building	111,660	121,108
Repair to machinery	115,589	-
Repair Others	640,362	1,105,222
Rates & Taxes (excluding tax on income)	160,819	1,130,610
Misc. Assets Written off	-	679,045
Directors' Sitting Fees	520,000	265,000
<b>Payment To Auditors as:</b>		
Audit Remuneration	56,180	38,605
Tax Matters	27,575	-
Reimbursement of expenses	22,061	
Communication Expenses	152,143	216,456
Advertisement	227,391	435,136
Printing & Stationary	122,962	105,421
Other Expenses	871,598	981,067
<b>TOTAL</b>	<b>20,080,082</b>	<b>21,442,128</b>

**2.21 EXCEPTIONAL ITEMS**

<b>Particulars</b>	<b>Year ending 31-Mar-12</b>	<b>Year ending 31-Mar-11</b>
Profit on the Disposal of Fixed assets	-	84,423,354
Less : Provision for Contingency	-	25,000,000
<b>TOTAL</b>	<b>-</b>	<b>59,423,354</b>

**2.22 Profit/(Loss) from discontinuing operations**

In view of the Economic/Financial non-viability and on-going labour problems etc., the Company had discontinued its operations of manufacturing of Polyester Fibres and Chips in the earlier year. However, during the year, the company has entered into a binding sale agreement for disposal of its entire Plant & Machinery and Building related to the discontinued operations and accordingly sold the significant part thereof. Further, as part of the closure process of the discontinued business, company has provided for all the doubtful debtors, advances and other recoverables and written back the unclaimed liabilities. The following statement shows the revenue and expenses of the discontinuing operations:

<b>Particulars</b>	<b>Year ending 31-Mar-12</b>	<b>Year ending 31-Mar-11</b>
<b>Revenue</b>		
Profit on the Disposal of Fixed assets	<b>15,355,808</b>	-
Liabilities no longer required written back	<b>57,575,002</b>	-
	<b>72,930,810</b>	-
<b>Expenses</b>		
Provision for Bad Debts and advances #	<b>17,133,573</b>	-
Loss on sale of Inventory	<b>3,594,910</b>	-
Fixed Assets written off	<b>507,933</b>	-
Misc. Assets Written off	<b>3,614,725</b>	-
Bad Debts Written Off	<b>6,520,250</b>	-
	<b>31,371,391</b>	-
<b>Profit/(Loss) from discontinuing operations</b>	<b>41,559,418</b>	-
# Net off Reversal of Contingency Provision of Rs. 2,50,00,000		

The carrying amount of total assets and liabilities to be disposed off at 31<sup>st</sup> March are as follows. Comparative information for the discontinuing operations is included in accordance with AS-24, Discontinuing Operations:

<b>Particulars</b>	<b>Year ending 31-Mar-12</b>	<b>Year ending 31-Mar-11</b>
Total Assets	<b>11,243,059</b>	96,157,606
Total Liabilities	<b>3,403,008</b>	84,573,436
<b>Net Assets</b>	<b>7,840,051</b>	11,584,170

Total assets includes fixed assets for which binding sale agreements have been entered into as of 31<sup>st</sup> March 2012 and are likely to be settled by 31<sup>st</sup> March, 2013.

**The net cash flows attributable to the discontinuing operations are as below:**

<b>Particulars</b>	<b>Year ending 31-Mar-12</b>	<b>Year ending 31-Mar-11</b>
Operating activities	<b>1,739,500</b>	0
Investing activities	<b>47,339,216</b>	0
Net Cash inflows/(outflows)	<b>49,078,716</b>	-

**2.23 Contingent Liabilities & Commitments (To the extent not provided for)**

Claims against the Company not acknowledged as debts including excise, sales tax, Income Tax, Labour Disputes, Legal and other Disputes Rs. 8,61,73,840 (Previous year Rs. 13,88,20,328).

Particulars	Current Year	Previous Year
(a) PF Cases pending at various forums	20,002,286	20,000,286
(b) Labour Matters relating settlement pending at various forums	5,409,813	6,471,566
(c) Revenue collection charges by Tehsil & other authorities pending at Hon'able High Court	19,984,286	19,984,286
(d) Sales tax demand pending at various forums	14,937,402	13,386,265
(e) Excise demand for unauthorised removal of goods pending with CESTAT	16,521,748	19,021,748
(f) Interest on the Secured loan from Body corporate	-	49,671,756
(g) Other Matters	9,318,305	10,284,421

**2.24 Information pursuant to AS 29, " Provisions, Contingent Liabilities and Contingent Assets issued by ICAI: Brief particulars of provisions on disputed liabilities and old assets :-**

Particular of Provisions	Opening	Made during the year	Used/Reversed during the year	Closing
Provision for Contingencies	28,200,000	-	25,000,000	3,200,000
	(3,200,000)	(25,000,000)	(Nil)	(28,200,000)

- (i) Provisions are made herein for medium risk oriented issues including old assets as a measure of abundant precaution.
- (ii) Company presumes remote risk possibility of further cash outflow pertaining to contingent liabilities listed in note 2.21 above
- 2.25** The Company is in the process of obtaining confirmations from the suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the Company, no balance is due to Micro & Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as on 31<sup>st</sup> March, 2012. Further during the year no interest has been paid or payable under the terms of the said Act.
- 2.26** Based on the information available on records, excess provision for Income Tax & FBT relating the past more than 5 years has been reversed and disclosed as Income Tax provision no longer required, in the Profit & Loss Statement. Further, the Company has claimed losses in the return filed for subsequent years till Assessment years 2011 – 2012 and is of the view that majority of the losses will be available for set off against future profits. In view of the losses and unabsorbed depreciation and based on the legal opinion obtained by the company, no provision for tax has been considered necessary in the accounts.
- 2.27** Balances appearing for few inoperative bank accounts, Trade Receivable and Payables, loans & advances are subject to confirmation, reconciliation and adjustments, if any.
- 2.28** During the year, company has entered into a Developer Agreement with Adarsh Cement Products Private Limited (ACPPL) to develop the requisite infrastructure at the leasehold land of the Company and to sale the plots of the land, as per the subdivision letter received from UPSIDC. for a undertaking consideration.

This agreement was subsequently assigned in favour of the secured lender, Pranajal Vyapaar Private Limited (PVPL) through deed of assignment and the Memorandum of Understanding entered between the company and secured lenders.

- 2.29** During the year company has entered into a Memorandum of Understanding with its secured lenders PVPL and Paharpur Cooling Towers Limited (PCTL) for agreeing the full & final settlement of their claims as on the cut-off date i.e. 1<sup>st</sup> Dec., 2011 for an amount of Rs. 34,13,12,614/- and Rs. 24,60,45,432/- respectively. Besides this, Company, subject to the approval of the Shareholders in the general meeting, has agreed to allot 1,50,000/-, 9.5% cumulative Redeemable Preference Shares of Rs. 100/- each to be redeemed on or before 30<sup>th</sup> Sept. 2012 along with one detachable warrant to each preference share, which entitle them to get 15,00,000/- equity shares of Rs. 10/- each at a price determined in accordance SEBI regulations. Accordingly, Company has provided the differential interest of Rs. 12,23,92,821/- in the current year. Further, the aforesaid agreed amount is payable out of proceeds received from PVPL under the aforesaid Developer agreement and deed of assignment. However, independent confirmation from respective lenders is yet to be received.
- 2.30** The Company has lost the appeal in Hon'able Supreme Court against the order of Hon'able National Consumer Disputes Redressal Commission, New Delhi (NCDRC) in respect of on-going case against a debtor in the previous year. Accordingly, it has to refund the amount of Rs. 148.60 Lacs (including Interest Rs. 83.40 Lacs), which was received in the previous years. The amount due from Debtor has since been written off as Bad debts as shown in Discontinued operations.
- 2.31** Revaluation of Factory Building was carried out during the year 1986-87 and accordingly increase in values due to revaluation had been credited to Revaluation Reserve. Since then, each year's withdrawal amount has been credited to Profit & Loss Account. During the year, majority of the Building got dismantled and sold at a profit. Accordingly the proportionate amount of Rs. 74,13,606/- has been transferred to General Reserve from the Revaluation Reserve in accordance with the Provisions of Accounting Standard, AS-10, Accounting for Fixed Assets.
- 2.32** Company has started developing the Plots as per the approved plan of UPSIDC and accordingly has incurred an expenditure of Rs. 7,05,33,542/- which is allocated proportionately on the saleable area and unallocated portion made a part of stock in Trade.
- 2.33** Related Party disclosure in accordance with the Accounting Standard-18, issued by the Institute of Chartered Accountants of India is given below:

- (1) Associates : National Textile Corporation Ltd. ( Holding more than 20% shareholding in the company)  
Unsecured Loan taken and outstanding : Rs. 2,30,21,497/- (Previous Year Rs. 2,30,21,497/-)  
as on 31.03.2012
- (2) Associates : Paharpur Cooling Towers Ltd. ( Holding indirectly more than 20% shareholding in the company)  
Nature of Transactions :
- |  |   |                   |                                    |
|--|---|-------------------|------------------------------------|
| Reimbursement for various expenses               | : | Rs. 22,62,668/-   | ( Previous Year Rs.12,64,857/-)    |
| Unsecured Loan repaid                            | : | Rs. Nil           | ( Previous Year Rs. 2,92,76,100/-) |
| Differential Interest on Full & Final Settlement | : | Rs.7,27,44,332/-  | ( Previous Year Rs. Nil)           |
| Secured Loan repaid                              | : | Rs. Nil           | ( Previous Year Rs.1,07,23,900/-)  |
| Interest Due                                     | : | Rs. 2,70,59,112/- | ( Previous Year Rs.3,45,00,000/-)  |

**Outstanding Balance as on 31.03.2012**

Secured Loan Taken	:	Rs. 23,63,20,999/-	( Previous Year Rs. 12,42,76,100/-)
Interest Accrued & Due on 31.03.2012	:	Rs. 82,99,483/-	( Previous Year Rs. 3,10,50,000/-)
Interest Accrued & Not Due on 31.03.2012	:	Rs. 5,28,718/-	( Previous Year Rs. Nil)

- 2.34 Considering the development agreement as specified in note no. 2.28 here in above and the provisions as specified in the Accounting Standard-22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the company has recognised Deferred Tax assets (DTA) based on the principle of reasonable certainty. However, in the absence of virtual certainty with regards to realisation of DTA in the foreseeable future, DTA has not been recognised on carried forward losses and unabsorbed depreciation.
- 2.35 Till the year end 31<sup>st</sup> March, 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31<sup>st</sup> March, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of Revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements.

Pre Revised Schedule VI			Revised Schedule VI		
Heading	Amount	Adjustment	Amount	Heading	Nature of Adjustment
<b>Shareholders' Fund</b>					
			<b>Equity &amp; Liabilities</b>		
Share Capital	39,000,000		39,000,000	Share Capital	
Reserve & Surplus	19,517,691	-530,013,844	-510,496,153	Reserve & Surplus	Dr. Balance in Profit & Loss Statement after netting off from General Reserve is disclosed in the schedule
<b>Total</b>	<b>58,517,691</b>	<b>-530,013,844</b>	<b>-471,496,153</b>		
<b>Loan Funds</b>			<b>Current liabilities</b>		
Secured Loan	441,526,992	-177,250,892	264,276,100	Short-term borrowings	Refer note 2.5
Unsecured Loans	23,021,497		23,021,497	Short-term borrowings	Refer note 2.5
		177,250,892	177,250,892	Other Current Liabilities	Refer note 2.7
<b>Total</b>	<b>464,548,489</b>	<b>-</b>	<b>464,548,489</b>		
<b>Current Liabilities &amp; Provisions</b>					
Liabilities	115,455,068	-115,455,068	-		
		76,084,937	76,084,937	Trade Payables	Refer note 2.6
		11,851,158	11,851,158	Other current liabilities	Refer note 2.7
			<b>Non-current liabilities</b>		
		27,315,965	27,315,965	Other Long Term Liabilities	Refer note 2.3
		203,008	203,008	Long-term provisions	Refer note 2.4
Provisions	28,645,614		28,645,614	Long-term provisions	Refer note 2.4
<b>Total</b>	<b>144,100,682</b>	<b>-</b>	<b>144,100,682</b>		
<b>Grand Total</b>	<b>667,166,862</b>	<b>-530,013,844</b>	<b>137,153,018</b>		
<b>Application of Funds</b>			<b>Assets</b>		
			<b>Non-current assets</b>		
<b>Fixed Assets</b>			<b>Fixed Assets</b>		
Net Block	1,020,577		1,020,577	Tangible Assets	Refer note 2.8
Assets Held for Disposal	32,799,119		32,799,119	Tangible Assets	Refer note 2.8
Investments	5,400		5,400	Non-current investments	Refer note 2.9
<b>Current Assets, Loans and Advances</b>			<b>Current Assets</b>		

Heading	Amount	Adjustment	Amount	Heading	Nature of Adjustment
Inventories	6,530,058		6,530,058	Inventories	Refer note 2.12
Sundry Debtors	60,319,007		60,319,007	Trade receivables	Refer note 2.13
Cash & Bank Balances	24,375,965		24,375,965	Cash and cash equivalents	Refer note 2.14
Other Current Assets	354,010		354,010	Other current assets	Refer note 2.16
Loans & Advances	11,748,883	-11,748,883	-		
		462,379	462,379	Short-term loans and advances	Refer note 2.15
		168,035	168,035	Other current assets	Refer note 2.16
				<b>Non-current assets</b>	
		9,923	9,923	<b>Non-current investments</b>	Refer note 2.9
		11,108,546	11,108,546	Long Term loans and advances	Refer note 2.11
Profit & Loss Account	530,013,844	-530,013,844			
(Less: General Reserve)					
<b>Total</b>	<b>667,166,862</b>	<b>-530,013,844</b>	<b>137,153,018</b>		

### 2.36 Segment Information

The primary segment reporting format is determined to be the business segment as the company's risks and rate of return are affected predominantly by difference in business line. Based on these lines, company has identified Trading of fabric, Sale of leasehold plots rights and discontinued business as business segments. The details of the segment revenue, expenses, assets, liabilities and capital employed are given here under:

Particulars	Current year ended (31/03/2012)				Previous year ended (31/03/2011)			
	Real Estate	Trading	Discontinuing Operations	Total	Real Estate	Trading	Discontinuing Operations	Total
<b>Segment Revenue</b>								
Real Estate	539.58	0	729.31	1,268.89	-	318.77	0	318.77
<b>Total</b>	<b>539.58</b>	<b>-</b>	<b>729.31</b>	<b>1,268.89</b>	<b>-</b>	<b>318.77</b>	<b>-</b>	<b>318.77</b>
Less: Inter Segment revenue	-							
Net Sales/Income from Operations	539.58	-	729.31	1,268.89	-	318.77	-	318.77
<b>Segment Results Profit/(Loss) before tax and interest</b>	<b>518.37</b>	<b>0</b>	<b>415.59</b>	<b>933.96</b>	<b>-</b>	<b>18.45</b>	<b>0</b>	<b>18.45</b>
Less:								
Finance Cost	-			-1805.39				-742.90
Unallocable expenditure (including exceptional items)	-			-201.37				-470.22
Unallocable income (including exceptional items)	-			14.95				875.45
<b>Total Profit/(Loss) before Tax</b>				<b>-1,057.85</b>				<b>-319.22</b>
<b>Capital Employed (Segment Assets less Segment Liabilities)</b>								
<b>Total Capital Employed in segments</b>	<b>744.20</b>	<b>-</b>	<b>78.40</b>	<b>822.60</b>	<b>-</b>	<b>43.35</b>	<b>-</b>	<b>43.35</b>
Add: unallocable corporate assets less liabilities				-3,796.46				-4,758.31
<b>Total Capital Employed in the company</b>				<b>-2,973.86</b>				<b>-4,714.96</b>

2.37 The figures reported in financial statements have been rounded off to the nearest rupee.

2.38 Information regarding Goods Traded

Particulars	OPENING		PURCHASE		SALES		CLOSING	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Lease Plots Rights (Qty in SQM)	222665	1,19,55,558	-	-	6580.2	53,95,76,40	216085	69,60,78,45
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Fabric	-	-	-	-	-	-	-	-
	(-)	(-)	(202561)	(3,00,32,247)	(202561)	(3,18,76,578)	(-)	(-)

Note: Figures in brackets represent previous year figures

As per our report of even date attached

For **Suresh Bansal & Co.**

Chartered Accountants

Firm Regn. No. 003343N

**Sd/-**

**S. K. Bansal**

Partner

(Membership No. : 082242)

**Sd/-**

**(R. K. Sharma)**

Director

**Sd/-**

**(B. Mehrotra)**

Director

Place : Faridabad

Camp : Ghaziabad

Date : 21<sup>st</sup> May, 2012



# SWADESHI POLYTEX LIMITED

Registered Office: New Kavi Nagar, Industrial Area, Ghaziabad - 201 002 (UP)

**Dear Shareholders,**

This is to inform you that the Company has started computerization of the secretarial records of the Company. In this connection we would be highly obliged for providing us the following information's.

Name : .....

Address : .....

.....

Number of shares Held: .....

Certificate Number: .....

Distinctive Number: .....

Email ID .....

Phone Number: .....

Tear Here

You are requested to kindly fill up the above informations and send us to our registrar at the following address.

RCMC Shares Registrar Private Limited

(Unit of Swadeshi Polytex limited)

B-106, Sector-2, Noida-201301

(Name and Signature of the shareholders)

**Note:** The requisite Postal Charges for sending this letter to the Company Shall be reimbursed to the Shareholders.





# SWADESHI POLYTEX LIMITED

Registered Office: New Kavi Nagar, Industrial Area, Ghaziabad - 201 002 (UP)

## PROXY FORM

Folio No. ....

No. of equity shares held.....

I/We ..... being a Member/Members of **Swadeshi Polytex Limited**, hereby appoint ..... of ..... in the district of ..... or failing him..... of ..... in the district of ..... as my/our proxy to attend and vote for me /us and on my/our behalf at the 42<sup>nd</sup> Annual General Meeting of the company to be held at the registered office of the Company at New Kavi Nagar, Industrial Area, Ghaziabad - 201002 (Uttar Pradesh) on 21<sup>st</sup> September, 2012 at 12.00 Noon and at any adjournment thereof.



Tear Here



# SWADESHI POLYTEX LIMITED

Registered Office: New Kavi Nagar, Industrial Area, Ghaziabad - 201 002 (UP)

## ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

Folio No.....

No. of equity shares held.....

Name of the Member.....  
(in block letters)

Name of the Proxy.....  
(if any)

I hereby record my presence at the 42<sup>nd</sup> Annual General Meeting of the Company held on 21<sup>st</sup> day of September, 2012.

.....  
Signature of the Member/Proxy

Admission slips without this information will not be accepted.

No Gift/Gifts coupons will be provided to the members.

*If undelivered, please return to :-*

**SWADESHI POLYTEX LIMITED**

**Registered Office:** New Kavi Nagar,  
Industrial Area Ghaziabad - 201002 (U.P.)