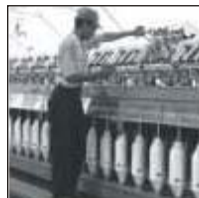


LEADING BY EXAMPLE



ANNUAL REPORT 2009-10





PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

Group Salient Features

- The Group has a turnover of Rs. 4,000 crore - Export constitutes 46% (Rs. 1,840 crore).
- One of the largest textile houses in the country with a turnover of over Rs. 2,450 crore - Export constitutes 42% (Rs. 1,025 crore).
- One of leading manufacturer and exporter of Graphite Electrodes in the country with turnover of Rs. 1,084 crore - Export constitutes 74% (Rs. 807 crore).
- Largest producer and exporter of Synthetic Blended Yarn and largest range in Greige, Dyed and Mélange Yarn with total spindleage capacity of nearly 5 Lacs.
- Manufacturer of Wool Blended and Premium Light Weight Fabrics, Worsted Fabric, Silk Synthetic fashion Fabric and Denim Fabric.
- India's one of the largest vertically integrated Knitwear Company.
- Manufacturer of Flame Retardants, Air – texturized Yarn and Automotive Furnishing Fabric.
- World's largest single site plant of Graphite Electrodes with a production capacity of 66,000 TPA.
- The Group has 120 MW Thermal Power Plants, approx. 300 MW Hydro Power Plants & 60 MW HFO based Captive Power Plants.
- The Group generated 1,300 Million power units in the year 2009-10.
- A consulting Company providing engineering consultancy services for Hydro Power Projects.

Group Companies



Group Brands



Corporate Information

BOARD OF DIRECTORS

L. N. Jhunjhunwala	Chairman-Emeritus
Ravi Jhunjhunwala	Chairman
Shekhar Agarwal	Vice Chairman
Arun Churiwal	Managing Director & CEO
Kamal Gupta	Director
D. N. Davar	Director
Sushil Jhunjhunwala	Director
A. N. Choudhary	Director
John Mathew	Director (Nominee Exim Bank)
J. C. Laddha	Executive Director & CFO

KEY EXECUTIVES

Corporate Office

R. S. Dugar	Executive Director
Prakash Maheshwari	Chief Executive (Corporate Management Services)
P. S. Puri	President (Corporate Finance)
T. Dev Joshi	President (Corporate HR & OD)
M. L. Jhunjhunwala	President, Mumbai
Nirmal Jain	President (Finance)

Business Heads

J. C. Laddha	Chief Executive (Yarn & TPP)
S. C. Garg	Chief Executive (Melange Yarn)
Y. C. Gupta	Chief Executive (Denim)

COMPANY SECRETARY

Surender Gupta

AUDITORS

S. Bhargava Associates
 A. L. Chechani & Co.

BANKERS

- State Bank of Bikaner & Jaipur
- AXIS Bank Ltd.
- Bank of Baroda
- Bank of Maharashtra
- Central Bank of India
- Export - Import Bank of India
- ICICI Bank Ltd.
- IDBI Bank Ltd.
- Oriental Bank of Commerce
- Punjab National Bank
- State Bank of India
- State Bank of Hyderabad
- State Bank of Indore
- State Bank of Mysore
- The Bank of Rajasthan Ltd.
- Union Bank of India

REGISTERED OFFICE

Kharigram, P.O. Gulabpura - 311 021
 Distt. Bhilwara (Rajasthan)

CORPORATE OFFICE

Bhilwara Towers, A-12, Sector - 1,
 Noida - 201 301, U.P.

PLANT LOCATIONS

- Kharigram, P.O. Gulabpura-311 021,
 Distt. Bhilwara, Rajasthan
- Mayur Nagar, Lodha, P.O. Banswara-327 001, Rajasthan
- Mandpam, Bhilwara-311 001, Rajasthan
- Rishabhdev-313 802, Distt. Udaipur, Rajasthan
- Ringas - 332404, Distt. Sikar, Rajasthan
- LNJ Nagar, Mordī, P.O. Banswara-327 001, Rajasthan

Financial Highlights

PARTICULARS	2007-08	2008-09	2009-10
Turnover	1,173.83	1,302.24	1,538.49
Exports	586.44	391.64	566.70
P B I D T	121.55	76.97	193.26
Interest	43.75	67.99	56.82
PBDT	77.80	8.98	136.44
Depreciation	66.39	72.67	87.64
Profit / (Loss) Before Tax and Exceptional Items	11.41	(63.69)	48.80
(Loss) on disposal of Garment Business	(10.30)	-	-
(Loss) from foreign Exchange Fluctuations	0.31	(31.64)	(0.29)
P B T	1.42	(95.33)	48.51
Taxation	1.15	(31.48)	12.48
P A T	0.27	(63.85)	36.03
Net Worth	311.55	227.30	234.23
Deferred Tax Liability	47.86	15.46	17.92
Gross Fixed Assets	1,410.29	1,433.67	1,449.25
EPS (Rs.)	0.12	(28.01)	14.68
CEPS (Rs.)	33.61	3.88	58.94
Book Value Per Share (Rs.)	134.59	98.19	101.18

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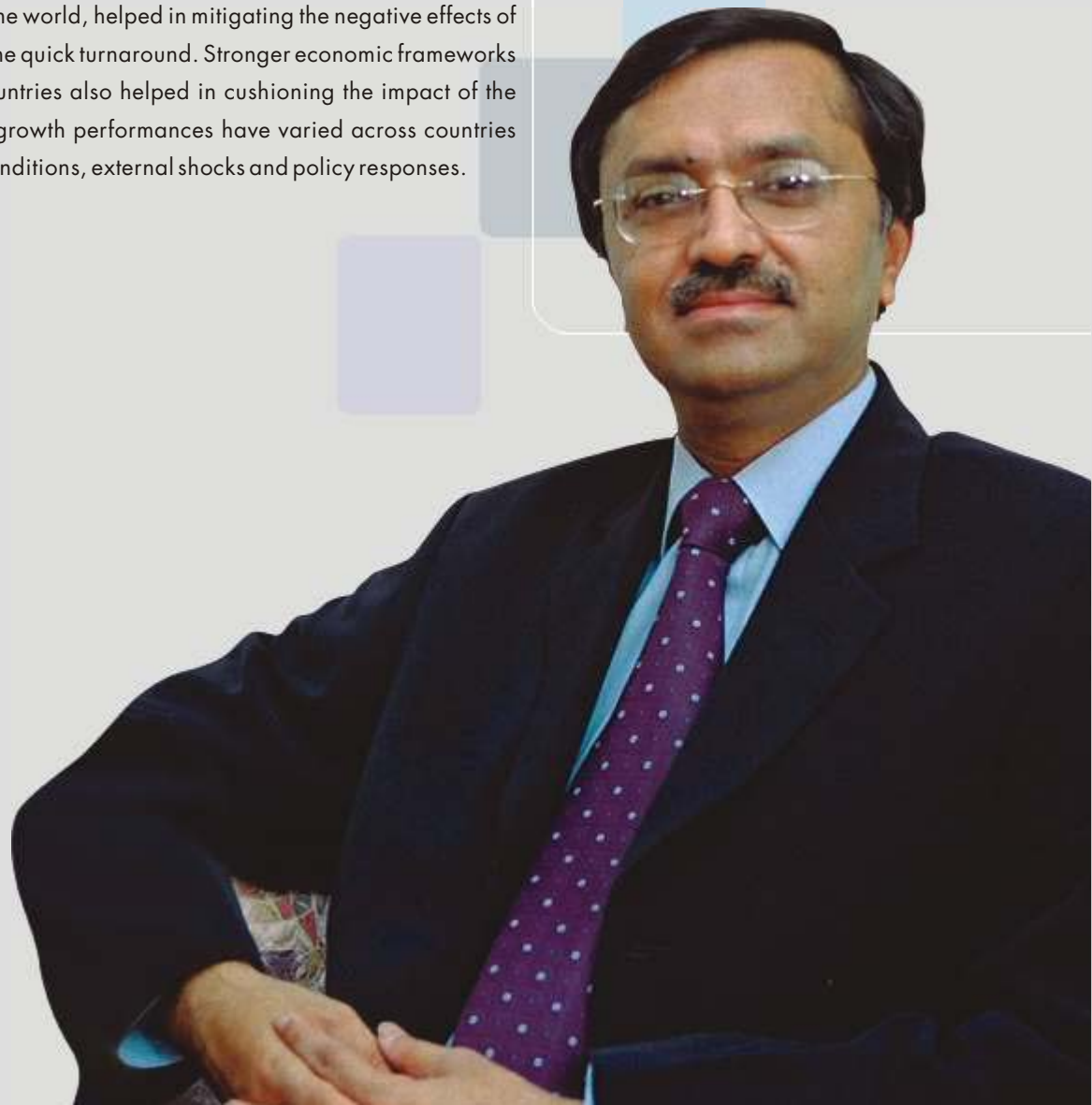
Message from the **Chairman**

Dear Stakeholders,

2009-10 has been a year of rebound from the global economic crisis. The global production and trade has bounced back in the second half of the calendar year 2009. As a result, confidence rebounded strongly on both the financial and real intrinsic fronts.

In the advanced economies, especially in the U.S.A., strengthening of consumption, contributed to expansion in output and turnaround in inventory cycle. The growth in European markets remained subdued. In the key emerging and developing economies, domestic demand was very strong and normalization of trade only helped in sustaining growth during the recession, though the growth rate were far below the rates achieved during pre-recession era.

Extraordinary fiscal and monetary stimulus packages, implemented by Governments across the world, helped in mitigating the negative effects of the crisis and fueling the quick turnaround. Stronger economic frameworks in some emerging countries also helped in cushioning the impact of the external shocks. The growth performances have varied across countries depending on base conditions, external shocks and policy responses.



In such a varied environment, capital flight is likely to take place to selected less risky destinations, as a result of which the equity markets, money markets and sovereign debt markets are likely to remain under pressure. This will also result in instability in the foreign currency markets. The high rates of inflation in emerging countries is likely to pressurize central banks into taking steps for controlling inflation, which is going to impact the interest rates. The commodity prices have strengthened considerably. The unemployment rates continue to remain high. Moreover, the fiscal and monetary stimuli are at different stages of withdrawal depending on local conditions and budgetary pressures.

Excessive usage of stimulus measures and dependency of public funding to stimulate growth has resulted in bloating budgetary deficits across the world. The problems have been severely compounded in Europe, where some of the key EU nations are facing worst crisis in their history because of abnormal levels of public debts in relation to GDP. As a result, most of these countries will be forced to take measures to control public spending and to increase taxation, which is likely to put further pressures in their immediate abilities to come out of recession.

At the same time, India is showing signs of accelerated growth after brief phase of slowdown last year. The fiscal deficit, which had been cause of worry in the past, is likely to remain under control, because of new emerging revenue streams. Moreover, the appetite for consumption is increasing, thus stimulating domestic demand, as a result of which the country is likely to remain an attractive destination for investments and resultant capital inflows.

In such a time, where India is likely to see buoyancy in investments and consumption and developed economies are going through patch of instability and uncertainty surrounding the equity markets, money markets, commodity markets and key economic factors, there is a need to keep a close watch on the business dynamics and tread further steps cautiously.

Your company has shown turnaround in performance due to favourable markets. The Company had a profitable year. Given the current business scenario, I am sure the management will rise to the occasion, keep up the good work and deliver to the expectations of all the stakeholders.

Let us hope that this year RSWM will set new benchmarks for the future and take the necessary steps to achieve them.

With best wishes,

Ravi Jhunjunwala
Chairman

Message from the Managing Director



Dear Stakeholders,

Rajasthan's economy since the time immemorial has been described by two words "Jamana" and "Akal". Being agriculture based economy, whenever rainfall was below normal, Akal (drought) used to strangle the economy and public looked at bottom of the barrel. In contrast when Sawan-Bhadon were kind and harvest was bountiful, it was Jamana (joy) in every household.

RSWM's home is Rajasthan. The financial year 2008-09 was Akal, which can be compared with Chhappaniyan Akal of Samvat 1956 (i.e. 1900 as per English calendar) - the worst in living memories. After the Akal of 2008-09, the financial year 2009-10 has been a true Jamana. All segments of the textile industry, particularly spinning and weaving, performed very well throughout the country. The strong domestic demand more than compensated any slowdown in international markets.

The shock of 2008 continued but as mentioned in last year, the turnaround had started and it picked up momentum in the second half of the financial year. It was a year of hyper inflation, so along with all commodities, the prices of every type of raw material for the Company went on galloping northward. As a result, the material costs increased by 12% to Rs.871 crore in FY 2009-10 from Rs.775 crore in FY 2008-09. But markets showed brilliant resilience, and as part of inflation the increase in costs were largely absorbed by the market. As a result, the input material costs as a percentage of turnover decreased to 56.7% in FY 2009-10 from 59.5% in FY 2008-09.

Like unpredictable Monsoon, improvements in the markets and bounty were unforeseen. The markets became Jamana so the Company ended the financial year with improved results. The Company registered an increase of 18.1% in its gross turnover to Rs.1538 crore in FY 2009-10 from Rs.1302 crore in FY 2008-09. This increase in turnover has been primarily on account of increase in yarn production to 85784 MT against 79989 MT in previous year; increase in fabric production to 2.30 crore in FY 2009-10 meters from 2.00 crore meters in FY 2008-09 and improved average realization because of revival in demand, specially from the Western markets. All wings of the Company operated at full capacity. The exports, which had declined to around 30% of our overall turnover on an annual basis in FY 2008-09, moved upwards and accounted for nearly 37% of our turnover in FY 2009-10. The exports turnover increased by 45% to Rs.567 crore in FY 2009-10 from Rs.392 crore in FY 2008-09.

On the profitability front, with increased realizations and cost of inputs under control, the operating profits (PBIDT) increased to Rs.194 crore in FY 2009-10 from Rs.77 crore in FY 2008-09. The financial expenses dropped to Rs.57 crore in FY 2009-10 from Rs.68 crore in FY 2008-09 mainly on account of reduction in term loans and better management of working capital facilities. Consequently, the cash profit was (PBDT) for the FY 2009-10 was Rs.137 crore. The PAT was Rs.36 crore in FY 2009-10 as compared to loss of Rs.64 crore in FY 2008-09.

With the outlook for the Indian textile industry likely to be bullish on account of revival of markets in general, the Company is adding 35,000 spindles in the current financial year. The additional spindles are expected to be operational in second half of the financial year.

Looking to present market situation and with the Denim business also improving, the outlook of the current financial year looks to be better.

With best wishes,

Arun Churiwal
Managing Director

Management Discussion and Analysis

The recent trends in the world economy have been very encouraging. All indicators are pointing at the emergence of the world economy from recession, that rocked the world in the fall of 2008. The effects of the recession have been felt in every economy. The immediate impacts of the recession have been : freezing up of capital markets, sharp reversal of capital flows, volatility in equity markets and decline in exchange rates.

Global production and trade has since bounced back, specifically in the second half of 2009. On both the financial and real fronts, confidence levels have rebounded. There has been some strengthening of consumption in U.S. In key and emerging economies, the domestic demand has remained very strong. The global rebound has been strongly driven on the extraordinary amount of policy stimulus provided by Governments and federal banks. The monetary policies have been expansionary, the fiscal policies have been progressive and supports provided to the financial sector have brought encouraging results. Some emerging and developing economies have been able to cushion the impact of the unprecedented external shock through strong economic frameworks and swift policy responses

The financial markets have recovered faster than the expectations :

- Money markets have stabilized and there has been moderation in tightening of bank lending standards. Increasingly, the banks have reduced dependency on Government guarantees and emergency facilities from central bank. Interbank lending rates and bond flows to high income corporates have returned to normal levels. In developing countries, the sovereign interest rates and the exchange rates have regained their pre-crisis levels.

- Stock markets, specially in high income and emerging economies have recovered significantly.
- Public debts have come under pressure because of the unplanned stimulus and financial support extended by the Government. Some countries of European Union and other parts of the world are struggling to control large Government debts and budget deficits.

Overall, growth and macro-economic indicators have been showing encouraging trends.

Still it would take some time before indicative rates achieve the levels of pre-recession era because of the depth of the recession and relative weakness in expected recovery. The level of output and volumes of world trade continues to remain lower than pre-crisis levels. In the global economy, significant spare capacity continues to exist, public debt is rising, inflation is well anchored, commodity prices remains subdued, household balance sheets remains weak and, unemployment is rising continuously. The rise in unemployment will result in deterioration of skillsets, economic dislocation and high associated socio-economic costs.

Growth performance is expected to vary considerably across countries in advanced developed and emerging developing economies depending on the initial conditions, external shocks and policy responses. The pace of recovery is likely to remain subdued in advanced economies including Europe and, Central Asia because of the demand in pre-crisis levels being higher than the post-crisis levels and acute effects of the crisis on the financial systems. Inflation pressures are likely to get contained. In many developing and emerging economies, activities are likely to be relatively vigorous, largely driven by buoyant





internal demand. Hence there is likely to be limited economic slack and combined with increased capital flows, inflation is likely to be under upward pressures.

Policies need to foster a rebalancing of global demand. They need to be supportive, wherever recoveries have not been sustainable yet. Various uncertainties surround the continued support provided through the stimulus announced by various governments. The timing and speed of withdrawal needs to be balanced. A faster withdrawal could stall the recoveries being achieved through the stimulus. A slower withdrawal will result in increased indebtedness and unnecessary crowding out of private sector investments on the fiscal side and overinflation on the monetary side. This could create liquidity conditions resulting in global imbalances, thus resulting in abrupt tightening of policies resulting in second recession. Worsening budgeting positions and sustainability of stimulus can unsettle financial markets and raise cost of borrowings. Also impaired financial systems and real estate markets & rising unemployment can hold back the household spending. In emerging economies, surging capital inflows can result in exchange rate appreciation. Resisting the exchange rate appreciation and stronger domestic demand can result in reduction of current account surpluses.

Indian economy was firmly on the recovery path during 2009-10 despite the worst south-west monsoon since 1972 and has emerged as one of the best performing economies in the world after China. The real GDP is likely to grow at 7.2 per cent during 2009-10 as per advance estimates released by the Central Statistical Organisation (CSO) in early February 2010. The final real GDP growth for 2009-10 may settle between 7.2 and 7.5 per cent. The

uptrend in industrial activity continues with index of industrial production (IIP) recording a growth upward of 15% in the past 3 months. The recovery has been broad-based and positive signs are affiliated with investment activity. Imports have expanded since November 2009 after continuous decline for 11 straight months. Exports have turned around since October 2009 after contracting for twelve straight months. Various lead indicators of service sector activity also suggest increased economic activity.

The monetary and fiscal stimulus measures initiated in the wake of the global financial crisis, have played an important role, in mitigating the adverse impact and in ensuring the quick recovery of the economy. However, inflation continues to remain high and is one of the key worries of the policy planners. Initially, the inflation was driven by food prices, which has now become more generalised.

The Indian economy is witnessing an increase in bank credit supplemented by higher flow of financial resources from other sources. The benchmark prime lending rates (BPLRs) have remained unchanged since July 2009 following reductions in the range of 25-100 basis points between March and June 2009. The financial year was also marked with surplus liquidity that prevailed throughout the year, inspite of large market borrowings by the Central and state Governments, in the wake of lower credit demand by private sector. Equity markets generally remained firm during the year with intermittent corrections in line with the global pattern.

Going forward, the industrial recovery is expected to take firmer hold going forward on the back of rising domestic and external demand. The demand pressures are likely to





accentuate and private credit demand is expected to pick up further. To tackle inflationary pressures, ongoing steps will be taken by RBI to absorb surplus liquidity from the system. This can result in upward pressures on BPLRs. A few major uncertainties cloud the outlook :

- Sluggishness and uncertainty in global environment
- Lack of clarity on prospects of the monsoon in 2010-11
- Hardening of basic commodities and energy prices
- Volatility in crude oil prices
- Sharp appreciation of Indian currency in real terms due to excessive capital inflows, which has been prevalent because of monetary policies of advanced economies and better growth prospects in India.

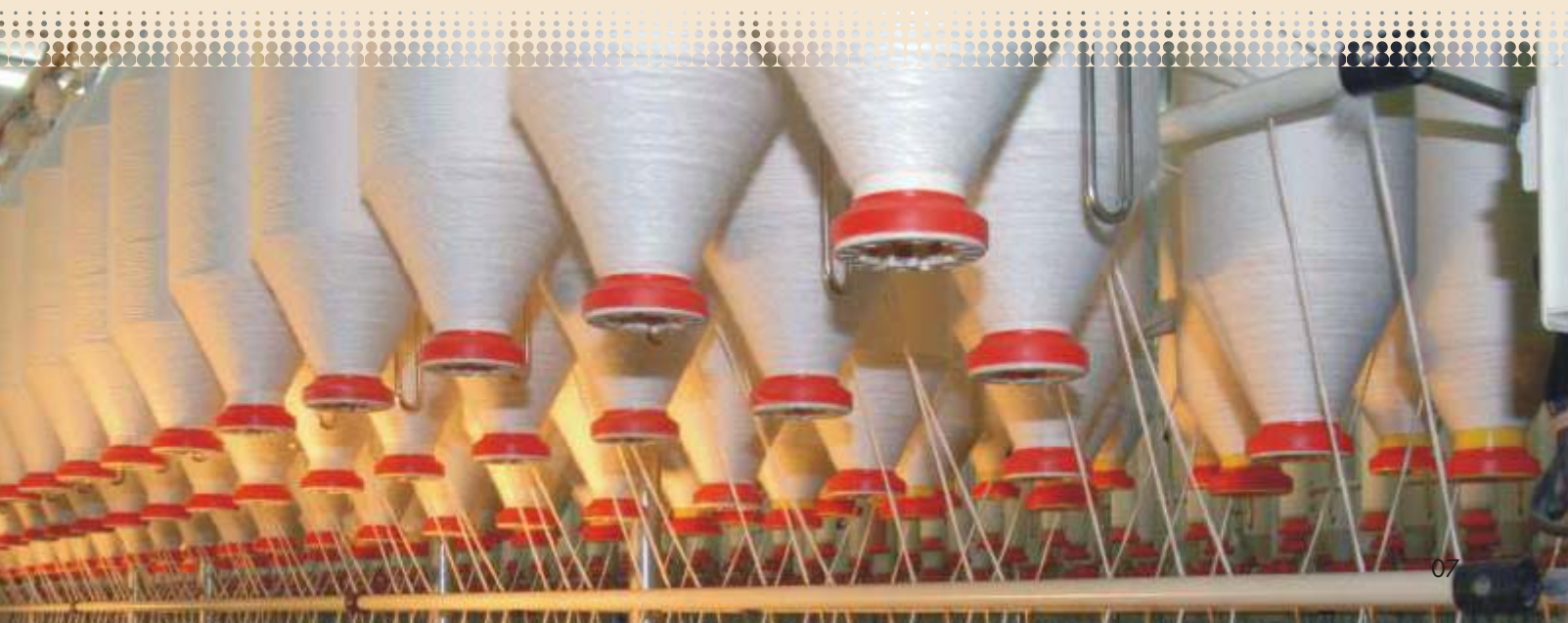
2009-10 has been a turnaround year for RSWM. After the lows of 2008-09, the Company has made record profits in its history. This needs explaining :

- Rebound in consumption : As explained earlier, there has been a strengthening of global consumption, specially in US and developing economies, which has resulted in increase in consumption levels from ultimate low levels of the previous year. The growth in consumer confidence has led to increased consumer spending.
- Increase in exports : In the previous financial year, because of the pressure on immediate customers, there was poor offtake, especially in the exports market. The Company had to sell its production in the subdued domestic markets at lower realizations on the strength of its quality, consistency and brand

value inspite of the stiff competition provided by the competitors. With the bouncing back of export markets, the Company was able to swiftly revive its international customers. With its past performances on quality, consistency and reliability in the international markets, the Company has managed to regain its base.

- Increase in finished goods realizations : With limited pressures of selling in the domestic market and increased focus on export market, the Company was able to increase its average realizations across all its product categories. The denim realizations have improved considerably on account of increased value addition through its consistent performance in the past few years, new developments using different fibers, colors and finishes.
- Input Costs: The commodities costs have remained under control, as result of which key input prices like polyester, HFO, viscose, coal, etc. did not hurt. Moreover, the initiatives taken by the Company to control input costs and improve productivity have resulted in higher topline and bottomline.
- Financial Expenses: There has been reduction in financial expenses mainly on account of repayment of outstanding loans in last financial year and more efficient usage of working capital facilities.

Further, the Company had made substantial investments in upgrading technology, building scales and creating cost efficient manufacturing operations, which have started yielding results.





Businesses

RSWM is a leading manufacturer of synthetic and blended spun yarn, PV fabric and Denim fabric. It has been one of the largest exporters of synthetic yarn from India and has a commanding position in the domestic market. It also has a presence in the cotton yarn spinning and fabric processing segments.

In 2009-10, gross turnover of the Company increased by 18 percent to Rs.1,538 crore from Rs.1,302 crore in 2008-09. This growth was on account of optimum utilization of capacities, increased turnover from the denim business and higher average realizations across all product ranges. The exports increased by 45 percent to touch Rs.566.70 crore in 2009-10 from Rs.391.63 crore in 2008-09. At the same time, the turnover from domestic market increased by 7 percent to Rs.971.79 crore in 2009-10 from Rs.910.60 crore in 2008-09.

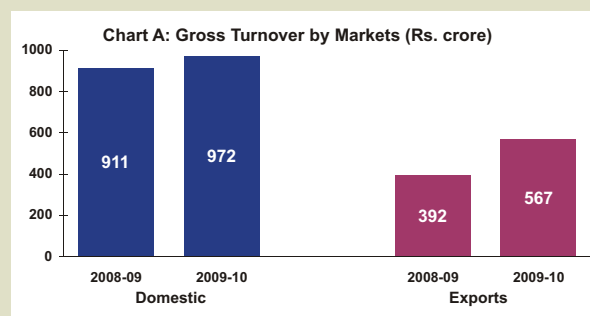
In what follows, we discuss the performance of the Company during 2009-10 in the different businesses.

Yarn Business

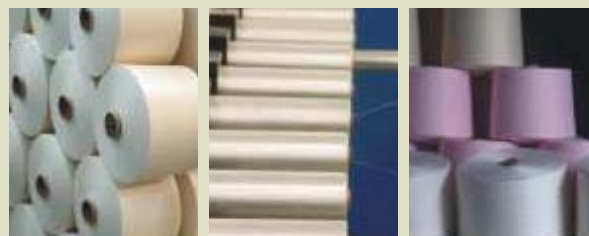
RSWM offers one of the broadest range of products in terms of fibre blends, counts and shades. Fibres processed by the Company include polyester, viscose, acrylic, cotton, wool, rayon, nylon, silk, polyamide and linen. In addition, it produces a range of speciality products made out of both unorthodox fibres such as soya protein, milk protein, bamboo, bamboo charcoal and branded fibres such as Tencel®, Greenplus®, Protex®, X-static®, Beltron®, Huvis FR Polyester®, Trevira CS®, Coolmax®, Coolplus®, Birla Modal®, Excel®, Viloft®, Cupro®, Lycra®, Clima®, Seacel®, Dupont's Sorona®, Teijin Conex®, Tworon® and Ingeo(PLA)®. Many of these yarns

have been developed for specific applications and have functional qualities - natural stretch, flame retardant, industrial usage.

Currently, the Company's yarn business accounts for 85 percent of the total turnover. The yarn production has shown an increase to 85,951 MT in 2009-10 from 79,896 MT in 2008-09. The yarn production has increased primarily because of optimum production by spinning capacities added in the preceding year. It may be noted that the yarn production figures do not consider the production from Cheslind, which operates as a subsidiary of RSWM.



As discussed elsewhere in the MDA, on account of revival in market conditions and improvements in consumer confidence, the overall yarn markets showed considerable positive signs. The Company was able to drive upon its competitive advantages of consistency, reliability and quality in the yarn exports market and was thus able to reduce the pressures on the domestic front. As a consequence, the average sales realization improved thus resulting in enhanced profitability. The input prices, specifically the raw material prices, remained in control on account of subdued commodity markets.





The current yarn portfolio of RSWM can be classified into three main categories — greige yarn, dyed yarn and melange yarn.

Greige Yarn

Greige yarns are produced from different synthetic fibres such as polyester and viscose, blends of synthetic and natural fibres, and pure cottons. Greige yarns are produced at the Company's Banswara, Rishabhdev and partly in Kharigram plants. Although greige yarn constitutes a relatively lower value added segment vis-à-vis dyed and melange, it is by far the largest in terms of volume, and is crucial to the product portfolio offered to customers.

Dyed Yarn

Dyed yarns are produced at the Company's Kharigram and Ringas plants. These are relatively higher value added products, and made according to customer specifications of blends, counts and shades.

Melange Yarn

Melange yarns are premium products made from cotton and its blends, and are used in manufacture of knitwear and hosiery. Today, the Company is one of the largest manufacturers of melange yarn in the country with 42,720 spindles. While this segment is still quantitatively small compared to the greige and dyed yarn business of the Company, it commands the highest value addition in RSWM's overall yarn portfolio. During the year, melange yarn sales increased, mainly on account of increased

revenue generation by expansions in spinning and dyeing units.

Fabric & Denim Business

This business segment comprises of fabric manufacturing capacity, which consists of the blended fabrics division with fabric processing plant at Mordī (Rajasthan) and the fully integrated state-of-art denim plant from spinning to Value Added Denim Fabrics at the same location.

Blended Fabrics

RSWM manufactures a range of blended suiting fabrics and has a significant presence in the domestic market with its 'Mayur' brand. The Company's process house at Mordī is fully integrated with weaving and processing, with a capacity of 21.6 million meters per annum. The Company has been regularly coming out with new ranges catering to the customer needs and changes in customer preferences & tastes. During the year, the Company launched a premium polywool suiting range under "Estamford", products such as: Global Collection, Aero Formula-2, Bamboo Cotton, Doppler, Elite Club, Salient, Brrostyle, etc. This strategy for branding and innovating to address customer needs and wants, likes and tastes is likely to reap benefits for the Company in the near future.

Denim Fabrics

The Company has fully integrated state-of-the art denim manufacturing plant at Mordī, with a capacity of 14





million metres p.a. of denim fabric. This project also includes a yarn spinning facility to aid in maintaining superior quality and higher degree of reliability and client servicing. The manufacturing facility also has an in house small garmenting department to cater to development of denim apparel samples for the benefit of the customers. The business is in line with the Company's strategy to move to higher value added segments for a more wide-based growth in the future.

During the year under review, the overall business operations of the denim unit were stabilized. The efforts which were put up in the previous years towards setting up sales and marketing base for the denim, showed results with increase in turnover, average realization, plant utilization, and hence profitability. A co-ordinated effort between the Sales & Marketing Team and Manufacturing resulted in development of different product portfolios, which were appreciated by the customers at various forums and got converted into sales and profitability for the Company. The Company has been continuously working with focus on producing high end specialty denim fabrics ever since the commissioning of the denim plant, which can have better realisation and demand in the international market.

Cheslind Textiles Limited

The Company's subsidiary, Cheslind Textiles Limited (CTL) has a total capacity of 64,512 spindles at Bagalur (Tamil Nadu) and Pondicherry. During the year, improved realizations and productivity resulted in turnaround in the

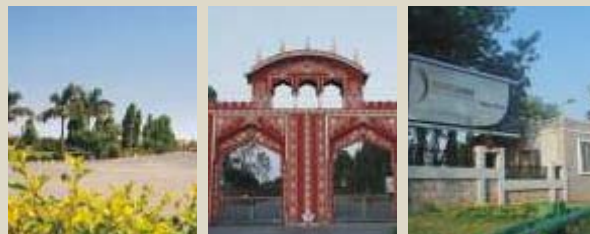
operational performance of CTL. Going further, the Company expects CTL to benefit from synergies in productivity and efficiencies of being part of a larger organisation, and deliver better results in the future.

Operations

Manufacturing Capacities

RSWM currently has six manufacturing facilities at Kharigram, Mandpam, Banswara, Rishabhdev, Ringas and Mordi. All of these locations are in Rajasthan and are self sustainable units with manufacturing facilities, captive power generation, utilities and residential colonies for staff and workers. The Company also has presence in two more locations in Tamil Nadu and Pondicherry through its subsidiary CTL.

All plants specialize in the production of specific product categories and have capabilities to produce intra-segment variants. Ringas, which is one of the smaller units of the Company, specializes in the production of dyed blended yarns. The Kharigram plant produces both dyed and greige blended yarns. The unit at Mandpam specializes in the production of fibre-dyed melange yarns and yarn dyed 100 per cent cotton yarns. The Rishabhdev plant specializes in the production of blended greige yarn from synthetic fibres. The Banswara unit, which is one of the larger facilities, focuses on manufacturing of blended greige yarns from synthetic and natural fibres, and cotton yarns. There are 2 plants located at Mordi : an integrated unit with a process house and weaving for manufacture of





blended fabrics and; a fully integrated unit with spinning and weaving facilities and process house for manufacture of denim fabrics.

The 46 MW captive thermal power project of the Company located at Mordī, is supplying power to RSWM's manufacturing locations across the state of Rajasthan. The coal linkage for receiving dedicated supply of coal from Coal India Limited's subsidiary, South Eastern Coalfields Limited (SECL), is now fully operational. Using in house expertise, the Company has installed additional bunker for coal in both the boilers to facilitate firing pet-coke without possibility of clinker formation, thus resulting in separate feeding of Indian coal and pet coke. This is a unique achievement made possible through dedicated efforts.

Investment Programme

RSWM has been carrying out expansion and modernisation drives across its locations all through. From the beginning of 2005-06, it laid out an ambitious investment programme spread over the next three years. All these plans such as the 46MW captive thermal power plant; first stage of the denim facility with a dedicated spinning unit; shifting and expansion of the weaving unit; significant expansion of yarn capacity; and expansion of the melange capacities at Mandpam, have been implemented and operationalised. All of the expansion and modernization activities have been yielding considerable value to the Company in their respective segments. In carrying out these investments, the Company

continues to benefit from the Technology Upgradation Fund Scheme (TUFS) of the Government of India.

Procurement and Distribution

Raw material and energy account for a significant part of the Company's cost of production. Given the large size of its operations, RSWM has a centralised purchase team to source its raw material, stores, spares and consumables, and is therefore able to leverage size-based benefits. In addition, the Company uses the reverse auctions on an e-sourcing platform to procure packaging materials, stores and consumables, courier, logistics and ocean freight. These initiatives have improved transparency in the sourcing process and resulted in considerable savings.

For the supply and distribution of its products, RSWM has teams which cater to both domestic and international markets. These are situated at our marketing offices/depots in Mumbai, Bhilwara, Delhi, Ludhiana, Tirupur and other key textile localities across the country. The teams are organised on the basis of various product segments and keep constant touch with the customers to assess their needs and changes in market preferences.

In the yarn business, the Company caters to most large fabric manufacturers in India and a bulk of its revenues come from such long term relationships. Even in the export market, a sizeable part of the business comes from regular customers. Most of these clients are serviced directly by the Company. In fact, only a small portion of RSWM's sales is done through agents. For the distribution of PV and denim





fabric, however, the Company operates through a chain of wholesale and retail dealers. The Company has expanded its network of Mayur Company Outlets, where Mayur fabrics are being exclusively sold on the counters. The Company periodically organizes fabric display-cum-booking programmes for its dealers and agents where Mayur Suitings display their complete range of fabrics and new product ranges. The Company has also instituted awards for dealers and agents for Mayur Suitings fabrics in various categories to encourage handling competition in Tier B and C class cities

Technology and New Product Development

RSWM has remained at the forefront of introducing technology solutions in its operations. All plants are equipped with state-of-the-art machinery from leading manufacturers of textile machinery across the globe. Over the years, the Company's technology initiatives have enabled it to achieve a high degree of automation and sophistication in all critical areas of production - resulting in better efficiencies in production, high quality benchmarks and low downtimes. RSWM's commitment to technology is also reflected in the large scale and continuous modernisation and expansion initiatives during the last few years.

The Company offers one of the broadest range of products -yarn and fabric (including denim) - in terms of blends, counts, shades and speciality products. As opposed to standard off-the-shelf goods, RSWM's ability to deliver customised products of assured quality within a committed

schedule is an outcome of its strong product development capabilities. The Company has a dedicated team of research professionals with access to the best available technology for the development of new products.

All new product development initiatives go through well defined processes involving different groups of people. Development of a new yarn involves two teams: yarn development, to build the fibre mix based on required characteristics; and shade development, which is done in association with the dye house. In case of any new PV or denim fabric, the process also involves an additional team for designing the cloth.

The Denim business has been actively pursuing new developments using functional fibers like : Soya, Linen and its blends, Bamboo, Hemp, Nylon, Natural Stretch, Tencel, Cashmere and T400; development of High tech denim like Selvedge Denim, Stripe Denim, FR Denim and a range of Poly Spectrum and; development of Recycled Denim using denim fabric waste (Chindi) after garneting.

The Company has also been actively pursuing various energy conservation measures in all its units. For its efforts, the Kharigram unit has been awarded the prestigious "Rajasthan Energy Conservation Award" by the Hon'ble Minister of Energy, Government of Rajasthan in a function held at Jaipur on 14th December 2009.

Quality

Quality is intrinsic to RSWM's philosophy, and is visible everywhere in its process driven manufacturing and





control systems. Well defined quality tests are employed at every stage of the production process from the selection and procurement of raw materials, to inspection of final product and after sales support. In addition, customer satisfaction exercises are frequently conducted for feedback. Stringent control processes ensure that RSWM's products meet rigorous quality norms. Long term relationships with customers, especially in the quality conscious European markets, are a testimony to our high and consistent standards.

All of RSWM's yarn manufacturing facilities are accredited with IS/ISO 9001:2000 for its business processes. In fact, Gulabpura and Banswara units were among the first few textile plants in the country to get ISO accreditation as early as 1994. The Banswara, Kharigram, Mandpam, Rishabdev and Ringas units have successfully completed the review audits for ISO 9001-2008 certification during the period under consideration and have been awarded for upgradation from ISO 9001:2000 certification. The Banswara and Mandpam units are equipped with Certification for processing Organic Cotton (GOTS) from Control Union Certifications. Both these units have been successfully audited and issued Fair Trade Certificate by FLO-CERT. The Company also holds Oeko-Tex Standard 100 issued by Shirley Technologies Limited, UK, for its products. The Mandpam and Banswara units have been audited for the SA8000:2008 and have been awarded for upgradation from SA8000:2001 certification.

The Banswara and the Melange unit at Mandpam have earned certification from FLO-CERT, Germany for Fair Trade Cotton yarn. With these certifications, both these units are eligible for participating in Fair Trade Cotton Yarn Business.

During the year, the Rishabdev unit received the prestigious Rajiv Gandhi National Quality Award-2008 in the category of Large Scale Manufacturing Industry (Textiles) in a function held at DRDO Bhawan, New Delhi on 17th December 2009.

Information Technology (IT)

RSWM extensively leverages IT tools in its operations to achieve greater productivity and efficiency. The Company has a specialised enterprise resource planning (ERP) solution for textile companies and customised modules for functional areas of finance and human resources. The ERP solution is functional across all manufacturing locations of the Company.

Human Resources

We, at RSWM, take pride in the commitment, competence and dedication shown by our employees and their contribution in continuous growth of organization. During the Financial Year 2009-10, various HR initiatives were taken to align the HR Policies to the growing requirements of the modern day business. In line with company's commitment towards enhancement of the professional skills of our workers and managers, throughout the





Financial Year 2009-10, knowledge improvement, skill upgradation and safety training programs were organized for staff and workers at regular intervals at various plant locations of the Company. Some of the programs and workshops conducted during the performance year 2009-10 are mentioned below:

- Training sessions on new versions of ISO standard on “Quality Management Systems” on QMS 9001-2008 for the benefit of the employees and for discussing the implication of the changes as relevant to the activities of the Company.
- Regular fire fighting drills and exercise under the supervision of local fire safety staff.
- Regular inter-unit visits and interactive sessions between officials of different units for sharing best practices.
- Day long meeting-cum-policy sessions on Foreign Exchange Transactions and on International Financial Reporting Standards (IFRS) organized by Corporate Finance Department (CFD) at Kharigram.
- Management window for 1 day was organized at Kharigram on “Human Behaviour and Motivation”
- Presentation on Heart Care by Dr. Rahul Gupta at Kharigram.
- Workshop on Self Development and Team Management at Mandpam by Regional Director of Central Board for Worker Education (CBWE)
- Training Programs on Fire Fighting and significance of First Aid at Mandpam
- Workshop for Checkers on “How to improve quality & work efficiency at Mandpam
- Anti Tobacco Awareness Program to create awareness and education about hazardous effects of using tobacco at Mandpam
- Seminar to spread awareness regarding AIDS among the work force at Banswara on World AIDS Day.
- “Health, Happiness and Awareness Workshop” at Rishabhdev by a team from Art of Living, Udaipur.
- Weeklong acupuncture-cum-magnetic therapy camps at Banswara and Kharigram
- 10 days “Yoga Shivar” at Kharigram and 5 day “Yoga Shivar” at Rishabhdev

During the financial Year 2009-10, various events like, Republic Day, Independence Day, Annual Day, New Year, Vishwakarma Jayanti, Saraswati Puja, Ganesh Chaurthi, Dussehra, Diwali, Janmashtami, etc were celebrated in the campus of every unit, where the events were celebrated in a joyous healthy environment. Various spiritual talks were also organized in the campus for the benefit of the staff and workers including a spiritual talk by Swami Vishwamitraji Maharaj, Head of Ramsharnam Sansthan.

Different sports events in Athletics, Volleyball, Badminton, Kabaddi, Kho-Kho, Motorcycle rallies, etc were organized





at Banswara, Ringas, Mandpam, Rishabhdev and Kharigram units to promote healthy lifestyle and camaraderie. These sporting events saw the active participation by a large number of workers and staff members and have been instrumental in development of healthy environment and harmonious relationship between staff and workers. The Company also organized outdoor travels, picnics and weekend gateways for its staff along with their families to encourage sense of openness and candidness.

The Company has made it a regular practice to organize frequent health checkups for all its staff members and workers at its manufacturing units. Regular information sessions are organized where renowned medical practitioners dispense knowledge about following healthy lifestyles.

The management of RSWM has always given special attention to maintain harmonious industrial relations and this year also the Industrial Relations generally remained cordial.

The total employee strength of RSWM Limited as on March 31, 2010 is 12,483.

Social and Environmental Initiatives

RSWM nurtures relationships across the entire range of stakeholders. It is committed for the well being of its employees, society and environment in which it operates. During the course of its productive existence, RSWM has

taken numerous initiatives in education, healthcare, community, women and child development. The Company has done notable work in the area environment protection and sustenance

The Banswara unit has extended financial help to MLV Textile Engineering College, Bhilwara, towards the tuition fees of students for 1 year advanced diploma course in Textile Technology under the public-private partnership agreement signed between Banswara unit of RSWM and MLVTEC, Bhilwara. The first batch of 17 students have successfully completed the course and have been placed in different units after the induction formalities. The Company extends financial help and assistance for the development of residents surrounding its manufacturing plants. The Sharmik Kalyan Kosh is a fund generated from contributions from the Company and its employees and is jointly managed. It is responsible for disbursing financial assistance to deserving and needy students and scholarship to meritorious students. Scholarships were given to 188 meritorious students of workers of the Company through Shaimik Kalyan Kosh. The Kosh has also extended help by distributing uniforms to 55 students of 8 different schools of nearby villages. The Banswara unit organized a 6 day "Art of living ART Excel Workshop" (All-round training in Excellence) for 25 students of various age groups, where they were introduced to simple ways of leading a better life. Follow-up sessions have been organized on a weekly basis. The Company also provides





support (both cash and kind) to 'Deaf and Dumb School' at Lodha, Banswara. The IT department of the Company also organized computer awareness program on basics and IT application for ladies and children at Kharigram and one week computer learning course for 25 students at Rishabhdev.

The Company also extends its facilities and hospitality to regional and local non-profit associations and societies. The third Executive Working Committee meeting of Udaipur Chamber of Commerce & Industry was held at the Rishabhdev Unit on September 13, 2010. The Company organizes regular blood donation and health care camps at its units for the benefit of the residents of the area. The Company organized Mayur Mela at Kharigram during Dussehra, which was attended by more than 1 lac people from adjoining villages. Jahnkies (Tableaus) from distant places were the main attraction of this year's mela. A group of Udaipur Lok Kala Mandal performed at the Mela. The Banswara unit organized 1 day training program for 35 women from different self help groups (SHG) of Badla Village. The Company has also been instrumental in the construction of community hall "LNJ Sabhaghar" at the school in Chandu Ji Ka Gada, Near Mordi.

As most of the RSWM's plants are in Rajasthan, where there is scarcity of water, the Company carries out several initiatives aimed at conserving water and maintaining environmental sustainability. The Company is already operating a reverse osmosis plant at Mandpam and water harvesting system at Kharigram, Rishabhdev and Ringas. The Ringas team has been an active participant in the

cleaning and desilting of Johdi, the traditional water reservoir of the nearby Bharonji Mandir.

The Company has implemented environment management system, EMS 14001, at its Banswara, Kharigram, Mandpam and Rishabhdev units. During the year, Bureau of Indian Standards (BIS) has conducted extensive audits of Banswara, Kharigram, Mandpam and Rishabhdev units and renewed integrated certification ISO:14001:2004 for the environmental management systems for next 3 years. The Mandpam unit has become first Melange textile manufacturing unit to get Global Recycle Standards (GRS) certificate after a successful audit on 10-11 August 2009, which is a measure of environmental friendliness through recycling of waste components. Similarly, Banswara unit has also been certified for GRS process because of its practice of using recycle fiber.



Financials

Table 1 presents the summary of RSWM's financial performance for the financial years 2008-09 and 2009-10 as a standalone entity.

Table 1: RSWM's abridged Profit and Loss Statement

(Rs. in Crore)

	2009-10	2008-09
Net Sales from operation	1530.76	1292.54
Other Income	17.48	8.78
Total Income	1548.24	1301.32
Material costs adj. for change in stocks	867.88	795.51
Manufacturing and other expenses	487.10	428.85
Financial expenses	56.82	67.99
Depreciation	87.64	72.67
Total expenditure	1499.44	1,365.02
PBDIT	193.26	76.97
PBDT	136.44	8.98
Forex Gain (+)/Loss (-)	(0.29)	(31.64)
PBDT after Forex Gain/Loss	136.15	(22.66)
PBIT	105.62	4.30
PBIT after Forex Gain/Loss	105.33	(26.96)
PBT	48.51	(95.34)
Direct Tax	(12.48)	31.48
PAT	36.03	(63.9)
PAT (Consolidated) #	33.84	(78.5)

Including the profits of subsidiary Company (net of minority interest) and share of profits in associate Companies. Subsidiary Company include Cheslind Textiles Limited and RSWM International B.V.

As mentioned earlier in the report, 2009-10 has been a turnaround year for RSWM with the Company making the highest cash profit in its history. With the revival of most of the economies in the world, the Company achieved 18% growth in net sales, which touched Rs. 1,530.76 crore in 2009-10 from Rs. 1,292.55 crore in 2008-09. With increased realizations and cost of inputs under control, the operating profits (PBDIT) rose by 152% to Rs.193.26 crores in 2009-10 from Rs.76.97 crore in 2008-09. The financial expenses dropped to Rs.56.82 crore in 2009-10 from Rs.67.99 crore in 2008-09 mainly on account of reduction in term loans and efficient use of working capital facilities. Consequently, the cash profits (PBDT) rose to Rs.136.77 crore in 2009-10 from Rs.8.98 crore in 2008-09. The profit before tax (PBT) was Rs.48.51 crore in 2009-10, when compared to loss of Rs.95.34 crore in 2008-09. PAT was Rs. 36.03 crore in 2009-10 when compared to loss of Rs.63.86 crore in 2008-09.





Table 2 shows the key indicators of profitability during 2009-10 and 2008-09. Operating profit margin (PBDIT/Total Income) rose to 12.65% in 2009-10 from 5.95% in 2008-09. Other ratios like cash profit margin and net margins have shown positive figures when compared to negative last year.

Table 2: Key indicators of profitability

	2009-10	2008-09
PBDIT/Total income	12.50%	5.90%
PBDT/Total income	8.80%	(1.70%)
PBT/Total income	3.10%	(7.30%)
PAT/Total Income	2.30%	(4.90%)
PAT/Total Income (Consolidated)	2.01%	(5.06%)
ROCE	8.20%	0.30%

Table 3: Capital structure ratios

	2009-10	2008-09
Long Term Debt-Equity	3.34	3.72
Debt-Total assets	0.74	0.76
Interest coverage	3.40	1.13

Risk Management

Market Risk

On one hand, RSWM operates in a highly competitive environment - where a fragmented industry exists with many small and medium sized players. On the other hand, cost of synthetic fibre is a significant portion of the total costs, and is determined by the international demand-supply situation. Any adverse movement in their prices can have a negative impact on the performance of the Company.

To mitigate this risk, RSWM has embarked on a two-pronged strategy to reduce its dependence on synthetic fibres. First, the Company is already in the process of expanding its cotton yarn production facilities. Second, it has decided to move to more value added products, which is reflected in its investment in denim fabric business. Its investment in thermal power plants has also helped mitigate risks arising from higher global oil prices.

Currency risk

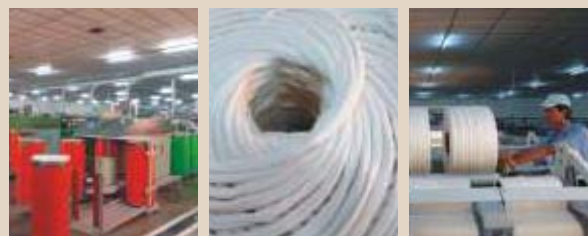
RSWM has a significant exposure in the currency market due to its exports. Also, prices of raw material such as synthetic fibres, furnace oil and coal are based on import parity, and vary with any movement in the value of INR vis-à-vis other currencies. The Company hedges currency risks by taking vanilla forward covers to the tune of export orders-in-hand.

Regulatory Risk

In the recent past, the government has implemented various policies and programmes to make the industry globally competitive. However, unfavourable changes in the government policies and the regulatory environment can adversely impact the performance of the Company.

Internal Control Systems

RSWM has strong, proper and adequate internal audit and control systems to ensure that all transactions are authorised, recorded and reported correctly. The internal control systems consist of comprehensive internal and statutory audits. Internal auditors independently evaluate adequacy of internal controls and concurrently audit the





majority of transactions in value terms. Independence of the audit and compliance function is ensured by the direct reporting of the internal audits to the Audit Committee of the Board. Details on the composition and functions of the Audit Committee can be found in the chapter on Corporate Governance of the Annual Report.

Opportunities and Outlook

2009-10 has been a year of turnaround for RSWM. Going forward, the outlook seems to be favourable with growing consumer confidence day by day. The Indian textile sector is responding positively to the international market scenario. Simultaneously with thriving domestic demand, the Textiles sector is expected to see positive outlook for next few years. Though the Indian Rupee is showing signs of appreciation, but given the fact that Chinese Yuan is long overdue for corrections in exchange parity, this is likely to yield positive results for textiles exports, as our major competition is from Chinese players. Hence the outlook for the next financial year is cautiously optimistic.

Cautionary Statement

Certain statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are identified in this report, by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on 'risks and concerns'. The Company takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in the future.





DIRECTORS' REPORT

Dear Shareholders,

The Directors present the Annual Report together with the audited Balance Sheet and the Profit and Loss Account of RSWM Limited for the year ended 31st March 2010.

COMPANY'S PERFORMANCE

Your Company's performance during year 2009-2010 is summarized below:

FINANCIAL RESULTS	<i>(Rs. in Crore)</i>	
	This Year	Previous Year
Turnover		
Export	566.70	391.64
Domestic	971.79	910.60
TOTAL	1,538.49	1,302.24
Profit before Interest & Depreciation	193.26	76.97
Less: Interest	56.82	67.99
Profit before Depreciation	136.44	8.98
Less: Depreciation	87.64	72.67
Profit/(Loss) before Tax and Exceptional Items	48.80	(63.69)
Less: Foreign Exchange Fluctuations	0.29	31.64
Profit/(Loss) before Tax	48.51	(95.33)
Less: Fringe Benefit Tax	-	0.92
Current Tax	10.02	-
Deferred Tax Liability	2.46	(32.40)
Profit/(Loss) after Tax	36.03	(63.85)
Add: Opening Balance	29.82	107.15
Profit available for Appropriation	65.85	43.30

DIVIDEND AND OTHER APPROPRIATIONS

From the amount available for appropriation, Rs.4 crore is proposed to be transferred to General Reserve.

Your Directors are pleased to recommend to the Annual General Meeting a dividend on Equity Shares of Rs.10 each @ 25% i.e. Rs. 2.50 per Share amounting to Rs. 5.79 crore. Your Directors further recommend a dividend on Redeemable Preference Shares of Rs.150/- each @ 10% per share amounting to Rs.1.75 Crore. The aggregate amount on dividend payable will absorb a sum of Rs.8.79 crore inclusive of distribution tax. A proposal for confirmation of the dividend for the year ended 31st March, 2010, will be placed before the shareholders at the ensuing Annual General Meeting. A sum of Rs. 20 crores has been appropriated towards the creation of Preference Share Capital Redemption Reserve for the redemption of 13,33,200 Preference Shares. The balance amount of Rs.33.06 crores has been carried over to next year.

OPERATIONAL PERFORMANCE

The Company's efforts to develop new products & markets, stringent control over the productivity and cost and favourable market conditions have helped in improving Company's Performance in 2009-10 and putting the Company on profitable path again. The Company has registered an increase of 18.10% in its gross turnover from Rs.1,302.24 Crore to Rs.1,538.49 Crore in 2009-10 against 2008-09. This increase in turnover has been primarily on account of increase in yarn production to

85784 MT against 78769 MT in previous year and fabric production to 23.21 Million Mtrs. from 20.29 Million mtrs. The Export turnover increased to Rs.565.16 Crore in 2009-10 from Rs.390.26 Crore in 2008-09 and Domestic turnover to Rs.952.88 Crore in 2009-10 from Rs.899.36 Crore in the previous year. The details of analysis of performance of the Company and its businesses, including initiatives in the areas of Human Resources and Information Technology, have been presented in the section of Management Discussion and Analysis of this Annual Report.

Working results of last three financial Year 2007-08 to 2009-10 are given in Annexure I and form part of this report.

EXPANSION AND MODERNISATION

Your Directors in their previous report indicated that with the improvement in market conditions, the enhanced manufacturing capacities will start yielding significant contributions to the top line and bottom line of the Company. Your Directors feel pleasure in informing the members that during the year under review, your Company successfully reaped the benefits on enhanced manufacturing facilities.

Your Directors gladly inform the members that encouraged with the performance of the Company an expansion plan involving capital expenditure of Rs.70 crores has been approved. This will involve addition in existing spindleage, replacement of old machinery, upgradation of some equipments etc. at various units of the Company. Your Directors are hopeful that the capex contemplated above will shore up its efficiency and help in achieving increased profitability.

POWER

Your Directors, in previous report have informed that there will be a substantial reduction in raw material cost with successful use of pet coke and possibilities of securing domestic coal under Fuel Supply Agreement from South Eastern Coalfields Limited.

Your Directors feel pleasure in informing you that the Company has started receiving coal under Fuel Supply Agreement from SECL which is fulfilling around 30% of its requirement and cheaper too as compared to market price. The international price of coal has drastically come down, which has reduced the cost of generation. The Thermal Power Plant has operated at 92.46% Plant Load Factor.

Your Directors are also pleased to inform you that the progress of Private Railway Sidings for coal unloading at Namli (MP) is at very advanced stage and likely to be commissioned in July 2010, which will further reduce the transportation cost of coal and dependence on existing leased Railway siding at Shambhupura.

DE-MERGER

De-merger of Strategic Investment Division of the Company comprising of 66,00,000 Equity Shares of M/s BMD Private Limited was completed during the year under review pursuant to order of the Hon'ble High Court of Rajasthan. The Equity Shares of the resultant Company M/s Bhilwara Technical Textiles Limited was listed on Bombay Stock Exchange Limited during the year under review.

SUBSIDIARY COMPANIES & JOINT VENTURE

Your Directors inform the members that the Joint Venture Agreement with RSWM SISA S.A., Spain through its subsidiary M/s RSWM International B.V. was terminated by the Company with the mutual agreement. The above Joint Venture was not yielding the desired results and on the basis of prudent business decision, the Company has terminated the same.

A Statement of particulars of the Company's subsidiaries namely Cheslind Textiles Limited and RSWM International B.V. is part of the Annual Report.

CONTRIBUTION TO THE EXCHEQUER

Your Company has contributed an amount of Rs.34.96 crore in terms of taxes and duties to the Exchequer.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- appropriate Accounting Policies have been selected and applied consistently and they have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company on 31st March, 2010 and of the Profit and Loss of the Company for the year ended on that date;

- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Annual Accounts have been prepared on a going concern basis.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, is given in Annexure - II forming part of this Report.

DIRECTORS

The following Directors retire by rotation and being eligible offer themselves for re-appointment:

1. Mr. Ravi Jhunjunwala
2. Mr. Shekhar Agarwal
3. Dr. Kamal Gupta

During the period under review, EXIM Bank has withdrawn its nomination of Mr. Mukul Sarkar from the Board and nominated Mr. John Mathew as its Nominee-Director on the Board of Directors of the Company. Further Mr. Sushil Jhunjunwala and Mr. A. N. Choudhary were appointed as Directors liable to retirement by rotation by the Shareholders in the 48th Annual General Meeting of the Company held on 25th September 2009.

The Board places on record its deep appreciation for the services rendered by Mr. Mukul Sarkar during his tenure. The Board welcomes Mr. Sushil Jhunjunwala, Mr. A. N. Choudhary and Mr. John Mathew on the Board of Directors of the Company.

INTERNAL CONTROL SYSTEMS

The Company has proper, adequate and effective Internal Control Systems commensurate with the nature and size of its operations. The independent auditors regularly conducts internal and management audit of all the units of the Company. The financial statements, internal audit report and internal control systems are being regularly reviewed by the Audit Committee which examines and evaluates the adequacy, relevance and effectiveness and its compliance with prevailing laws and regulations and thereafter, makes appropriate recommendations, wherever necessary.

PARTICULARS OF EMPLOYEES

Statement of particulars of Employees as required to be furnished pursuant to Section 217(2A) of Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is attached hereto and form part of this Report as Annexure - III.

AUDITORS

The Company's Auditors M/s. S. Bhargava Associates, Jaipur and M/s A.L. Chechani & Co., Bhilwara, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The observations of the Auditors are explained wherever necessary, in the appropriate Note to the Accounts.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the continued support and co-operation received by your Company from the customers, dealers and suppliers, investors, members, banks, financial institutions, Central and State Governments. Your Directors also thank the employees of the Company across all levels for the sincere and hard work put in by them during the year under review.

For and on behalf of the Board

Place : Noida
Date : 29th April, 2010

Ravi Jhunjunwala
Chairman
DIN No. : 00060972

**ANNEXURE 1 TO DIRECTORS' REPORT
WORKING RESULTS**

PARTICULARS	2009-10	2008-09	2007-08
I. PRODUCTION			
YARN			
A) Own (In Tonnes)	85,784	78,769	84,542
B) Job Spinning from outside (Domestic) (In Tonnes)	-	-	-
Total	85,784	78,769	84,542
FABRIC AND DENIM			
A) Own (In,000 Mtr.)	21,291	20,225	12,270
B) Job Weaving from outside (In,000 Mtr.)	1,918	68	1,308
Total	23,209	20,293	13,578
APPAREL			
A) Own (In,000 Pcs)	-	-	117
Total	-	-	117
II. TURNOVER (Rs. in lac)			
YARN			
A) Domestic			
Grey Yarn	46,687	52,101	22,481
Dyed Yarn	32,313	20,985	22,943
Job Spinning	225	63	142
	79,225	73,149	50,566
B) Export			
Grey Yarn	38,206	27,955	41,375
Dyed Yarn	14,642	8,544	14,526
	52,848	36,499	55,901
Less Inter unit/Division transfer	3,325	2,507	3,187
Total	1,28,748	1,07,141	103,280
FABRIC AND DENIM			
A) Domestic	18,337	17,959	8,528
B) Export	3,822	2,491	2,228
	22,159	20,450	10,756
Less Inter unit/Division transfer	3	9	1
Total	22,156	20,441	10,756
PROCESSING CHARGES			
Weaving Charges	234	135	-
Processing Charges	1,600	1,818	1,841
		1,953	1,841
Less Inter unit/division transfer	3	847	883
Total	1,831	1,106	958
APPAREL			
A) Domestic	-	-	186
B) Export	-	-	374
	-	-	560
Garment Job Charges	-	-	540
	-	-	1,100
Less: Inter unit/division transfer	-	-	-
Total	-	-	1,100
WASTE			
A) Domestic	1,349	1,363	1,149
B) Export	-	173	141
Less Inter unit/division transfer	236	-	-
Total	1,113	1,536	12,590
Total Turnover	1,53,848	1,30,224	1,17,383

ANNEXURE – II TO DIRECTORS’ REPORT

STATEMENT OF PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

1. CONSERVATION OF ENERGY

(a) Energy Conservation Measures taken:

Spinning

- Installation of high energy efficient motors 60 Nos on Carding, Ring frames & Autoconer machines at Kharigram, Banswara, Rishabhdev & Ringas to serve dual purpose of power saving with improved quality.
- Balancing of transformer load at Kharigram by shifting load of machines to reduce the power losses.
- Converting fixed volume air exhaust to variable type in Carding waste collection system for power saving.
- Installation of energy efficient motors at Autoconers at Ringas.
- Installation of retrofit suction impeller in Schlafhorst Autoconer-338 at Rishabhdev
- Low weight pot conversion in one TFO at Kharigram.
- Installation of low weight energy saving spindles on 5 Nos. Ring Frames at Banswara.

Compressors

- Replacement of pneumatic accessories to mechanical parts in Blow Room, Carding Ring Frames & Autoconers machines for savings of compressed air power.
- Regular and systematic control of air leakages from compressor air in the machines.
- Arresting the compressed air leakage in Toyota weaving machine at Denim plant

Replacement & Installations

- Replacement of High watt lamps by low watt CFL in the offices & residential colonies.
- Replacement of electrical heater by steam heating arrangement for furnace oil heating at Kharigram, Banswara & Ringas.
- Modification in pipe line header and stopping 1 pump of 15HP in softening plant at Denim plant.
- Installation of Heat Recovery System at Stenter to use exhaust hot air from the Stenter for water heating.
- Replacement of 40 HP 1440 rpm motor by 7.5HP DC & 7.5HP AC motor (inverter drive) at Denim plant.
- Conversion of belt drive motors & fans at Ringas, to direct drive fans.

Conservation of water

- Collection & reuse of condense water, in process at Denim & Ringas plants.
- Re-use of rubber belt (Sanforised unit) cooling water (earlier going into ETP) for gardening/ horticulture.
- Use of ETP water for plantation, through drip irrigation.

(b) Additional investment & proposals, if any, being implemented for reduction of consumption of energy:

- Introduction of High efficiencies motor on Ring Frame machines & Replacement of Reiter card for getting higher cylinder speed and improvement of Quality at Kharigram
- Replacement of Low weight pot of old TFO machines at Kharigram
- Replacement of existing compressors by high efficiency compressors at Banswara.
- Installation of high efficiency fans in Humidification Plant in place of ordinary fans & 4 MVA energy efficient transformers at Banswara
- Installation of Auto stardelta converter IMCC (Intelligent motor control capacity) in TFO machines for controlling motor loading at Rishabhdev.
- Replacement of pneumatics accessories at Rishabhdev to control the air leakages in the M/cs.
- Conversion of Boiler from steam coal to pet coke at Mandpam & Kharigram
- Replacement of centrifugal fan in waste collection system & humidification plant fan.
- Replacement of 5 nos. main motors of Sulzer Ruti P7100 looms by energy efficient motor. (5.5 KW), A.C drives in Stenter, Circulation Pump of 40 HP in Thermopac by 25 HP Pump at Denim plant.

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

The estimated saving due to above measures is expected to be in excess of 33 lac units per annum

A POWER AND FUEL CONSUMPTION

Description	2009-10	2008-09
1. Electricity		
a) Purchased:		
Units (in Lac)	809.10	100.15
Total Amount (Rs. in lac)	3,720.98	597.19
Rate/Unit (Rs.)	4.60	5.96
b) Own Generation		
I) Through Thermal Power Plant - Units (in Lac)	3,481.05	3,270.64
Cost of Generation (Rs. in lac)	13,700.45	14,201.37
Cost Per Unit (Rs.)	3.94	4.34
II) Through Diesel Generators - Units (In lac)	0.19	0.29
Units per Liter	1.73	0.81
Cost per Unit (Rs.)	18.89	12.14
III) Through HFO Generators - Units (In lac)	925.05	870.56
Units Per Liter	4.00	4.20
Cost Per Unit (Rs.)	4.55	3.68
2. Coal		
Quality in M.T.	27,072.24	27,595.87
Total Amount (Rs. in lac)	1,192.52	1,122.82
Average Rate (Rs./MT)	4,406.06	4,068.16
3. HFO		
HFO in Liters (Lac)	231.03	207.21
Cost of HFO Consumed (Rs. in lac)	4,206.76	3,200.89
Avg. Rate (Rs/Litre)	18.21	15.45
4. Other/Internal Generation	N.A.	N.A
B CONSUMPTION PER UNIT OF PRODUCTION		
Electricity Units : Per Kg. Of yarn	3.38	3.24
: Per Mtr. Of Fabric	1.44	1.63
: Per Mtr. Of Fabric Processing	0.32	0.34
Coal-B-Grade (in Kg) : Per Kg. Of yarn	0.23	0.23

2. TECHNOLOGY ABSORPTION

A) RESEARCH & DEVELOPMENT

(a) Specified areas in which Research & Development carried out and by the Company and future plan of action:

- Research and Development has been done by the Company on functional textiles like Bamboo, Nylon, Catonic, Soyabean, Silk, Linen blended with synthetic & cotton fibres fancy twisted yarns, injection slub yarns, typical blends like Acrylic/Nylon, Modal/Acrylic Bamboo/Linen, dyed spun yarns with acceptability in the market for high value added products for Apparel and Furnishing Sectors.
- Technical Textiles: Introduction of new products in Technical Textiles products like, Fire retardant, Hygienic products, Anti-Bacterial, Anti Odour Eco Friendly Products like recycled, Polyester, Bamboo & Soya bean.
- Development of Denim fabrics using functional fibers like : Soya, Linen and its blends, Bamboo, Hemp, Nylon, Natural Stretch, Tencel , Cashmere and T400.

(b) Benefits derived as a result of above R & D:

Overall cost reduction by applying energy saving devices, value addition to our products, wider industry portfolio, and increase in the export volume.

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

Thermal Power Plant

- Installation of additional bunker for coal in both the boilers at 46 MW Captive Power Plant in Mordi, to facilitate firing pet-coke without possibility of clinker formation, thus resulting in separate feeding of Indian coal and pet coke. During light up and partial load, Indian coal can be fired avoiding clinker formation and during stable running condition, pet coke may be fired.
- Online chemical cleaning of auxiliary cooling water system without shutting the unit.& of air cooled condenser fins improving vacuum and overall heat rate of the plant.
- Installation of (i) State-of-the-art Motorola wireless signal processing technology (High speed canopy system PT- 300) for effective islanding of both the units during grid disturbances. (ii) High duty power contactor (Siemens: 3TF54) in critical feeders to avoid spurious tripping in the plant, at 46 MW Captive Thermal Power Plant.

Spinning

- In house Conversion of Bale Opener into Blow Room Line, Lap feed line to Aero feed & Fan Feed to Condenser feeding in Carding for enhanced productivity at Banswara.
- Increase in cheese wt. by 150 gms. on SSM soft cheese wdg. for package yarn dyeing by introducing plastic cheese in place of ss spring.
- Manufacture of Denim Fabric with Double Pick Insertion in the same Shed for increased productivity and to reduce cost of operation.
- Conversion of 4 Airjet Looms into Double Pick insertion at Denim plant.
- Replacement of condensers with cyclone system in mixing bins, additions of VFO in blenders to save mixing cost.

(b) Benefit derived as a result of the above efforts:

Technical up gradation led to significant improvement in quality, reliability, capacity utilization factor, productivity as well as profitability. It has also resulted in addition of some new products in the existing product range.

(c) In case of recently imported technology, the requisite information in brief:

Import of two Amsler slub attachment for producing Fancy Yarn for Furnishing fabric.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company refocused its efforts to increase exports and developing new markets, which resulted in 45% increases in export turnover in current year over last year. During the year, the Company has earned foreign exchange of Rs.539.12 crore at FOB price against an outgo of Rs.52.01 crore compared to previous year earning of foreign exchange of Rs.364.14 crore at FOB price and outgo of Rs.50.51 crore.

ANNEXURE – III TO DIRECTORS' REPORT
STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956
A. PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR

Name of Employee	Designation	Remuneration (Rs. Lac)	Qualification	Experience (Years)	Commencement of Employment	Age (Years)	No. of Shares held	Whether Permanent/ Contractual	LAST EMPLOYED		
									Organization	Post Held	Duration (Years)
Mr. Arun Churiwal	Managing Director	118.25	B.A.(HONS)	31	17/03/2009	60	1,610	Contractual	-	-	-
Mr. J.C. Laddha	Executive Director	72.42	B.Com , F.C.A.	37	01/01/1988	60	-	Permanent	Bhiliwara Spinners Ltd.	Whole Time Director	3
Mr. R.S. Dugar	Executive Director	35.95	B.E. (MET), PGDBA	38	10/11/1992	64	-	Permanent	East India Udyog Ltd.	Executive Director	14
Mr. Prakesh Maheshwari	Chief Executive - Corporate Management Services	45.81	B.Sc, FCA	33	01/04/2003	55	-	Permanent	HEG Ltd.	President	14
Mr. Y.C. Gupta	Chief Executive - Denim Busniess	44.07	C.A.	34	06/09/2007	58	-	Permanent	CMT Ltd., Mauritius	Chief Executive Director	4
Mr. S.C. Garg	Chief Executive - Melange Yarn Business	43.60	B.Tex (Tech) MBA	30	17/07/1993	53	-	Permanent	Fenner India Ltd.	General Manager	1
Mr. P.S. Puri	President - Corporate Finance	42.16	FCA.	38	31/08/1996	63	-	Permanent	Majestic Auto Ltd.	Vice President (finance)	3
Mr. Vimal Banka	President - Corporate Services	47.54	C.A.	31	01/04/1990	59	-	Permanent	Shashi Commercial Ltd.	Manager	5
Mr. T.Dev.Joshi	President -HR & OD	41.54	B.Sc.,LLB, PGDPM	35	01/12/2004	56	-	Permanent	Fortis Healthcare Ltd.	Head-Corp.HR	4
Mr. M.L. Jhunjhunwala	President ,Mumbai	37.42	B.COM. ICWA	37	01/10/1992	55	2,800	Permanent	Raj. Tex. Mills	Export Manager	13
Mr.Sanjay Sharma	Chief Operating Officer - Banswara	34.54	B.Tex.	31	11/09/2002	52	-	Permanent	Indo Rama Synthetics India Ltd.	Asstt. Vice President	7
Mr. Rajeev Jain	Chief Operating Officer- Khairigram, Gulabpura	28.22	B.Text.,MBA	28	29/03/2008	49	-	Permanent	Spentex Industries Ltd	Unit Head	2
Mr. P. Sethi	Chief Operating Officer- Rishabhdev	33.70	B.Tech. (Textiles)	40	14/08/2003	62	-	Permanent	Rajasthan Syntex Ltd.	President (Works)	1
Mr. Naresh Maheshwari	Chief Operating Officer- Ringas	25.17	M.COM., F.C.A.P.HD.	25	02/09/1999	48	-	Permanent	Indorama Synthetics (I) Ltd.	DGM - Commercial	10
Mr. V.P. Bagri	Sr.Vice President - Corporate Affairs	26.94	CS, LLB	29	01/05/1996	53	-	Permanent	Himachal Fibres Ltd.	Finance Controller & Company Secretary	9
Mr. P.S. Shirmali	Asstt.Vice President	28.13	MBA	22	15/01/2001	45	-	Permanent	Indorama Synthetics (I) Ltd.	DGM - Export	2

Name of Employee	Designation	Remuneration (Rs. Lac)	Qualification	Experience (Years)	Commencement of Employment	Age (Years)	No. of Shares held	Whether Permanent/ Contractual	LAST EMPLOYED			
									Organization	Post Held	Duration (Years)	
Mr.A.K.Gautam	Chief Operating Officer-Weaving, Mordí	24.61	Diploma in Textile Chemistry	44	09/06/2008	65	-	Permanent	Church Gate (Nigeria) Ltd.	Profit Centre Head	6	
Mr.Sunil Jhajharia	Associate Vice President	25.84	B.COM, F.C.A.	25	13.11.2000	48	-	Permanent	Eastern Spinning Mills & Industries Ltd.	Asstt. Vice President	16	
Mr.Ashutosh Sharma	Associate Vice President	24.13	B.Sc., MBA	20	24.08.1991	41	-	Permanent	-	-	-	
B. PERSONS EMPLOYED FOR PART OF THE FINANCIAL YEAR												
Mr. Riju Jhunjunwala	Joint Managing Director	8.98	Graduate in Business Management Studies	9.5	23/10/2003	31	1,75,000	Contractual	Malana Power Company Ltd.	Sr. Vice President	2	
Mr. D.P. Mangal	Executive Director - Corporate Affairs	60.85	A.C.A.	37	03/12/1996	61	-	Permanent	Indo Textprints (Overseas) Ltd.	Managing Director	4.5	
Mr. Rajat Passi	Head- Business Planning & Mktg. Development	13.52	MBA	19	01/10/2008	50	-	Permanent	Modern Denim Ltd	President	2	
Mr. Nirmal Jain	President (Finance)	6.93	B.COM, F.C.A.	27	02/01/2010	52	-	Permanent	Bhilwara Spinners Ltd.	Chief Executive Officer	8	

Note: 1. Mr. Riju Jhunjunwala is relative of Mr. L. N. Jhunjunwala, Chairman-Emeritus and Mr. Ravi Jhunjunwala, Chairman.
 2. None of the employee is holding more than 2% of the paid up share capital of the Company

CORPORATE GOVERNANCE 2009-10

CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is a reflection of culture, policies, relationship with stakeholders and commitment to values and is also about maximizing shareholders value legally, ethically and on a sustainable basis, while ensuring fairness to every stakeholder - our customers, employees, investors, vendors-service providers-partners, state and the community at large.

Your Company always aims at ensuring unwavering focus on conducting its business in accordance with the highest ethical standards and professionalism in all areas of its business operations and sound corporate governance practices. The adoption of such corporate practices - founded on principles of transparency, strong Board oversight and high levels of integrity ensures accountability of the persons in charge of the Company and brings benefits to investors, customers, creditors, employees and the society at large. The Company will continue to stand by these standards. And as it grows, RSWM Ltd. (RSWM) will diligently look to adopt new and best-in-class systems and procedures for enhancing Corporate Governance Standards within the Company for increasing the stakeholder value.

In India, Corporate Governance Standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of the Stock Exchanges. The stipulations mandated by Clause 49 became applicable to your Company in March, 2001 and have been fully complied with since then. As a Company, which believes in implementing Corporate Governance practices that go beyond meeting the letter of law, RSWM has adopted practices mandated in Clause 49 and has established procedures and systems to be fully compliant with it.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports RSWM's compliance with the Clause 49.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

As on 31st March, 2010, RSWM's Board comprises ten Directors. Eight Directors, including the Chairman-Emeritus and Chairman, are Non-Executive. Of these, Five Directors, including one Director nominated by Export Import Bank of India (Lender) are independent. Mr. A. N. Choudhary has been co-opted on the Board as an additional Director in capacity of an Independent Director with effect from 24th July, 2009.

NUMBER OF BOARD MEETINGS

During 2009-10, the Board of RSWM met four times on - 29th April, 2009, 30th July, 2009, 29th October, 2009 and; 28th January, 2010. The maximum time gap between any two consecutive meetings was less than four months.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIP HELD

TABLE 1

Sl. No.	Name of Director	Position	Category	No. of meetings held in 2009-10 during tenure	No. of meetings attended	No. of outside Directorships of public companies*	No. of Outside Board-level Committees where chairperson or member #	
							Member	Chairperson
1.	Mr. L. N. Jhunjhunwala	Chairman - Emeritus	Promoter - Non-Executive	4	0	7	2	1
2.	Mr. Ravi Jhunjhunwala	Chairman	Promoter - Non-Executive	4	4	9	4	2
3.	Mr. Shekhar Agarwal	Vice Chairman	Promoter - Non-Executive	4	4	6	2	-
4.	Mr. Arun Churiwal	Managing Director	Non-Promoter - Executive	4	4	4	1	-
5.	Mr. Riju Jhunjhunwala ¹	Joint Managing Director	Promoter - Executive	1	0	-	-	-

Sl. No.	Name of Director	Position	Category	No. of meetings held in 2008-09 during tenure	No. of meetings attended	No. of outside Directorships of public companies*	No. of Outside Board-level Committees where chairperson or member #	
							Member	Chairperson
6.	Mr. J. C. Laddha	Executive Director	Non-Promoter - Executive	4	4	-	-	-
7.	Dr. Kamal Gupta	Director	Independent	4	4	6	8	3
8.	Mr. D. N. Davar	Director	Independent	4	4	13	7	5
9.	Mr. Sushil Jhunjhunwala ²	Director	Independent	4	3	3	-	-
10.	Mr. A. N. Choudhary ³	Director	Independent	3	2	2		
11.	Mr. Mukul Sarkar ⁴	Nominee Director - Exim Bank	Independent	2	1			
12.	Mr. John Mathew ⁴	Nominee Director - Exim Bank	Independent	2	1	2		

Notes: * Excludes Directorships in Private limited companies, foreign companies, memberships of management committees of various chambers, bodies and Section 25 companies

Includes Audit and Shareholders'/Investors' Grievance Committees only.

¹ Ceased to be Director with effect from 29th April, 2009

² Co-opted on the Board of Directors in capacity as Independent Director with effect from 29th April, 2009.

³ Co-opted on the Board of Directors in capacity as Independent Director with effect from 24th July, 2009.

⁴ Mr. John Mathew was co-opted on the Board as Nominee Director of Export Import Bank of India in place of Mr. Mukul Sarkar w.e.f 9th September, 2009

The last Annual General Meeting held on 25th September, 2009 was attended by Dr. Kamal Gupta, Chairman of the Audit Committee and Mr. J. C. Laddha, Executive Director of the Company.

None of the Directors is a member of more than 10 Board-level Committees, or Chairman of more than five such Committees.

As mandated in the Clause 49, the Independent Directors on RSWM's Board:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Holding Company, its Subsidiaries and Associates which may affect independence of the Director.
- Are not related to Promoters or persons occupying management positions at the Board level or at one level below the Board
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three years of the:
 - Statutory audit firm or the internal audit firm that is associated with the Company
 - Legal firm(s) and consulting firm(s) that have a material association with the Company
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
- Are not substantial shareholders of the Company, i.e. do not own two percent or more of the block of voting shares.

INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information with the Company. The following information is regularly provided to the Board:

- Annual operating plans & budgets and any update thereof
- Capital budgets and any updates thereof

- Quarterly results for the Company and operating divisions and business segments
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Executive Officer, Chief Financial Officer and Company Secretary
- Materially important show cause, demand, prosecution notices and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement, if material
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- Details of investment of surplus funds available with the Company

The Board is presented with detailed notes on these matters, as part of the agenda papers of the meeting or directly tabled at the Board meetings, as and when required. The Company has established procedures to enable its Board to periodically review compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances.

DIRECTORS WITH MATERIALLY SIGNIFICANT PECUNIARY RELATIONSHIP OR BUSINESS TRANSACTION WITH THE COMPANY

All Executive Directors receive salaries, allowances, perquisites and commission, while all Non-Executive Directors receive sitting fees. There have been no materially significant pecuniary relationships or transactions between the Company and its Directors in the financial year under review.

REMUNERATION OF DIRECTORS

TABLE 2: REMUNERATION PAID OR PAYABLE TO DIRECTORS FOR 2009-10

(Rs.)

Name of Director	Category	Sitting fees	Salaries, allowances and perquisites#	Commission	Total
Mr. L. N. Jhunjunwala	Promoter, Non-Executive	20,000	-	-	20,000
Mr. Ravi Jhunjunwala	Promoter, Non-Executive	100,000	-	-	100,000
Mr. Riju Jhunjunwala*		-	3,45,068	5,52,622	8,97,690
Mr. Shekhar Agarwal	Promoter, Non-Executive	2,80,000	-	-	2,80,000
Mr. Arun Churiwal	Non-Promoter, Executive	-	48,70,000	69,55,412	1,18,25,412
Mr. J. C. Laddha	Non-Promoter, Executive	-	50,30,686	22,11,340	72,42,026
Dr. Kamal Gupta	Independent	4,20,000	-	-	4,20,000

(Rs.)

Name of Director	Category	Sitting fees	Salaries, allowances and perquisites#	Commission	Total
Mr. D. N. Davar	Independent	3,40,000	-	-	3,40,000
Mr. Sushil Jhunjunwala	Independent	60,000	-	-	60,000
Mr. A. N. Choudhary	Independent	60,000	-	-	60,000
Mr. Mukul Sarkar **	Independent	20,000	-	-	20,000
Mr. John Mathew**	Independent	20,000	-	-	20,000

Includes retirement benefits

* Ceases to be Director w.e.f 29th April 2010

** Mr. John Mathew was co-opted on the Board as Nominee Director of Export Import Bank of India in place of Mr. Mukul Sarkar w.e.f 9th September, 2009

None of the Directors hold stock options.

TABLE 3: EQUITY SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS AS ON 31ST MARCH, 2010

Name of Director	Category	Number of Equity shares held	Convertible Warrants
Mr. L. N. Jhunjunwala	Promoter, Non-Executive	1,37,112	Nil
Mr. Ravi Jhunjunwala	Promoter, Non-Executive	7,94,094	Nil
Mr. Shekhar Agarwal	Promoter, Non-Executive	Nil	Nil
Mr. Arun Churiwal	Non-Promoter, Executive	1610	Nil
Mr. J. C. Laddha	Independent Executive	Nil	Nil
Dr. Kamal Gupta	Independent	Nil	Nil
Mr. D. N. Davar	Independent	Nil	Nil
Mr. John Mathew	Independent	Nil	Nil
Mr. Sushil Jhunjunwala	Independent	Nil	Nil
Mr. A. N. Choudhary	Independent	Nil	Nil

REMUNERATION POLICY

The Non-Executive Directors are paid sitting fee for attending the Board meetings as well as other committee meetings. The remuneration of the Managing Director and other whole-time Directors is subject to approval of the Board and shareholders, and is in accordance with Schedule XIII of the Companies Act, 1956.

CODE OF CONDUCT

RSWM's Board has laid down a code of conduct for all Board members and Senior Management of the Company. The Code of Conduct is displayed on the website of the Company www.rswm.in. Board Members and designated Senior Management Officials have affirmed compliance with the Code of Conduct for the current year. It is further affirmed that access to the Audit Committee of the Company has not been denied to any personnel.

RISK MANAGEMENT

RSWM has a well-defined risk management framework in place. Under this framework, the Management identifies and monitors business risks on a continuous basis, and initiates appropriate risk mitigation steps as and when deemed necessary. RSWM has established procedures to periodically place before the Board the risk assessment and minimization procedures being followed by the Company and steps taken by it to mitigate those risks through a properly defined framework.

BOARD-LEVEL COMMITTEES
AUDIT COMMITTEE

As on 31st March, 2010, RSWM's Audit Committee comprised four members - three of whom, including the Chairman of the Committee, are independent while the fourth is a Non-Executive Promoter Director. The terms of reference of the Audit Committee are in conformity with those mentioned in Clause 49 of the Listing Agreement of the Stock Exchanges as well as Section 292A of the Companies Act, 1956. In 2009-10, the Audit Committee met seven times on - 4th April,

2009; 29th April, 2009; 30th July, 2009; 5th October, 2009; 29th October, 2009; 28th January, 2010; and 23rd February, 2010.

TABLE 4: DETAILS OF THE AUDIT COMMITTEE

Name of the Member	Position	No. of Meetings held in 2009-10 during tenure	No. of Meetings Attended	Sitting fees (Rs.)
Dr. Kamal Gupta (Chairman)	Independent	7	7	1,40,000
Mr. L. N. Jhunjhunwala	Promoter, Non-Executive	7	1	20,000
Mr. D. N. Davar	Independent	7	7	1,40,000
Mr. A. N. Choudhary ¹	Independent	1	1	20,000

¹ Mr. A. N. Choudhary was inducted in Audit Committee with effect from 28th January, 2010

Mr. Surender Gupta, Company Secretary of the Company, is the Secretary to the Committee. Invitees to the Audit Committee include the Chief Executive Officer, Chief Financial Officer, the Head of Internal Audit and the representatives of the Statutory Auditors, Internal Auditors and Cost Auditors.

Dr. Kamal Gupta, Chairman of the Audit Committee, possesses high degree of accounting and financial management expertise and all members of the Committee have sound accounting and financial knowledge. The Chairman of the Audit Committee attended the Annual General Meeting held on 25th September, 2009 to answer shareholder queries.

The functions of the Audit Committee include the following:

- 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
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors
- Reviewing with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgement by Management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report
- Reviewing with the Management, the quarterly financial statements before submission to the Board for approval
- Reviewing with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), 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.
- Reviewing with the Management, performance of Statutory and Internal auditors, adequacy of the Internal Control Systems
- 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
- Discussion with Internal Auditors any significant findings and follow up there on

- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board
- Discussion with 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
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

RSWM has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors
- Internal audit reports relating to internal control weaknesses
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results
- If applicable, on an annual basis, statement certified by the Statutory Auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice

With regard to information on related party transactions, whenever applicable, the Audit Committee is presented with the following information:

- A statement in summary form of transactions with related parties in the ordinary course of business
- Details of material individual transactions with related parties which are not in the normal course of business
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with Management's justification for the same.

Pursuant to its terms of reference, the Audit Committee is empowered to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary

REMUNERATION COMMITTEE

As on 31st March, 2010, the Company's Remuneration Committee comprised three Non-Executive Directors - Dr. Kamal Gupta (Chairman), Mr. D.N. Davar and Mr. Shekhar Agarwal. The Remuneration Committee of the Company recommends to the Board the compensation terms of Executive Directors. The minutes of the Remuneration Committee meetings are noted by the Board. In 2009-10, one meeting of Remuneration Committee was held on 29th October, 2009. The details of attendance of the Remuneration Committee are given in Table 5.

TABLE 5: DETAILS OF REMUNERATION COMMITTEE

Name of the Member	Position	No. of Meetings held in 2009-10 during tenure	No. of Meetings Attended	Sitting fees (Rs.)
Dr. Kamal Gupta	Independent	1	1	20,000
Mr. D.N. Davar	Independent	1	1	20,000
Mr. Shekhar Agarwal	Promoter, Non-Executive	1	1	20,000
Mr. Mukul Sarkar ¹	Independent	-	-	-

¹ Mr. Mukul Sarkar ceased to be a member of Remuneration Committee with effect from 9th September, 2009 as his nomination was withdrawn from the Board of the Company by EXIM Bank.

SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

As on 31st March, 2010, the Company's Shareholders'/Investors' Grievances Committee comprised of four Directors - Dr. Kamal Gupta (Chairman), Mr. Shekhar Agarwal, Mr. Arun Churiwal and Mr. D.N. Davar.

The Company Secretary, Mr. Surender Gupta is the compliance officer. During 2009-10, the Committee met four times on 4th April, 2009, 30th July, 2009, 29th October, 2009 and 28th January, 2010.

TABLE 6: DETAILS OF SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Name of the Member	Position	No. of Meetings held during tenure	No. of Meetings Attended	Sitting fees (Rs.)
Dr. Kamal Gupta	Independent	4	4	80,000
Mr. Shekhar Agarwal	Promoter, Non-Executive	4	4	80,000
Mr. Riju Jhunjhunwala ¹	Promoter, Executive	1	1	-
Mr. Arun Churiwal ²	Promoter, Executive	3	3	-
Mr. D.N. Davar	Independent	4	4	80,000

¹ Ceased to be Director with effect from 29th April, 2009.

² Mr. Arun Churiwal was inducted in Shareholders'/Investors' Grievance Committee with effect from 29th April, 2009

The Committee received 12 complaints during the financial year under review, all of which were replied / resolved to the satisfaction of the shareholders.

TABLE 7: DETAILS OF SHAREHOLDERS'/INVESTORS' QUERIES AND GRIEVANCES RECEIVED AND ATTENDED BY THE COMPANY

	Nature of Query/Complaint	Pending as on as 1 st April, 2009	Received during the year	Addressed during the year	Pending as on as 31 th March, 2010
1.	Transfer / Transmission / Duplicate	0	3	3	0
2.	Non-receipt of Dividend	0	8	8	0
3.	Dematerialisation/Rematerialisation of shares	0	1	1	0
4.	Complaints received from:				
	- Securities and Exchange Board of India	0	0	0	0
	- Stock Exchanges	0	0	0	0
	- Registrar of Companies/ Ministry of Corporate Affairs	0	0	0	0
	Total	0	12	12	0

The Company also has a Share Transfer Committee to deal with the requests of transfer/transmission of Equity Shares, issue of duplicate share certificates and consolidation/split/replacement of share certificates etc. To expeditiously approve transfer of shares, Mr. Shekhar Agarwal, Vice Chairman and Mr. P. S. Puri, President - Corporate Finance also attend and approve the share transfer requests on fortnightly basis under the delegated authorisation of the Board of Directors.

MANAGEMENT**MANAGEMENT DISCUSSION AND ANALYSIS**

This Annual Report has a detailed chapter on Management Discussion and Analysis.

DISCLOSURES BY MANAGEMENT TO THE BOARD

All details on the financial and commercial transactions where Directors may have a potential interest are provided to the Board. The interested Directors neither participate in the discussion nor vote on such matters.

DETAILS OF RELATED PARTY TRANSACTIONS

As required by the Accounting Standard AS-18, the details of related party transactions are given in Schedule 16 to the Annual Accounts.

INITIATIVES ON PREVENTION OF INSIDER TRADING PRACTICES

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its management staff and relevant business associates. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of RSWM, and cautions them on consequences of violations.

DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The Company has followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its Financial Statements.

DETAILS OF NON-COMPLIANCE BY THE COMPANY IN LAST THREE YEARS

RSWM has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

CEO/ CFO CERTIFICATION

The CEO and CFO certification of the Financial Statements for the year form part of this Annual Report.

SHAREHOLDERS

APPOINTMENT OR RE-APPOINTMENTS OF DIRECTORS

Seven of the Directors of your Company retire by rotation. Of these Directors, at least one-third retires every year and if eligible, present themselves for re-appointment. This year, Mr. Ravi Jhunjunwala, Mr. Shekhar Agarwal and Dr. Kamal Gupta are retiring by rotation and being eligible, offer themselves for re-appointment in the Annual General Meeting. Their brief resumes are given below:

MR. RAVI JHUNJHUNWALA (54)

Mr. Ravi Jhunjunwala is a non-executive promoter Director of the Company. Mr. Jhunjunwala holds a degree in B.Com (Hons.) and is also an MBA. He joined the Board of the Company on 18th May, 1979. Mr. Jhunjunwala is an industrialist with diversified business experience.

MR. SHEKHAR AGARWAL (57)

Mr. Shekhar Agarwal is a Non-Executive Promoter Director of the Company. Mr. Agarwal is a B.Tech (Mech) from Indian Institute of Technology, Kanpur and has done his Masters in Science from University of Chicago. He joined the Board of the Company on 13th February, 1984. He has an experience of more than 25 years in the Textile Industry.

DR. KAMAL GUPTA (64)

Dr. Kamal Gupta is an independent Director of the Company and joined the Board on 26th December, 1987. Dr. Gupta is an FCA, FICWA and Ph.D. He has expertise in the areas of finance, accounting and corporate laws and was formerly a Technical Director of Institute of Chartered Accountants of India.

TABLE 8: DETAILS OF OTHER DIRECTORSHIP HELD IN OTHER COMPANIES

Director's name	Name of the company in which Directorship held	Committee Chairmanship	Committee Membership
Mr. Ravi Jhunjunwala	HEG Limited		Shareholders'/ Investors Grievance Committee
	Malana Power Company Limited	Audit Committee	
	Maral Overseas Limited		
	Bhilwara Spinners Limited		
	AD Hydro Power Limited	Audit Committee	
	Cheslind Textiles Limited		
	India Glycols Limited		
	Indo Canadian Consultancy Services Ltd.		
	BSL Limited		Shareholders'/ Investors' Grievance Committee

Director's name	Name of the company in which Directorship held	Committee Chairmanship	Committee Membership
Mr. Shekhar Agarwal	HEG Limited		
	Maral Overseas Limited		Shareholders' / Investors' Grievance Committee
	Bhilwara Technical Textiles Limited		
	Essay Marketing Company Limited		
	BSL Limited		
	Apptex Manpower Development Services Limited		
Dr. Kamal Gupta	HEG Limited		(i) Audit Committee (ii) Shareholders'/ Investors' Grievance Committee
	Maral Overseas Limited	(i) Audit Committee (ii) Shareholders'/ Investors' Grievance Committee	
	Malana Power Company Limited		Audit Committee
	PNB Gilts Limited	Audit Committee	
	AD Hydro Power Limited		Audit Committee
	Cambridge Solutions Limited		Audit Committee

MEANS OF COMMUNICATION

The results of the Company are published in at least one prominent national and one regional newspaper. The financial results are also displayed on the Company's website www.rswm.in. Further, the Company has also been complying with SEBI regulations for filing of its financial results under the EDIFAR system. These are available on the SEBI web-site www.sebidifar.nic.in.

GENERAL BODY MEETINGS

TABLE 9: THE DETAILS OF THE LAST THREE ANNUAL GENERAL MEETINGS

Year	Date	Time	Location	Special resolution(s) passed
2006-07	27 th September, 2007	11:30 A. M.	Kharigram, P. O. Gulabpura District Bhilwara, Rajasthan	2
2007-08	26 th September, 2008	1:30 P. M.	Kharigram, P. O. Gulabpura District Bhilwara, Rajasthan	5
2008-09	25 th September, 2009	1:30 P. M.	Kharigram, P. O. Gulabpura District Bhilwara, Rajasthan	-

The following Special Resolutions were taken up in the last three AGMs, and were passed with requisite majority.

2006-2007:

- Re-appointment of M/s S. Bhargava Associates and M/s A. L. Chechani & Co. as Statutory Auditors
- Approval for alteration in the Articles of Association of the Company.

2007-2008:

- Re-appointment of M/s S. Bhargava Associates and M/s A. L. Chechani & Co. as Statutory Auditors
- Approval for the payment of remuneration to Mr. Shekhar Agarwal, Vice Chairman and Managing Director of the Company.
- Approval for the payment of remuneration to Mr. Riju Jhunjunwala, Joint Managing Director of the Company.
- Approval for the reappointment of Mr. Riju Jhunjunwala as Joint Managing Director of the Company.

- Approval for the reimbursement of the medical expenses of Mr. L.N. Jhunjunwala, Chairman - Emeritus of the Company

2008-2009:

- No Special Resolution was taken up in the AGM.

POSTAL BALLOT

No resolution were passed by Postal Ballot in year under review.

COMPLIANCE WITH CLAUSE 49

MANDATORY REQUIREMENTS

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49.

ADOPTION OF NON-MANDATORY REQUIREMENTS

Although it is not mandatory, the Board of RSWM has constituted a Remuneration Committee. Details of the Remuneration Committee have been provided under the Section 'Remuneration Committee'. Also, the Company's Financial Statements are free from any qualifications by the Auditors.

ADDITIONAL SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING (AGM)

Date : 16th September, 2010
 Day : Thursday
 Time : 11.30 A.M.
 Venue : Kharigram, P. O. Gulabpura, Bhilwara District, Rajasthan- 311021

FINANCIAL RESULTS 2009

Financial year: 1st April to 31st March, 2010

For the year ended 31st March, 2010, results were announced on:

- 30th July, 2009 : First quarter
- 29th October, 2009 : Second quarter and Half year
- 28th January, 2010 : Third quarter and 9 months
- 29th April, 2010 : Fourth quarter and Annual.

For the year ending 31st March, 2011, results will be announced by

- Last week of July, 2010 : First quarter
- Last week of October, 2010 : Second quarter and Half year
- Last week of January, 2011 : Third quarter and 9 months
- Last week of April, 2011 : Fourth quarter and Annual

BOOK CLOSURE

The dates of book closure are from 9th September, 2010 (Thursday) to 16th September, 2010 (Thursday) (Both days inclusive)

DIVIDEND DATES

A dividend of Rs.2.50 per share on 2,31,48,689 equity shares of Rs. 10/- each and a Dividend Rs. 15/- per share payable proportionately on 16,66,600 Redeemable Preference Shares of Rs.150/- each for the period from 1st April 2009 to 30th June 2009; on 13,33,300 Redeemable Preference Shares of Rs.150/- each for the period from 1st July 2009 to 30th September 2009; on 10,00,000 Redeemable Preference Shares of Rs.150/- each for the period from 1st October 2009 to 30th December 2009; on 6,66,700 Redeemable Preference Shares of Rs.150/- each for the period from 31st December 2009 to 30th March 2010; on 3,33,400 Redeemable Preference Shares of Rs.150/- each for the day of 31st March 2010, have been recommended by the Board. Subject to approval of the shareholders at the AGM, this will be paid within 30 days from 16th September, 2010.

LISTING AND STOCK CODES

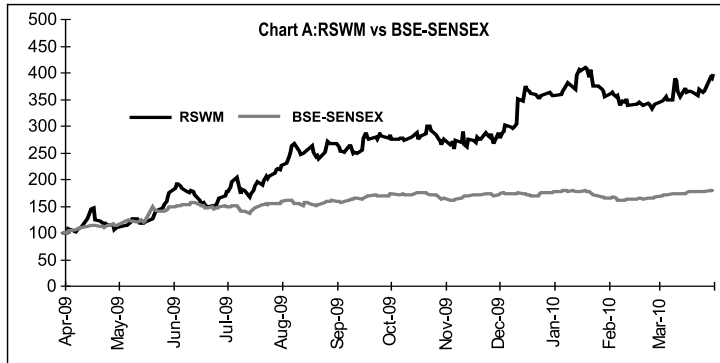
The Company's Equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Listing fee as prescribed has been paid to the BSE and NSE up to 31st March, 2011. The stock codes of the Company at BSE and NSE are given in Table 1:

TABLE 1: STOCK CODES OF THE COMPANY

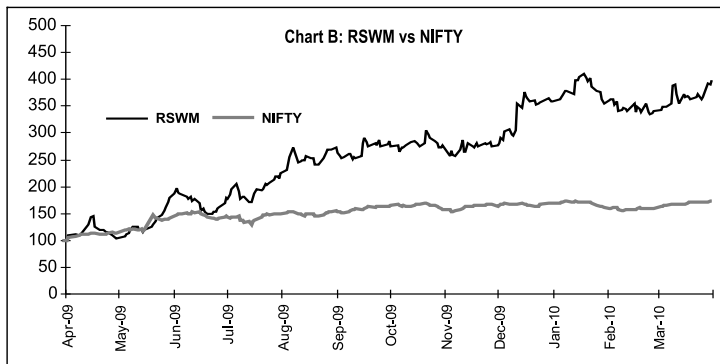
Stock exchanges	Stock codes
BSE	500350
NSE	RSWM

STOCK DATA**TABLE 2: SHARE PRICES OF RSWM AT BSE/NSE IN 2009-10**

	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Mar-10	116.65	97.00	11,36,881	116.45	97.00	9,83,391
Feb-10	106.30	95.00	2,34,781	106.30	95.05	1,31,143
Jan-10	120.25	100.05	4,65,081	120.00	96.00	6,47,972
Dec-09	109.90	78.05	19,11,805	109.90	78.10	21,70,093
Nov-09	84.90	72.00	5,36,226	83.90	70.05	1,64,255
Oct-09	87.90	74.00	2,11,502	89.00	73.00	2,47,611
Sep-09	83.95	70.10	1,70,744	85.00	69.65	2,39,248
Aug-09	79.50	63.50	3,19,990	79.75	62.00	3,20,937
Jul-09	66.25	47.50	3,43,880	66.10	47.30	2,67,445
Jun-09	56.40	41.05	2,22,246	57.80	40.85	1,47,816
May-09	51.20	31.10	2,09,198	52.40	30.25	68,845
Apr-09	42.95	26.60	2,63,714	42.70	25.00	2,62,851

Chart A: Relative Share Price Movement of RSWM at BSE compared to BSE Sensex in 2009-10

Note: Share prices and BSE Sensex indexed to 100 as on the first working day of the financial year 2009-10 i.e. 1st April, 2009

Chart B: Relative Share Price Movement of RSWM at NSE compared to NIFTY Index in 2009-10

Note: Share prices and Nifty indexed to 100 as on the first working day of the financial year 2009-10 i.e. 1st April, 2009

SHAREHOLDING PATTERN**TABLE 3: SHAREHOLDING PATTERN BY OWNERSHIP AS ON 31 MARCH 2010**

Categories	No. of shares	Percentage
Promoters, Directors, relatives and associates	1,14,29,804	49.38
Foreign institutional investors/mutual funds	2,29,454	0.99
Public financial institutions/State Financial Corporation	17,55,624	7.59
Mutual funds (Indian)	21,155	0.09
Nationalised and other banks	12,276	0.05
NRIs/ OCBs (Other than Promoters)	15,93,575	6.88
Public	81,06,801	35.02
Total	2,31,48,689	100.00

TABLE 4: SHAREHOLDING PATTERN BY SIZE-CLASS AS ON 31 MARCH 2010

Categories	No. of Shareholders	No. of Shares held	Percentage
1-1000	12,945	20,08,467	8.68
1001-5000	553	12,19,463	5.27
5001-10000	86	6,50,417	2.81
10001 and above	112	1,92,70,342	83.24
Total	13,696	2,31,48,689	100.00

DEMATERIALISATION OF SHARES

As on 31st March, 2010, 2,18,40,809 Equity Shares representing 94.35 percent of the total equity capital were held in dematerialised form. Trading in shares of the Company is permitted in dematerialised form only.

The ISIN number for RSWM's equity shares on NSDL and CDSL is INE611A01016.

SHARE TRANSFER SYSTEM

Matters related to share transfer and transmission are attended by the delegated authorities on a fortnightly basis. Share transfers are registered and returned within 30 days from the date of receipt, if the documents are in order in all respects. 65,406 Equity shares were transferred during the year 2009-10.

DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS

RSWM has not obtained any public funding in the last three years.

OUTSTANDING WARRANTS AND THEIR IMPLICATIONS ON EQUITY

The Company has no outstanding warrants/convertible instruments.

PLANT LOCATIONS:

- 1 Kharigram, P.O. Gulabpura - 311 021, Distt. Bhilwara, Rajasthan
- 2 Mayur Nagar, Lodha, P.O. Banswara - 327 001, Distt. Banswara, Rajasthan
- 3 Mandpam, Bhilwara - 311 001, Distt. Bhilwara, Rajasthan
- 4 Rishabhdev - 313 802, Distt. Udaipur, Rajasthan
- 5 Ringas - 332 404, Distt. Sikar, Rajasthan
- 6 LNJ Nagar, Mordji, P.O. Banswara - 327 001, Distt. Banswara, Rajasthan

INVESTOR CORRESPONDENCE

Investor correspondence should be addressed to:

Registrar & Share Transfer Agent:

MCS Limited
 F-65, First Floor, Okhla Industrial Area, Phase I, New Delhi - 110 020
 Phone Nos. : 011-4140 6149-52
 Fax No. : 011-4170 9881
 E-mail : admin@mcsdel.com

Company Secretary

RSWM Limited
 Bhilwara Towers, A-12, Sector 1, Noida - 201 301, Uttar Pradesh
 Phone Nos. : 0120-2541810, 4390000
 Fax Nos. : 0120-2531648, 4390300
 E-mail : rswm.investor@lnjbhilwara.com

Registered Office

Kharigram, P.O. Gulabpura, District Bhilwara,
 Rajasthan - 311 021, INDIA

Place : Noida
 Dated : 29th April, 2010

Arun Churiwal
 Managing Director

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of

RSWM Limited

We have examined the compliance of conditions of Corporate Governance by RSWM Limited for the year ended on 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

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

For S. Bhargava Associates
Chartered Accountants

For A. L. Chechani & Co.
Chartered Accountants

Place : Noida
Dated : 29th April, 2010

Sunil Bhargava
Partner

Sunil Surana
Partner

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We Arun Churiwal, Managing Director & Chief Executive Officer and J.C. Laddha, Executive Director & Chief Financial Officer of RSWM Limited, hereby certify to the Board that:

- a. We have reviewed financial statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief :
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. 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.
- b. There are, to the best of their knowledge and belief, no transactions entered into by RSWM Limited during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting in RSWM Limited and we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Noida
Dated : 29th April, 2010

Arun Churiwal
Managing Director &
Chief Executive Officer

J. C. Laddha
Executive Director &
Chief Financial Officer

AUDITORS' REPORT

To the Shareholders

We have audited the attached Balance Sheet of **RSWM Limited** as at 31st March, 2010, and also the Profit and Loss Account and 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.

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 mis-statement. 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.

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

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account 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 representations received from the Directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956;

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
- (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. Bhargava Associates**
Chartered Accountants

For **A. L. Chechani & Co.**
Chartered Accountants

Sunil Bhargava
Partner
Membership No. : 70964
Firm Reg No. : 003191C

Sunil Surana
Partner
Membership No. : 36093
Firm Reg. No : 005341C

Place : Noida
Dated : 29th April, 2010

ANNEXURE TO THE AUDITORS REPORT

Annexure referred to in paragraph 3 of our report of even date to the Shareholders of **RSWM Limited** on accounts for the year ended 31st March, 2010.

- (i) (a) The Fixed Assets registers showing full particulars including quantitative details and situation of the assets are being maintained at respective units, updation of which are under completion.
- (b) The Fixed Assets are physically verified by the Management in a phased programme designed to cover all the Assets over a period of three years, which in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the said programme, a portion of Fixed Assets has been physically verified by the Management during the year and no serious discrepancies were noticed on such verification between the book records and physical inventory.
- (c) The Company had not sold any substantial part of Plant & Machinery during the year.
- (ii) (a) The Inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to information and explanation given to us, the procedure of physical verification of inventory followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and the discrepancies noticed on physical verification have been dealt adequately in the Books of Accounts except where the reconciliation is pending on the findings of the reports of the external agencies.
- (iii) (a) The Company has granted unsecured loan to 3 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The amount outstanding at the end of the year is Rs. 1836 lac and the maximum amount outstanding during the year was Rs. 2465 lac.
- (b) All the above Loans are repayable on demand. Loan to wholly owned overseas subsidiary of Rs. 571.82 lacs is interest free and being doubtful of recovery has been fully provided for (Refer Note No:9 of "Notes on Accounts" Schedule 16 B). In respect of the other Loans granted, the rate of interest and other terms and conditions are prima-facie not prejudicial to the interest of the Company.
- (c) The payment of interest on such loans is regular, wherever applicable. The payments of principal amount are also regular, wherever demanded during the year.
- (d) There is no overdue amount outstanding at the Balance Sheet date.
- (e) The Company had not taken any loan from any party covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) On the basis of selective checks carried out during the course of audit and explanations given to us, adequate internal control systems commensurate with the size of the Company and nature of its business, for purchase of inventory and fixed assets and for sale of goods and services have been devised by the management and is being generally followed. Further on the basis of our examination of the books and records of the Company, and according to information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- (v) (a) On the basis of our examination and as per information given to us all the contracts or arrangements that are needed to be entered into the register maintained in pursuance of Section 301 of the Companies Act, have been recorded in the register.
- (b) On the basis of our examination and as per information and explanation given by the management, the price of the goods and materials purchased and / of sale of goods, materials and services made pursuant to contracts entered in register maintained under Section 301 of the Companies Act, 1956, in respect of each party is reasonable having regard to the prevailing market price at the relevant time.
- (vi) We are explained that during the year the Company has not accepted deposits from public to which the provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 apply.
- (vii) In our opinion, the Company has an Internal Audit System commensurate with its size and nature of its business, which is being strengthened in view of new business risks.

(viii) We have broadly reviewed the records including the books of accounts made and maintained by the Company pursuant to the Rules made by the Central Government for maintenance of Cost records under Section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained.

(ix) (a) According to the information and explanation given to us and the records examined by us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. Further, there were no undisputed arrears of statutory dues outstanding as at 31st March, 2010, for a period of more than six months from the date they became payable.

(b) According to the records of the Company and information given to us, the particulars of statutory dues of the Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of disputes and the forum where the dispute is pending are given hereunder:

(Rs. in lac)

I) EXCISE DUTY	
CESTAT, New Delhi	8.51
II) SERVICE TAX	
CESTAT, New Delhi	179.61
Commissioner	
(Appeals), Jaipur	15.30
III) T.C. CESS	
Appellate Tribunal,	
Mumbai	21.37

(x) There are no accumulated losses in the Company as on 31st March, 2010 Further, the Company has not incurred cash losses during the financial year covered by our audit. There was cash loss to the tune of Rs.2305.74 lac in the immediately preceding financial year.

(xi) Based on our examination of books and records of the Company and on the basis of information and explanation given by the Management, the Company has been regular in repayment of its dues to the financial institutions or banks.

(xii) On the basis of examination of records of the Company and information and

explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chitfund or nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) On the basis of examination of books and records of the Company and information and explanation given by the Management, the Company is not dealing or trading in shares, securities, debentures and other investment.

(xv) As per information and explanation given by the Management, the terms & conditions on which the Company has given Guarantee for loans taken by others from banks or financial institutions are prima-facie not prejudicial to the interest of the Company.

(xvi) As per information and explanation given by the Management, the term loans have been applied for the purposes they were raised.

(xvii) According to the information and explanation given to us and on an overall examination of the Cash Flow Statement of the Company for the year, we report that no funds raised on short-term basis have been used for long term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Act.

(xix) The Company has not issued any debentures whether secured or unsecured during the year.

(xx) The Company has not raised any money through public issue during the year covered by our report.

(xxi) (a) As per the information and explanation given to us, no fraud by the Company has been noticed or reported during the year covered by our Report.

(b) We have been informed that during the year two frauds by employees on the company were noticed by the management involving aggregate amount of Rs.61.45 lac, which have been booked as Fraud & Embezzlement Loss in the Profit & Loss Account. For detail, refer Note No:10 of "Notes on Accounts "Schedule 16 B.

For **S. Bhargava Associates**
Chartered Accountants

For **A. L. Chechani & Co.**
Chartered Accountants

Sunil Bhargava
Partner
Membership No. : 70964
Firm Reg. No:003191C

Sunil Surana
Partner
Membership No. : 36093
Firm Reg. No: 005341C

Place : Noida
Dated : 29th April, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Crore)

	Schedule	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	28.15	48.15
Reserves and surplus	2	202.65	172.36
Warrants		-	3.05
Govt.Capital Grant		3.43	3.74
		234.23	227.30
Loan Funds			
Secured Loans	3	1,030.61	1,068.69
Unsecured Loans		1.79	0.95
		1,032.40	1,069.64
Deferred Tax Liability	4	17.92	15.46
Total		1,284.55	1,312.40
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1,444.01	1,427.34
Less : Depreciation and Amortisation		647.18	567.64
Net Block		796.83	859.70
Capital Work in Progress		5.24	6.33
		802.07	866.03
Investments	6	60.15	64.44
Current Assets Loans & Advances			
Inventories		245.15	164.52
Sundry Debtors		157.37	146.57
Cash and Bank Balances		4.82	1.68
Export Incentives Receivable		22.48	13.59
Other Current Assets		52.75	50.74
Loans and Advances		57.92	92.38
		540.49	469.48
Less: Current Liabilities and Provisions	8		
Liabilities		87.83	77.61
Provisions		30.81	10.84
		118.64	88.45
Net Current Assets		421.85	381.03
Miscellaneous Expenditure	9	0.48	0.90
(To the extent not written off or adjusted)			
Total		1,284.55	1,312.40
Accounting Policies and Notes on Accounts 16			

As per our report of even date

For S. Bhargava Associates
Chartered Accountants**Sunil Bhargava**
Partner
Membership No.70964
Firm Reg. No.003191CPlace : Noida
Dated : 29th April, 2010For A. L. Chechani & Co.
Chartered Accountants**Sunil Surana**
Partner
Membership No.36093
Firm Reg.No: 005341C**Ravi Jhunjunwala**
DIN No. 00060972**Arun Churiwal**
DIN No. 00001718**J. C. Laddha**
DIN No. 00118527**Surender Gupta**

Chairman

Managing Director &
Chief Executive OfficerExecutive Director &
Chief Financial Officer

Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		(Rs. in Crore)	
	Schedule	This Year	Previous Year
1. INCOME			
Turnover	10	1,538.49	1,302.24
Less : Excise Duty		7.73	9.69
		1,530.76	1,292.55
Other Income	11	17.48	8.78
Increase/(Decrease) in Stocks	12	3.60	(20.39)
		1,551.84	1,280.93
2. EXPENDITURE			
Materials	13	871.48	775.12
Operating and Other Expenditure	14	487.10	428.85
Financial Expenses	15	56.82	67.99
		1,415.40	1,271.96
3. PROFIT BEFORE DEPRECIATION AND AMORTISATION		136.44	8.97
Depreciation and Amortisation		87.64	72.67
4. PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS		48.80	(63.70)
Loss/(Gain) Foreign Exchange Fluctuations		0.29	31.64
5 PROFIT/(LOSS) BEFORE TAX		48.51	(95.34)
Less : Tax Expenses			
Fringe Benefit Tax		-	0.92
Current Tax		10.02	-
Deferred Tax		2.46	(32.40)
6 NET PROFIT/(LOSS) AFTER TAX		36.03	(63.86)
Balance brought forward from previous year		29.82	107.15
Balance Carried Forward		65.85	43.29
7 APPROPRIATIONS			
General Reserve		4.00	-
Preference Share Capital Redemption Reserve		20.00	12.50
Proposed Dividend on Equity Shares		5.79	-
Dividend on Preference Shares		1.75	0.84
Tax on Dividend		1.25	0.14
		32.79	13.48
Balance Carried Forward		33.06	29.81
8 EARNINGS PER SHARE (RS.)			
Basic		14.68	(28.01)
Diluted		14.68	(28.01)
Accounting Policies and Notes on Accounts	16		

As per our report of even date

For S. Bhargava Associates
Chartered Accountants

Sunil Bhargava
Partner
Membership No.70964
Firm Reg. No.003191C

Place : Noida
Dated : 29th April, 2010

For A. L. Chechani & Co.
Chartered Accountants

Sunil Surana
Partner
Membership No.36093
Firm Reg.No: 005341C

Ravi Jhunjunwala
DIN No. 00060972

Arun Churiwal
DIN No. 00001718

J. C. Laddha
DIN No. 00118527

Surender Gupta

Chairman

Managing Director &
Chief Executive Officer

Executive Director &
Chief Financial Officer

Company Secretary

SCHEDULES

SCHEDULE 1 : SHARE CAPITAL

	(Rs. in Lac)	
	As at 31.03.2010	As at 31.03.2009
AUTHORISED		
4,75,00,000 Equity Shares of Rs.10/- each	4,750.00	4,750.00
25,00,000 Optionally Convertible Redeemable Preference Shares of Rs.150/- each	3,750.00	3,750.00
	8,500.00	8,500.00
ISSUED, SUBSCRIBED & PAID UP		
2,31,48,689 Equity Shares of Rs.10/- each	2,314.87	2,314.87
3,33,400 (Previous Year 16,66,600) 10% Redeemable Preference Shares of Rs.150/- each	500.10	2,499.90
	2,814.97	4,814.77

Notes :

- Equity Share Capital includes 1,35,13,607 Equity Shares of Rs.1351.36 lac issued as fully paid up Bonus Shares by Capitalisation of Reserves in earlier years.
- Equity Share Capital includes 12,28,689 issued for consideration other than cash, pursuant to the Scheme of merger of erstwhile Jaipur Polyspin Limited and Mordī Textiles & Processors Limited as approved by the Hon'ble High Court of Rajasthan.
- 10 % Redeemable Preference Shares are due for Redemption on 30th May, 2010.

SCHEDULE 2 : RESERVES AND SURPLUS

	(Rs. in Lac)			
	As at 31.03.2009	Additions	Deductions	As at 31.03.2010
Capital Reserve	396.47	304.50		700.97
Preference Share Capital Redemption Reserve	3,200.10	1,999.80		5,199.90
Share Premium	8,995.23			8,995.23
State Investment Subsidy	70.00			70.00
General Reserve	1,592.27	400.00		1,992.27
Profit and Loss Account	2,981.73	3,603.04	3,278.62	3,306.15
	17,235.80	6,307.34	3,278.62	20,264.52

SCHEDULE 3 : LOAN FUNDS

(Rs in Lac)

	As at 31.03.2010	As at 31.03.2009
SECURED		
Term Loans		
From Banks	60,474.32	65,880.62
From Financial Institutions	17,743.00	18,658.00
Working Capital Loans		
From Banks	22,143.22	22,330.52
From Financial Institutions	2,700.00	-
	1,03,060.54	1,06,869.14
UNSECURED		
Sales Tax Deferment Loans	179.32	94.57
	179.32	94.57
	1,03,239.86	1,06,963.71

Notes:

- (a) Term Loans (Except of Rs.5,250 lac) are secured by way of joint equitable mortgage of all the present and future immovable properties of the Company and hypothecation of movable assets ranking pari-passu subject to prior charges created in favour of the Company's Bankers on raw materials, stock in process, finished goods, semi finished goods, stores, spares, book debts and other current assets for availing working capital facilities.
- (b) Term Loans of Rs. 5,250 lac are secured by way of subservient charge over the entire movable assets of the Company.
- Working Capital loans are secured by hypothecation of raw materials, stock in process, finished goods, semi finished goods, stores, spares, book debts and other current assets as well as second charge on fixed assets of the Company on pari-passu basis.
- Term Loans repayable within one year Rs. 9,928 lac (Previous year Rs.7,571 lac).

SCHEDULE 4 : DEFERRED TAX LIABILITY

(Rs in Lac)

	As at 31.03.2010	As at 31.03.2009
Opening Balance	1,546.12	4,786.12
Add:- Created during the Year	246.00	(3,240.00)
Closing Balance	1,792.12	1,546.12

SCHEDULE 5 : FIXED ASSETS

(Rs. in Lac)

S. No	Particulars	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK		
		As at 01.04.2009	Addition	Deductions	As at 31.03.2010	Upto 01.04.2009	Deductions	For the year 2009-10	Total Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	2	3	4	5	6	7	8	9	10	11	12
A) Tangible Assets											
	Land	1,326.93	568.12	0.88	1,894.17	2.38	-	0.82	3.20	1,890.97	1,324.55
	Roads and Buildings	20,879.78	456.39	65.54	21,270.63	3,465.65	2.47	511.30	3,974.48	17,296.15	17,414.13
	Plant and Machinery	1,09,489.82	2,338.37	1,554.90	1,10,273.29	50,376.33	732.05	7,933.60	57,577.88	52,695.41	59,113.49
	Electric Fitting and Water Supply Installation	6,079.97	332.87	98.67	6,314.17	1,026.68	15.98	338.42	1,349.12	4,965.05	5,053.29
	Furniture Fixture and Other Equipments	2,824.34	178.19	135.13	2,867.40	1,181.68	92.23	223.48	1,312.93	1,554.47	1,642.66
	Vehicles	1,134.72	78.19	178.48	1,034.43	382.03	83.23	100.83	399.63	634.80	752.69
	Total (A)	1,41,735.56	3,952.13	2,033.60	1,43,654.09	56,434.75	925.96	9,108.45	64,617.24	79,036.85	85,300.81
B) Intangible Assets (Acquired)											
	Computer Software	71.96	1.98		73.94	39.56		13.49	53.05	20.89	32.40
	Non-competition Rights	253.00		253.00	-	253.00	253.00		-	-	
	Enabling Assets	673.30			673.30	36.53		11.33	47.86	625.44	636.77
	Total (B)	998.26	1.98	253.00	747.24	329.09	253.00	24.82	100.91	646.33	669.17
	Total (A + B)	1,42,733.82	3,954.11	2,286.60	1,44,401.33	56,763.84	1,178.96	9,133.27	64,718.15	79,683.18	85,969.98
C) Capital Work in Progress :											
	Building Under Construction	235.48	170.16	336.53	69.11	-	-	-	-	69.11	235.48
	Plant & Machinery Under Erection/Commissioning	277.59	394.20	386.06	285.73	-	-	-	-	285.73	277.59
	Pre-operative Expenses pending allocation	30.34	-	30.34	0.00	-	-	-	-	0.00	30.34
	Advances on Capital Account (Unsecured Considered Good)	89.93	397.76	318.99	168.70	-	-	-	-	168.70	89.93
	Total (C)	633.34	962.12	1,071.92	523.54	-	-	-	-	523.54	633.34
	Total (A+B+C)	1,43,367.16	4,916.23	3,358.52	1,44,924.87	56,763.84	1,178.96	9,133.27	64,718.15	80,206.72	86,603.32
	Previous Year	1,41,029.47	12,023.72	9,686.03	1,43,367.16	49,975.89	584.15	7,372.10	56,763.84	86,603.32	91,053.58

Notes :

- Land includes - Rs. 387.81 Lac for Lease hold Land and Rs.475 Lac towards compensation paid for default in performance of Conveyance Deed dated 19.01.85 of land admeasuring 7 Bigha and 0.47 Biswa pursuant to Arbitration Award dated 19th March, 2002.
- Deduction from Gross Block represents Sale/Transfer/Discarding of Fixed Assets/ Lease hold rights and Non-Competition rights written off on expiry.
- Deduction in depreciation Rs.1,178.96 Lac (previous Year Rs. 584.15 Lac)represents adjustment on account of Sale/Transfer/Discarding of fixed assets.
- Roads and Buildings includes value of irrevocable Licencing right to use of a flat in New Delhi Rs. 10 Lac.

SCHEDULE 6 : INVESTMENTS (LONG TERM)

(Rs. in Lac)

	As at 31.03.2010	As at 31.03.2009
A. IN GOVERNMENT SECURITIES (UNQUOTED - NON TRADE INVESTMENT)		
National Saving Certificates (Deposited with Sales Tax Deptt.)	-	0.10
B. IN SUBSIDIARY COMPANIES		
IN EQUITY SHARES OF Rs. 10/- EACH FULLY PAID UP (UNLESS OTHERWISE STATED)		
QUOTED - NON TRADE INVESTMENTS		
 Holding Name of the Company		
a) 1,52,57,900 Cheslind Textiles Ltd.	4,209.52	4,209.52
UNQUOTED - NON TRADE INVESTMENTS		
b) 5,000 RSWM International B.V. (of 100/- Euro each) 277.30		
Less : Investment carrying Fund 277.30	-	277.30
	4,209.52	4,486.82
C. OTHER INVESTMENTS		
IN EQUITY SHARES OF Rs. 10/-EACH FULLY PAID UP (UNLESS OTHERWISE STATED)		
QUOTED - NON TRADE INVESTMENTS		
 Holding Name of the Company		
c) 15,10,000 Maral Overseas Limited	-	151.00
d) 9,78,000 HEG Limited	34.94	34.94
e) 372 Whirlpool India Limited	0.01	0.01
f) 30 Vardhman Holding Limited	0.00	0.00
g) 150 Tata Construction & Project Limited	0.02	0.02
h) 775 Graphite India Limited (of Rs.2/- each)	0.03	0.03
i) 5600 State Bank of Bikaner & Jaipur (of Rs.10/- each fully paid-up)	3.02	3.02
j) 943 Punjab National Bank	3.68	3.68
k) 180 Vardhman Textiles Ltd.	0.01	0.01
l) 31,396 BSL Limited (of Rs.10/ each)	0.50	0.50
	42.21	193.21
UNQUOTED - NON TRADE INVESTMENTS		
m) 2,64,55,650 Bhilwara Energy Limited	1,763.71	1,763.71
n) 2,03,589 India Insulators Ltd. 20.36		-
Less: Investment carrying Fund (20.36)		-
	1,763.71	1,763.71
	6,015.44	6,443.84
Aggregate Market Value of Quoted Investments	4,673.98	1,762.17

Note:-

- The cost of investment in Cheslind Textiles Ltd includes Rs.397.39 lac (Previous Year Rs.397.39 lac) acquisition charges such as brokerage, fees duties, legal & professional fees and other incidental expenses incurred in the process of acquisition.
- Out of 1,52,57,900 Equity Shares of Cheslind Textile Ltd., 76,28,950 shares are pledged as collateral security with IDBI Ltd. on behalf of lenders of Cheslind Textile Ltd. (Previous year Nil)
- 31,396 Shares of BSL Ltd were allotted during the year in lieu of 1,35,000 shares of Bhilwara Processors Ltd upon merger.
- 88,18,550 Equity Shares of Bhilwara Energy Ltd were received as Bonus Shares during the year.

	(Rs. in Lac)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES		
A) CURRENT ASSETS		
a) INVENTORIES		
Raw Materials	13,328.79	5,455.46
Finished Goods	4,269.50	4,041.29
Waste	141.67	52.41
Stock in Process	3,941.46	3,898.63
Stores, Spares and Fuels	2,833.45	3,004.13
(Including Transit Rs. 156.07 lac, Previous Year Rs. 320.67 lac)		
	24,514.87	16,451.92
b) SUNDRY DEBTORS (UNSECURED)		
Within Six Months - Considered Good	15,506.61	14,390.37
Others - Considered Good	230.73	266.95
- Considered doubtful	336.89	77.75
Less: Provision for doubtful debts	(336.89)	(77.75)
	15,737.34	14,657.32
c) CASH AND BANK BALANCES		
Cash in Hand	36.01	30.72
WITH SCHEDULED BANKS IN		
i) Savings Accounts	0.20	0.55
ii) Current Accounts, Margin Money deposits and Cheques/ Drafts in Hand/Collection and Remittance in Transit.	403.17	28.89
iii) Fixed Deposits (Pledged with Govt. & other Deptts. Rs.1.87 lac, Previous year Rs.1.87 Lac)	18.10	81.52
iv) Dividend Accounts	24.36	26.72
	481.84	168.40
d) EXPORT INCENTIVES RECEIVABLE		
i) DEPB, DDBK & Advance Licenses	876.97	586.73
ii) Export Growth Entitlements	70.47	191.90
iii) Excise Rebate Claim Receivables	1,300.15	580.11
	2,247.59	1,358.74
e) OTHER CURRENT ASSETS		
i) Sundry Deposits	498.41	634.37
ii) Duties, Claims and other receivables	2,032.30	1,634.82
iii) Subsidies Receivables	2,743.14	2,805.26
	5,273.85	5,074.45
B) LOANS AND ADVANCES		
UNSECURED, CONSIDERED GOOD (UNLESS OTHERWISE STATED)		
i) Loans and Advances recoverable in Cash or in kind or for value to be received or pending adjustments.	1,632.51	2,447.31
Considered doubtful	61.45	-
Less : Provision for Doubtful loans & advances	(61.45)	-
ii) Loans & Advances to Subsidiaries	1,264.33	1,294.13
Considered doubtful	571.82	-
Less : Provision for Doubtful loans & advances	(571.82)	-
iii) Advance against Supplies	2,895.38	5,494.48
	5,792.22	9,235.92
	54,047.71	46,946.75

SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS

	(Rs. in Lac)	
	As at 31.03.2010	As at 31.03.2009
A. CURRENT LIABILITIES		
Sundry Creditors	2,590.95	2,178.74
Investor Education and Protection Fund (Unclaimed Dividend)	24.36	26.72
Interest accrued but not due on Loans	77.69	68.36
Security Deposits	764.47	735.26
Advance from Customers	916.23	400.44
Other Liabilities	4,409.31	4,352.08
	8,783.01	7,761.60
B. PROVISIONS		
Proposed Dividend on Equity Shares	578.72	-
Provision for Dividend on Preference Shares	174.93	83.81
Tax on Dividend	125.17	14.24
Provision for Taxation	1,810.33	280.14
Retirement Benefits	391.48	705.72
	3,080.63	1,083.91
	11,863.64	8,845.51

**SCHEDULE 9 : MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)**

	(Rs. in Lac)	
	As at 31.03.2010	As at 31.03.2009
Premium on Resetting of interest / Prepayment Term Loans	42.15	276.22
Preference Shares Issue Expenses	78.75	78.75
Retrenchment Compensation on Shifting of Fabric Division	122.71	122.71
	243.61	477.68
Less : Amount Amortised	195.19	387.41
	48.42	90.27

Note: Net of Rs. 234.07 lac fully amortised on final repayment of respective term loans.

SCHEDULE 10 : TURNOVER

	(Rs. in Lac)	
	This year	Previous year
SALES : Export	56,515.88	39,026.30
Domestic	95,287.99	89,936.28
Export Growth Incentives	154.42	137.27
Job and Processing Charges	1,890.82	1,124.35
	153,849.11	130,224.20

SCHEDULE 11 : OTHER INCOME

	(Rs. in Lac)	
	This year	Previous year
Operating Income		
Rent (Tax Deducted Rs. 67.19 lac, Previous Year Rs.27.28 lac)	631.74	613.51
Dividends on Long Term Investments	64.55	30.05
Profit on Sale of Fixed Assets	96.72	73.74
Profit on Sale of Investments	78.82	-
Profit on Sale of Stores / Raw Materials	0.37	8.60
Insurance and Other Claims Received	452.99	20.91
Liabilities Written Back	98.15	59.64
Miscellaneous Receipts	325.09	71.27
	1,748.43	877.72

SCHEDULE 12 : INCREASE/(DECREASE) IN STOCKS

	(Rs. in Lac)	
	This year	Previous year
CLOSING STOCK		
Finished Goods	4,269.51	4,041.29
Waste	141.67	52.41
Stock in Process	3,941.46	3,898.63
	8,352.64	7,992.33
OPENING STOCK		
Finished Goods	4,041.29	5,815.80
Waste	52.41	55.66
Stock in Process	3,898.63	4,160.31
	7,992.33	10,031.77
INCREASE/(DECREASE) IN STOCKS	360.31	(2,039.44)

SCHEDULE 13 : MATERIALS

	(Rs. in Lac)	
	This year	Previous year
A) RAW MATERIALS		
Opening Stock	5,455.46	7,453.57
Add : Purchases	96,842.55	74,461.40
	1,02,298.01	81,914.97
Less: Sales, Returns and Adjustments	5,241.99	3,485.05
	97,056.02	78,429.92
Less: Closing stock	13,328.79	5,455.46
	83,727.23	72,974.46
Add: Dyes and Chemicals	2,836.83	2,995.01
	86,564.06	75,969.47
B) FINISHED GOODS PURCHASES		
Fabric	451.90	519.33
Garment	4.16	5.88
Yarn	128.21	1,016.92
	584.27	1,542.13
	87,148.33	77,511.60

SCHEDULE 14 : OPERATING & OTHER EXPENDITURE

(Rs. in Lac)

	This year	Previous year
PAYMENT TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages and Bonus	10,430.15	9,156.09
Workmen and Staff Welfare	190.38	185.27
Contribution to Provident, Gratuity and Other Funds	1,462.83	1,767.30
	12,083.36	11,108.66
MANUFACTURING		
Stores and Spare parts Consumed (Net of scrap sales Rs.357.50 lac, Previous Year Rs. 362.85 lac)	3,954.92	3,285.08
Packing Expenses	2,099.38	1,981.43
Power and Fuel	17,517.35	14,901.06
Processing and Job Charges	430.40	568.53
Research and Development	117.02	125.58
Repairs, Maintenance and Renovations		
Plant and Machinery	345.60	331.50
Buildings	326.06	227.66
Others	172.59	133.05
	24,963.32	21,553.89
ADMINISTRATIVE		
Rent	91.51	108.76
Lease Rent	104.56	89.76
Rates and Taxes	109.09	65.66
Directors' Remuneration & Fees	217.56	181.46
Directors' Travelling	24.69	65.49
Charity & Donations	1.52	20.03
Miscellaneous Expenses	1,293.37	1,667.44
Insurance (Net of Recovery Rs.80.97 lac, Previous Year Rs. 86.06 lac)	97.62	102.19
	1,939.92	2,300.79
SELLING		
Commission	355.68	341.27
Brokerage	96.51	122.05
Incentives and Discounts	1,304.02	1,489.02
Claims and Rebates	181.04	149.77
Freight, Forwarding and Octroi (Net of Recovery Rs 53.06 lac, Previous year Rs.60.10 lac)	530.88	401.75
Expenses on Export Sales:		
Ocean Freight	2,438.14	2,524.20
Commission	941.48	897.85
Others	413.88	432.57
Advertisement	230.50	614.15
Foreign Travelling Expenses	120.55	179.71
Others	368.77	384.95
	6,981.45	7,537.29

SCHEDULE 14 : OPERATING & OTHER EXPENDITURE (Contd....)

	(Rs. in Lac)	
	This year	Previous year
OTHERS		
Bad Debts & Provision for Doubtful Debts & Advances	840.46	64.36
Provision for Diminution in Value of Investment	277.30	-
Deferred Revenue Expenses Written off	41.85	52.56
Provision for Entry Tax	620.24	188.09
Expenses Related to Previous Year	9.79	0.13
Project Feasibility Expenses	-	5.61
Fraud & Embezzlement loss	61.45	-
Loss on Cancellation land Sale Contract (Refer note no.8 of Schedule 16 B)	804.58	-
Loss on Sale/Discarding on Fixed Assets	86.53	73.16
	2,742.20	383.91
	48,710.25	42,884.54

SCHEDULE 15 : FINANCIAL EXPENSES

	(Rs. in Lac)	
	This year	Previous year
INTEREST		
On Term Loans	4,014.80	4,824.41
On working Capital Loans	2,152.25	2,425.63
	6,167.05	7,250.04
Less: Receipt from Trade Debtors & Others (TDS Rs. 59.73 lac, Previous Year Rs.64.44 lac)	690.56	656.47
	5,476.49	6,593.57
Add : Other Financial Charges	205.55	205.35
	5,682.04	6,798.92

SCHEDULE 16: ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES

1. GENERAL

The financial statements are prepared on historical cost convention and on the accounting principles of going concern, in accordance with Generally Accepted Accounting Principles ('GAAP'), comprising of the mandatory Accounting Standards, Guidance Notes, etc. issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, on accrual basis, as adopted consistently by the Company.

2. REVENUE RECOGNITION

- a) Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer, at a price and includes excise duty.
- b) Promotional Benefits, Export Incentives and Export Growth Incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.
- c) Claims and refunds due from Government authorities and parties, though receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favour of the Company.
- d) Claims lodged with insurance companies are recognized as Income on acceptance by the Insurance Company. The Excess / Shortfall of claims passed are adjusted in the year of receipt.
- e) The Interest Subsidy under TUFS is recognized on accrual basis and adjusted against the Interest expenses on Term Loans.

3. GOVERNMENT CAPITAL GRANTS

The Capital Subsidy under TUFS from Ministry of Textiles on specified processing machinery is recognized on a systematic and rational basis by adopting Deferred Income Approach in proportion of the applicable depreciation over the useful life of the respective assets and is adjusted against the depreciation in the Profit and Loss Account.

4. INVENTORY VALUATION

- a) Inventories are valued at historical cost and net realizable value whichever is lower on a consistent basis. Historical cost is determined on FIFO / Weighted Average basis on relevant categories of Inventories and net realizable value, after providing for obsolete, slow moving and defective inventories, wherever necessary.
- b) The cost of Inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

5. INVESTMENTS

Long Term Investments are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline. Current Investments are carried at cost or fair value whichever is lower.

6. FIXED ASSETS, INTANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS

- a) Cost of Fixed Assets comprises of its purchase price including import duties and other non-refundable taxes or levies, foreign exchange fluctuation on loans against Fixed Assets up to 31st March, 2003, expenditure incurred in the course of construction or acquisition, Start-up, Reconditioning, Commissioning, test runs & experimental production and other attributable costs of bringing the assets to its working conditions for the purpose of use for the business.
- b) Borrowing cost directly attributable and/or funds borrowed generally and used for the purpose of acquisition/construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized, at its capitalization rate to expenditure on that assets, for the period, until all activities necessary to prepare qualifying assets for its intended use are complete.

- c) Assets retired from active use and held for disposal are stated at the lower of their net book value and / or realizable value and are shown separately.
- d) Expenditure incurred on acquisition of Intangibles are accounted for as Intangible Assets on completion, being identifiable non-monetary assets without physical substance, at the acquisition cost, in accordance with AS 26 on Intangible Assets.

7. DEPRECIATION AND AMORTISATION

Depreciation on Fixed Assets and Amortization on Intangible Assets has been provided as follows:-

- a) On fixed assets existing on 30th September, 1987, on straight line method at the rates specified in circular No.1/86 of 21st May, 1986, issued by the Department of Company Affairs.
- b) On other fixed assets acquired and put to use after 1st October, 1987 on straight-line method at the revised rates and in the manner specified in Schedule XIV to the Companies Act, 1956, as amended, vide Notification No.GSR-756 (E) dated 16th December, 1993 issued by the Department of Company Affairs, except: -
 - i) On Plant and Machinery in the Power Generation Division on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956 considering the same as 'Continuous Process Plant'.
 - ii) Leased Assets are depreciated over the operating period of lease.
 - iii) Acquired Intangible Assets are amortised from the date of the assets are available for use on Straight Line basis over useful life determined by the Management on Technical evaluation at the following rates:
 - 1. Computer Software - 16.21% p.a.
 - 2. Enabling Assets - 5.28% p.a.

8. IMPAIRMENT OF FIXED ASSETS

Factors giving rise to any indication of Impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date by the Management to determine and provide/reverse an impairment loss following Accounting Standard (AS- 28)- 'Impairment of Assets'.

9. FOREIGN EXCHANGE

- a) Foreign exchange transactions relating to Imports and Exports are recognized at the applicable forward cover rate or exchange rates prevailing on the date of transactions / negotiation of documents.
- b) Borrowings in Foreign Currency have been recorded initially at the prevailing exchange rate on the date of availment. The Gain / Loss on Renewal / Payment of the Forward contract booking is accounted for in the Profit and Loss Account for the period. Premium or discounts arising on amount covered under Forward Contracts / Fixed Rate Contracts are amortized as expenses or income over the life of such contracts. The exchange gain / loss on unhedged exposure are valued at the exchange rates prevailing at the each balance sheet date.
- c) Exchange gain or loss on outstanding derivatives transactions are computed on mark to market basis on the closing dates and accounted for as expense or income of the period.

10. MISCELLANEOUS EXPENDITURE

- a) Preliminary, Share and Debenture issue Expenses are amortized equally over a period of five years or earlier on annual appraisal / impairment / redemption.
- b) Premium paid on prepayment / resetting of interest liability on term loans is amortized over remaining period of respective term loans.
- c) Other Deferred Revenue Expenses are amortized over a period of five years or earlier on annual appraisal or cessation of benefit.

11. REPLENISHMENT

Indigenous raw materials had to be used on occasions, for exports, to be subsequently replenished under Duty Free Entitlement Schemes of the Government of India. Therefore, the cost of such indigenous raw materials has been accounted for at its equivalent imported / duty free prices by adjusting the value of such entitlements granted for neutralization of the import duties and levies.

12. EMPLOYEE BENEFITS

a) Defined Contribution Plan

The Company makes defined contribution to Provident Fund and Superannuation Fund, which are accounted on accrual basis.

b) Defined Benefit Plan

The Company's Liabilities on account of Gratuity and Earned leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per revised AS-15. (These liabilities are funded on year-to-year basis by contribution to respective funds).

13. TAXES ON INCOME

a) Taxes on Income are computed using Tax Deferral Assets or Liability Method where taxes accrue in the same period, the respective revenues and expenses arises. The differences that result between the profit offered for Income Tax and the profit as per financial statements are identified and Deferred Tax Liability is recognized for timing difference, that originate in one accounting period and reverse in another, based on the tax effect of the prevailing enacted regulations in force.

b) Deferred Tax Assets are recognized subject to prudence, only if there is virtual certainty that they will be realized and are subject to appropriate reviews at each balance sheet date. For the purpose of measurement of Deferred Tax Liability or Assets, the applicable tax rates and enacted regulations expected to apply in the year in which the temporary differences are expected to be recovered or settled are applied and due consideration of the relief available under the provisions of Chapter VI A of the Income Tax Act, are appropriately considered.

c) The Minimum Alternate Tax credits available has been adjusted against the Deferred Tax Liability / Current Tax payable as per provision of the Income Tax Act.

14. PROVISIONS AND CONTINGENT LIABILITIES/ASSETS

a) Provisions are made when the present obligation of a past event gives rise to a probable outflow, embodying economic benefits on settlement, and the amount of obligation can be reliably estimated.

b) Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits in remote.

c) Provisions and Contingent Liabilities / Assets are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

15. OTHERS

Besides debit / credit in previous year adjustment account, amounts related to previous years, arisen / settled during the year have been debited / credited to respective heads of accounts.

B. NOTES ON ACCOUNTS

1. Contingent Liabilities:

		(Rs.in Lac)	
		This Year	Previous Year
A. Contingent liabilities not provided for :			
i)	Excise & Custom Duties, Sales Tax and Other demands disputed by the Company.	230.30	106.53
ii)	Claims not acknowledged by the Company	53.45	2.80
iii)	Default Deferred Payment Guarantee provided to :-		
	(a) Exim Bank for securing the loans given by them to RSWM International B.V., Netherlands.		
	Outstanding Loan	1,620.89	1,927.36
	{Maximum amount for which Company may be liable during next 12 Months - Rs.341.24 lac}		

(Rs.in Lac)

	This Year	Previous Year
(b) Exim Bank, ICICI, IDBI, Canara Bank, SBI and SBOM for securing loan given by them to Cheslind Textiles Ltd. Outstanding Loan {Maximum amount for which Company may be liable during next 12 Months - Rs.898.93 lac}	2,182.94	-
iv) Un-expired Letters of Credit, for which counter guarantee given by the Company.	413.79	276.44
v) Counter guarantees given by the Company in respect of Guarantees given by the Company's Bankers.	964.78	822.10
vi) The Company has provided Guarantee in favour of International Finance Corporation with M/s. HEG Limited on Joint and several basis on behalf of M/s. AD Hydro Power Limited.	600.00	350.00
B. Obligations and commitments outstanding :		
i) Estimated value of contracts remaining to be executed on Capital Account and not provided for	832.14	1,048.55
II) Bills Discounted with Banks	7,935.50	5,799.41

C. The export obligations against EPCG licenses have been timely fulfilled by the Company. The future additional export obligations against EPCG licences are of Rs.11,490 lac (Previous Year Rs.11,639 lac) and are to be fulfilled within the specified period.

D. The Rajasthan Government has imposed surcharge on shortfall in meeting Renewable Energy Obligation on the power produced from Captive Power plants vide their Notification dated 23.3.2007. The same has been challenged in the Hon'ble High Court of Rajasthan through Rajasthan Textiles Mills Association. The Management does not foresee any possible liability on this account and hence no provision of liability to date Rs.1,634.95 lac (Previous Year Rs.1,041.11 lac) has been made in the Book of Accounts.

- The Jodhpur Divisional Bench of Hon'ble High Court of Rajasthan had declared the applicability of Entry Tax in Rajasthan as *ultra virus*, vide order dated 21st of August, 2007 on writ filed by M/s.Dinesh Pouches Limited. Writ petition has also been filed in our matter in the same bench, which was admitted and stay granted in our favour. Subsequently in the matter of M/s. Godfrey Philips (India) Ltd, Jaipur Bench of Hon'ble High Court of Rajasthan had declared the levy entry tax as valid and now the aforesaid issue is pending in Hon'ble Supreme Court for final decision. On the basis of evaluation assessment and degree of probability and exercise of best judgment, the Company has made provision of demand of entry tax Rs.808.33 lac up to 31st March, 2010 (Previous Year Rs.188.09 lac).
- The Company hedges its export realizations through Foreign Exchange Derivative & Hedge Contracts in the normal course of business so as to reduce the risk of exchange fluctuations. No Foreign Exchange Derivative & Hedge Contracts are taken /used for trading or speculative purpose. Pursuant to the announcement on "Accounting for Derivatives" issued by the Institute of Chartered Accountants of India on 29th March, 2008 and following the Principles of Prudence, the Company has accounted for losses aggregating Rs.28.91 lac (Previous year Rs.45.34 lac) during the current year, computed on mark to market basis on the Foreign Exchange Derivative & Hedge Contracts, outstanding as on 31st March, 2010, those are without underlying export order/product.
- The Company has incurred Rs.95,218.02 lac to date on the projects under the Technology Up-gradation Fund Scheme (TUFS) for Textiles established by Government of India for modernizations, expansions and up-gradations. The Interest Subsidy accrued under this scheme for the year Rs.3,740.45 lac (Previous year Rs.3,792.99 lac), out of which Rs.3,740.45 lac has been credited against Term Loan Interest in Profit & Loss Account and Rs. NIL (Previous year Rs.31.34 lac) has been credited against Pre-operative Expenses.
- The capital subsidy under TUFS is accounted adopting Deferred Income Approach. A sum of Rs.432.67 lac up to date is therefore considered as deferred income. Out of which a sum of Rs.31.57 lac (previous year Rs.30.82 lac) has been recognized against depreciation (up to year Rs.89.48 lac).
- On annual review of the CENVAT Credit receivable on the Balance Sheet date, a sum of Rs.944.53 lac, out of the unutilisable amount of Rs.1,701.16 lac has been considered as likely to be utilized

within reasonable foreseeable future in the normal course of business and has been de-capitalised on the respective fixed assets. The balance amount of CENVAT Receivable of Rs.756.63 lac (Previous year Rs.1,701.16 lac) continues to be capitalized on respective fixed assets being not likely to be utilized within reasonable foreseeable future in the normal course of trade, though the debit entries in the excise records have not been passed. Consequently, the depreciation on the de-capitalised amount Rs.298.42 lac (Previous year Rs.73.95 lac) has been written back.

7. To fall in line with the Guidance Note No: GN (A) 8 (Issued 1994) in respect to the Amendment to Schedule XIV of the Companies Act, 1956 issued by The Institute of Chartered Accountants of India, the Company has changed the method of providing depreciation of its Denim unit, which hitherto was provided at the rates applicable for Continuous Process Plant to the rates applicable for Tripple Shift Operation as prescribed by Schedule XIV of the Companies Act, 1956. As a result whereof the charge for depreciation for the year is higher by Rs.1,757.90 lac including Rs.1,114.81 lac of the previous years and the profit for the year is lower by this value.

8. During the year, the Company had terminated the Sales Contract dated 21st March, 2008 for sale of land ad-measuring 1,26,207 Sq.ft. at Bhilwara on the request of Vendee. The land was sold for a consideration of Rs.1500 lac and Company had received Rs.100 lac from Vendee after giving possession of the land, the balance was to be received by 30th September, 2009. At the time of sale, the Company booked profit of Rs.904.58 lac in Profit & Loss Account of FY 2007-08.

Consequent upon termination of the sale agreement, the Company has taken back the possession of the land during the year and forfeited Rs.100 lac received from the Vendee, by reinstating the original fixed assets in the Company's books of accounts. The loss of Rs.804.58 lac after netting back of Rs.100 lac of the amount forfeited has been charged to Profit & Loss Account.

9. The Company has a wholly owned overseas subsidiary incorporated as a Special Purpose Vehicle in the year 2007 with an investment in the equity of Rs.277.30 lac. Further, a loan of Rs.571.82 lac is outstanding as on 31st March, 2010 from the wholly owned overseas subsidiary. The Company has also given a Perpetual & Irrevocable Default Payment Guarantee to the lender Export Import Bank of India, against a term loan of US\$ 3.8 million granted to RSWM International BV. The outstanding amount of US\$ 3.61 million as on 31st March 2010 is shown as a contingent liability as no devolvement has occurred until 31st March, 2010.

RSWM International BV had made a strategic investment in the 50% equity of RSWM SISA, Spain with whom the Company had entered into the JV Agreement on 13th April, 2007.

During the year, JV agreement between the Company and RSWM SISA, Spain was terminated by mutual consent on 9th June, 2009 owing to continued losses. The erstwhile JV i.e. RSWM SISA, Spain filed a Insolvency Petition before the designated authority in Spain during the year.

Consequent upon the termination of the JV and filing of Insolvency Petition and failure of wholly owned overseas subsidiary to fulfill its financial obligation towards the lender and the parent company following provisions have been made:

- a) Provision for doubtful loan and advance of Rs.571.82 lac has been made on the basis of evaluation of degree of probability and exercise of the prudent judgment of the Management.
 - b) A provision for diminution in the value of investment in the wholly owned subsidiary of Rs.277.30 lac has been made in terms of Para 32 of Accounting Standard 13, after determination based on expert opinion obtained by the Company that the diminution is "other than temporary".
10. Two cases of fraud involving employees of the Company have been detected during the year involving aggregate amount of Rs.61.45 lac, which have been booked as Fraud & Embezzlement Loss in the Profit & Loss Account of current year. The frauds related to misappropriated funds through series of Bank transactions and unauthorized collection of cash from customers. The Company has got the frauds investigated and has taken strict follow-up action including legal action and review and revision of internal control system.
 11. To augment long term resources, the Company, on 1st December, 2007 had issued and allotted 35,00,000 warrants of Rs.87/- each aggregating to Rs.3,045 lac and received Rs.304.50 lac (being 10% of the total amount) to the promoters and employees of the Company with the option of conversion of each warrant into 1 Equity of share Rs.10/- each, within a period of 18 months from the date of allotment on payment of balance amount of Rs.2740.50 lac. Consequent upon failure to exercise the conversion right and make the payment of balance amount, the Company has forfeited the allotment money of Rs.304.50 lac and credited to Capital Reserve Account after cancellation of 35,00,000 warrants.

12. The particulars of payments to Auditors are as under: -

Particulars	(Rs. in Lac)	
	This year	Previous year
a) As Auditors	21.75	17.50
b) In other Capacity		
i) Taxation Matters	0.81	1.51
ii) Management Consultancy	7.25	1.00
iii) Tax Audit	2.60	2.60
iv) Certification	2.77	2.24
c) Reimbursement of Expenses	4.88	5.56
	40.06	30.41

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

	(Rs. in Lac)	
	This Year	Previous Year
Profit before tax Depreciation as per Profit & Loss Account	13,615.38	(2,266.25)
Add:		
i) Directors' Remuneration	204.36	166.46
ii) Directors' Sitting Fees	13.20	15.00
iii) Loss/(Profit) on sale of fixed assets	(10.19)	(0.58)
iv) Provision for Bad & Doubtful Debts & Advances	830.96	64.36
v) Provision for Diminution in value of Investment.	277.30	-
vi) Fraud & Embezzlement	61.45	-
vii) Loss/(Profit) on sale of investments	(78.82)	245.24
Less Depreciation for the year	7,958.18	7,341.28
Net Profit for section 198 of the Companies Act, 1956	6,955.46	(9,362.29)
Commission: i) Amount	97.19	-
ii) Percentage of Net Profit	1.40	-

(b) **Remuneration and Perquisites of the Managerial Personnel:** (Rs. in Lac)

	This Year	Previous Year
Salary	52.73	66.32
Commission	97.19	-
Other perquisites	43.40	54.68
Provident Fund	6.33	7.96
Contribution to Retirement Benefits	4.71	37.50
Total	204.36	166.46

* Managerial Remuneration of Executive Director from January to March, 2010 is subject to approval of the shareholders of the Company.

14. The Company incurred expenditure on feasibility, acquisition, implementation of Spinning, Weaving, Denim Fabric, Power, and New Projects, which have been considered as Pre-operative Expenses and capitalized to the respective projects on completion or charged to revenue on abandonment. The details of these expenses are as under:-

(Rs. in Lac)

Particulars	Opening Balance	Additions	Deductions	Closing Balance
Professional & Consultancy Charges	2.10	-	2.10	-
Interest & Financial Expenses	19.60	-	19.60	-
Misc. and Other Expenses	8.64	-	8.64*	-
Sub. Total	30.34	-	30.34	-
Less: Recoveries/recoverable	-	-	-	-
TOTAL	30.34	-	30.34	-

* Abandoned

15. Based on the information so far obtained by the Company, payment to enterprises covered under the Micro, Small and Medium enterprises Development Act, 2006. (MSMED ACT) has been made within 45 days and disclosure in accordance with Section 22 of MSMED ACT is as under:-

(Rs. in Lac)

S.No.	Particulars	As at 31st March, 2010
1.	Principal Amount remaining unpaid*	141.01
2.	Interest due on above	NIL
3.	Total of (1) and (2)	141.01
4.	Interest paid in terms of section 16	NIL
5.	Interest due and payable for the period of delay in payment	NIL
6.	Interest accrued and remaining unpaid	NIL
7.	Interest due and payable even in succeeding years	NIL

* None of the unpaid amount is overdue.

16. The loans & advances, debtors and other current assets are reviewed annually and their value in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet as assessed by the Management, However, balance confirmation from parties are under process.
17. In view of legal opinion and various reliefs available under Income Tax Act, 1961, provision for taxation has been considered adequate.
18. Adjustment relating to previous year includes Expenses Rs.10.16 lac and Income Rs. 0.40 lac (Previous Year Expenses Rs.0.12lac and Income Rs. NIL).
19. The figures for the previous year have been regrouped and / or rearranged wherever found necessary to make these comparable with those of the current year.

C. DISCLOSURES

1. SEGMENT REPORTING

The Company's operations predominantly relates to manufacturing of Yarn and Fabric and on the basis of assessment of the risk and return differential in terms of AS-17, the Company has identified Yarn and Fabric as primary reportable business segments. Further, the geographical segments have been considered as secondary segments and bifurcated into India, Europe, Middle East, Americas and Other Countries.

The accounting policy in respect of Segments is in conformity with the accounting policies of the enterprise as a whole. The inter-segment transfers are accounted at the prevailing market prices charged to unaffiliated customers for similar goods. These transfers are eliminated in consolidation.

The revenue and expenditure in relation to the respective segments have been identified and allocated to the extent possible. Other items i.e. extraordinary items, Loss /Profit on sale of investments and foreign currency transactions, corporate office expenses, etc. not allocable to specific segments are being disclosed separately as unallocated and adjusted directly against the Total Income of the Company.

a. BUSINESS SEGMENTS

(Rs. in Lac)

Particulars	Yarn *		Fabric & Denim		Other		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
i Segment Revenue								
Gross Revenue	1,34,607	1,12,314	24,747	22,719			1,59,354	1,35,033
Less: Inter Segment	5,505	4,807	-	2			5,505	4,809
External Sales	1,29,102	1,07,507	24,747	22,717	-	-	1,53,849	1,30,224
ii Segment Result								
Earning before	12,434	3,659	(350)	(1,517)			12,084	2,142
Tax and Interest								
Less: Interest (Net)							5,682	6,799
Unallocable expenses (Net of Income)					(1,522)	(1,712)	(1,522)	(1,712)
Foreign Exchange Fluctuations							(29)	(3,164)
Profit/(Loss) Before Tax							4,851	(9,533)
Less: Taxation & FBT							(1,248)	(3,148)
Net profit for the year							3,603	(6,385)
iii Other Information								
Segment Assets	98,208	95,112	32,387	31,741	9,675	13,141	1,40,270	139,994
Segment Liabilities	7,047	5,612	2,581	2,456	2,236	777	11,864	8,846
Capital Employed	91,161	89,500	29,806	29,285	7,439	12,354	1,28,406	131,148
Capital Expenditure incurred during the year	2,571	2,366	1,157	843	116	93	3,844	3,302
Depreciation (Net)	5,545	5,736	3,062	1,338	157	193	8,764	7,267
Other Non Cash Expenses	-	-	38	64	11	26	49	90

b. GEOGRAPHICAL SEGMENTS

(Rs. in Lac)

PARTICULARS		India*	Europe	Middle East	Africa, South East & Far East Asia	America	Total
Segment Revenue							
Based on location of the customers	This Year	97,333	21,116	4,956	18,750	11,694	1,53,849
	Previous Year	91,198	18,450	3,691	11,904	4,981	1,30,224
Segment Assets							
Based on location of the assets	This Year	1,36,205	1,634	572	1,051	808	1,40,270
	Previous Year	1,37,103	1,314	742	464	371	1,39,994

* Includes captive & standby Power

2. TAXES ON INCOME

The Break-up of Deferred Tax Liability and Assets into major components are as under:-

Particulars	As at 31-3-10 @ 33.99%	Changes during the year	As at 31-3-09 @ 33.99%
Deferred Tax Liability for			
Depreciation	7,789	1,614	6,175
Deferred Revenue Expenses	12	(9)	21
Total	7,801	1,605	6,196
Deferred Tax Assets on account of			
Disallowance U/s 43B	544	151	393
Unabsorbed Depreciation	3,883	(171)	4,054
Provision for Doubtfull Debts	403	377	26
Total	4,830	357	4,473
Deferred Tax Liability	2,971	1,248	1,546
Less: MAT available	1,179	1,002	177
Net Deferred Tax Liability	1,792	246	1,546

3. EARNINGS PER SHARE

The basic and diluted Earnings Per Share (EPS) have been calculated by dividing Net Profit for the year attributable to equity shareholders by the weighted average number of Equity Shares as per AS 20 are as under: -

S. No.	Particulars	Unit	This Year	Previous Year
I) Calculation of Basic EPS				
a)	Net Profit after Tax	Rs. in lac	3,603.04	(6,385.62)
b)	Dividend on OCPS / Redeemable Preference Shares	Rs. in lac	203.98	98.05
c)	Net Profit available to Equity Shares (a-b)	Rs. in lac	3,399.06	(6,483.67)
d)	Weighted Average Equity Shares outstanding during the year	Nos.	2,31,48,689	2,31,48,689
e)	Basic Earning per share	Rupees	14.68	(28.01)
II) Calculation of Diluted EPS				
a)	Warrants & OCPS/Redeemable Preference Shares	Rs. in lac	-	3,045
b)	Payment Received		-	305
c)	Diluted potential equity shares	Nos.	-	-
d)	Total no. of diluted weighted average shares	Nos.	2,31,48,689	2,31,48,689
e)	Diluted earning per share	Rupees	14.68	(28.01)

4. RELATED PARTY

(a) Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries).

I) Cheslind Textiles Limited

II) RSWM International B.V.

(b) Associate

None

(c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.

None

(d) Key Management Personnel and their relatives

1) Mr. L. N. Jhunjunwala

2) Mr. Ravi Jhunjunwala

3) Mr. Shekhar Agarwal

4) Mr. Arun Churiwal

5) Mr. J. C. Laddha

6) Mr. Riju Jhunjunwala

7) Mr. Rishabh Jhunjunwala

8) Mr. Nivedan Churiwal

9) Mr. Varun Laddha

- (e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence.

S. No.	Company's Name	S. No.	Company's Name
1.	AD Hydro Power Ltd.	18.	Indo Canadian Consultancy Services Ltd.
2.	Agarwal Finestate Pvt. Ltd.	19.	Investors India Ltd.
3.	Bagrodia Investment & Finlease Pvt. Ltd.	20.	Jagur Finvest Pvt.Ltd.
4.	Bhilwara Energy Ltd.	21.	Jyoti Knits Pvt. Ltd.
5.	Bhilwara Scribe Pvt. Ltd.	22.	Kalati Holding Private Ltd.
6.	Bhilwara Software Pvt. Ltd.	23.	LNJ Financial Services Ltd.
7.	Bhilwara Spinners Ltd.	24.	Malana Power Company Ltd.
8.	Bhilwara Technical Textiles Ltd.	25.	Maral Overseas Ltd.
9.	BMD Private Ltd.	26.	Mayur Knits Pvt. Ltd.
10.	BSL Ltd.	27.	Raghav Commercial Ltd.
11.	Deepak Knits Private Ltd.	28.	Raghav Knits & Textiles Private Ltd.
12.	Diplomat Leasing Pvt. Ltd.	29.	Ramkant Sales & Services Pvt. Ltd.
13.	Essay Marketing Co. Ltd.	30.	RSWM SISA S.A. Spain
14.	Expert Fabric & Textiles Pvt. Ltd.	31.	Shashi Commercial Co. Ltd.
15.	Ganga Yamuna Auto Pvt. Ltd.	32.	Shree Vardhman Stock Holding Pvt. Ltd.
16.	Giltedged Industrial Securities Ltd.	33.	Sudhiva Spinners Private Ltd.
17.	HEG Limited	34.	USS Investment & Finlease Pvt. Ltd.

- f) Transaction with Related Parties

The following transactions were carried out with the related parties in the ordinary course of business:

	(Rs. in Lac)	
	This Year	Previous Year
I) For the parties referred to in item (a) above.		
Sale of Finished Goods	-	290.58
Sales of DEPB Certificate	-	19.61
Purchase of Finished Goods	-	59.73
Purchase of Raw Material	55.04	8.46
Loan Given	540.49	-
Sale of Raw Material	-	54.74
Sale of waste	-	17.03
Commission Paid	-	32.94
Sales of Fixed Assets	-	1.06
Purchase of Fixed Assets	4.53	-
Rent Received	0.48	-
Reimbursement of Expenses recovered	50.30	0.64
Reimbursement of Expenses paid	-	120.24
Interest received	68.46	74.60
Outstanding receivable	1,836.15	1,294.11
II) For the persons referred to in item (d) above.		
Remuneration and other perquisites	204.35	166.46
Directors Sitting Fees	3.80	1.80
Rent Paid	-	25.92

(Rs. in Lac)

	This Year	Previous Year
III) For the persons referred in (e) above		
Sale of Finished Goods	2,316.86	927.96
Sale of DEBP Certificate	-	1.80
Dividend Received	-	29.34
Sale of Stores & Consumable	34.78	3.46
Purchase of Store & Consumable	17.69	24.42
Power Purchase	4.71	-
Rent received	467.01	469.26
Rent Paid	78.61	77.02
Purchase of Raw material	892.10	156.73
Sale of Raw Material	104.38	1.46
Purchase of Finished goods	89.21	858.79
Sale of Plant & Machinery	8.90	36.47
Purchase of Plant & Machinery	1,303.60	280.38
Interest received	31.80	25.87
Reimbursement of expenses paid	136.41	312.53
Reimbursement of expenses recovered	235.36	165.98
Sale of Share	229.82	-
Job charges received	370.73	-
Job charges paid	22.85	-
Consultancy charges paid	2.25	-
Outstanding receivable	224.12	1584.80
Outstanding payable	0.37	81.09

5. JOINTLY CONTROLLED ASSETS

The Company jointly owns 50% share in a building 'Bhilwara Bhawan' at New Delhi with M/s. HEG Limited. The aggregate amount of the Assets, Liabilities, Income and Expenditure has been recognized in the respective heads of the financial statements.

6. EMPLOYEE BENEFITS

The Company has complied with Accounting Standard 15 (Revised 2005) and the required disclosure are given hereunder:-

a) Defined Benefit Plans : (Funded)

(Rs. in Lac)

	This Year		Previous Year	
	Gratuity	Earned Leave	Gratuity	Earned Leave
i) Reconciliation of opening and closing balances of defined benefit obligation				
a) At the beginning of the year	1,520.20	417.74	1,265.18	344.18
b) Current Service Cost	217.84	87.91	194.91	87.21
c) Interest Cost	106.41	29.24	88.56	24.09
d) Actuarial Gain/(Loss)	79.98	(5.73)	146.17	19.95
e) Benefits paid	(216.99)	(59.53)	(174.62)	(57.69)
f) Settlement Cost	-	-	-	-
g) Defined Benefits Obligation at year end	1,707.44	469.63	1,520.20	417.74

(Rs. in Lac)

	This Year		Previous Year		
	Gratuity	Earned Leave	Gratuity	Earned Leave	
ii) Reconciliation of opening and closing balances of fair value of plan assets					
a) At the beginning of the year	1,070.50	310.06	1,240.17	334.36	
b) Expected Return on plan assets	107.05	24.80	74.41	26.75	
c) Actuarial Gain / (Loss)	97.15	3.32	(69.46)	(3.55)	
d) Employer Contributions	449.70	107.74	-	-	
e) Benefits paid	(216.99)	(59.53)	(174.62)	(47.56)	
f) Fair Value of the plan assets at the year end	1,507.41	386.39	1,070.50	310.00	
iii) Reconciliation of fair value of obligation and Assets					
a) Present value of obligation as at 31.3.2010	1,707.44	469.63	1,520.20	417.74	
b) Fair value of plan assets as at 31.3.2010	1,507.41	386.39	1,070.50	310.00	
c) Amount recognized in Balance Sheet (a - b)	200.03	83.24	449.70	107.74	
iv) Expense recognized during the year					
a) Current Service Cost	217.84	87.91	194.91	85.12	
b) Interest cost	106.41	29.24	88.56	24.09	
c) Expected return on plan assets	(107.05)	(24.80)	(74.41)	(26.75)	
d) Actuarial (gain) / loss	(17.17)	(9.11)	215.63	23.50	
e) Others	-	-	27.02	7.85	
Net Cost (a+b+c+d+e)	200.03	83.24	451.71	113.81	
v) Investment Details of Plan Assets					
S. No	Name of Retirement Benefit	Name of Trust	Policy No.	Investment with	Sharing of Investment
1)	Gratuity	Rajasthan Spinning Staff Gratuity Fund Trust	00000636	ICICI Prudential Life Insurance Co. Ltd	100%
2)	Earned Leave		GLS 311308	LIC of India	100%
vi)	There is no amount included in the fair value of plan assets for Company's own financial instruments and property occupied by or other assets used by the Company.				
vii)	Principal Actuarial Assumptions at the Balance Sheet date				
			For Gratuity Liability	For Earned Leave Liability	
a)	Discount Rate		7% p.a.	7% p.a.	
b)	Expected Rate of return on plan assets		10% p.a.	8% p.a.	
c)	Mortality Index used by the Actuary		LIC (1994-96)	LIC (1994-96)	
The estimates of future salary increase considered in actuarial valuation, take account of: inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the Actuary. The estimate of contribution for next year as per actuarial valuation is as under:-					
a)	Gratuity	-	Rs.217.63 lac		
b)	Earned Leave	-	Rs. 67.63 lac		

- viii) The overall expected rate of return on assets is assumed based on the market prices prevailing on that date over the accounting period. The Company is having approved Gratuity Trust and Leave Encashment Scheme, which is having Insurer Managed Fund. The description of the Insurance Policies are "ICICI Pru Group Gratuity Platinum Policy and Employees Group Leave Encashment-cum-Life Assurance of Life Insurance Corporation of India".

- ix) Experience Adjustment (Rs. in Lac)

	31st March 2010		31st March 2009		31st March 2008		31st March 2007	
	Gratuity	Earned Leave	Gratuity	Earned Leave	Gratuity	Earned Leave	Gratuity	Earned Leave
Defined benefit obligation	1,707.44	469.63	1,520.25	417.74	1,262.81	323.67	1,066.96	258.11
Plan assets	1,507.41	386.39	1,070.50	310.00	1,027.82	230.94	821.92	173.06
Surplus/(deficit)	(200.03)	(83.24)	(449.75)	(107.74)	(234.99)	(92.73)	(245.04)	(85.05)
Experience adjustment on plan assets	139.96	3.32	(119.07)	(1.54)	*	*	*	*
Experience adjustment on plan liabilities	(89.98)	5.73	(137.17)	(12.2)	*	*	*	*

* In the absence of availability, information on the experience adjustment on plan assets and liabilities have not been furnished above.

- b) Defined Contribution Plans

The Company has recognized the following amount as an expense and included in the Schedule 16 - "Contribution to Provident and Other Funds":

(Rs. in Lac)

	This Year	Previous Year
i) Employers Contribution to Provident Fund	765.72	713.44
ii) Employers Contribution to Superannuation	114.28	214.31

The Guidance Note on Implementation of AS-15 (Revised), "Employee Benefits" issued by the ICAI states that Provident Fund set up the employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefits plan. The Company set up Provident Fund does not have existing deficit of interest shortfall. With regards to future obligation arising due to interest shortfall (i.e. government interest to be paid on the Provident Fund Scheme exceeding rate of interest earned on investment) pending issuance of the Guidance Note from Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the Provident Fund liability.

7. OPERATING LEASES

The Company has taken cars on operating lease, which are non-cancelable for tenure of four years. The minimum rental payables under Operating Leases are as under: -

(Rs. in Lac)

	This Year	Previous Year
Lease rental charges for the year	22.59	19.51
Future Lease rental obligation payable		
- Not later than one year	24.37	19.51
- Later than one year and not later than five years	23.79	33.84

D. Additional information pursuant to Schedule VI of the Companies Act, 1956

1. Installed Capacity :

	This Year	Previous Year
Yarn		
A Spindles (Nos.)	2,98,208	2,89,568
B Rotors (Nos.)	1,680	1,680
Fabric		
A Looms (Nos.)	104	104
B Processing (Lac Mtr./Annum)	216	216
Denim Fabric (Lac Mtr./Annum)	140	140
(Consisting of 7032 spindles & 720 rotors for Spinning and 72 looms for Weaving)		
Power		
A Thermal (MW)	46	46
B HFO based (MW)	38	34

2. Sales, Production & Stocks

PARTICULARS	PRODUCTION		OPENING STOCK		CLOSING STOCK		SALES	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
A) Own Manufacturing								
Yarn :								
Qty. (Kgs. in Lac)	859.51	798.96	16.53	23.94	14.56	16.53	861.48	806.37
Value (Rs. in Lac)			1755.02	2981.47	1875.76	1755.02	133956.70	111899.84
Cloth								
Qty. (Mtrs. in Lac)	232.09	202.93	28.79	36.03	29.31	28.79	213.88	210.17
Value (Rs. in Lac)			2207.95	2787.45	2326.11	2207.95	22108.95	20443.30
Garments								
Qty. (Pcs. in Lac)	0.31	0.07	0.05	-	0.12	0.05	0.24	0.03
Value (Rs. in Lac)			6.42	-	15.24	6.42	47.33	5.58
Waste:								
Qty. (Kgs. in Lac)	57.71	60.74	2.73	2.48	5.17	2.73	55.27	60.49
Value (Rs. in Lac)			52.41	55.66	141.67	52.41	1350.24	1535.43
B) Job Work for others								
Processing								
Yarn :								
Qty. (Kgs. in Lac)	0.00	0.42	-	-	-	-	-	0.42
Value (Rs. in Lac)			-	-	-	-	-	43.65
Cloth :								
Qty. (Mtrs. in Lac)	152.20	83.54	7.01	5.44	5.63	7.01	153.58	81.97
Value (Rs. in Lac)			71.90	46.88	52.40	71.90	1,597.59	978.14
Weaving								
Cloth :								
Qty. (Mtrs. in Lac)	17.68	12.91	-	-	-	-	17.68	12.91
Value (Rs. in Lac)			-	-	-	-	232.99	127.50
Yarn Spinning								
Yarn :								
Qty. (Kgs. in Lac)	0.94	-	-	-	-	-	0.94	-
Value (Rs. in Lac)			-	-	-	-	60.24	0.15

Note:-

		2009-10	2008-09
a. Production and sales includes Inter segment/ division transfers for captive consumption	YARN		
	(Kgs. in Lac)	17.45	15.91
	(Rs. in Lac)	5,268.87	4784.30
Inter segment job charges	YARN		
	(Kgs. in Lac)	-	0.12
	(Rs. in Lac)	-	25.09
Inter segment waste sales	YARN		
	(Kgs. in Lac)	5.39	-
	(Rs. in Lac)	236.06	-
b. Production and Sales excludes Inter Unit transfers	YARN		
	(Kgs. in Lac)	3.91	1.14
	(Rs. in Lac)	461.81	137.58
Inter unit Job charges	YARN		
	(Kgs. in Lac)	85.57	76.35
	(Rs. in Lac)	1,074.91	866.99
c. Production and Sales includes followings :			
i) Purchases of finished goods	YARN		
	(Kgs in Lac)	1.67	9.09
	FABRIC		
	(Mtrs. in Lac)	-	10.81
	CLOTH		
	(Pcs. in lacs)	-	0.02

			2009-10	2008-09
ii)	Manufacturing on job work from outside	FABRIC (Mtrs. in Lac)	19.18	0.68
d. Production excludes followings :				
	Issues to department for reprocessing	YARN (Kgs in Lac)	96.72	104.01
e. Production includes Trial Run Production :				
		YARN (Kgs in Lac)	-	2.18

3. Raw Material Consumed :-

Particulars	Unit	This Year		Previous Year	
		Qty.	Amount (Rs in Lac)	Qty.	Amount (Rs in Lac)
i) Viscose	Tones	22953	24,707.00	15286	15,456.35
ii) Polyester & Other Synthetics Fibre	Tones	43477	28,186.20	44451	27,633.74
iii) Cotton	Tones	30077	19,377.55	30391	19,131.18
iv) Synthetics Yarn	Tones	5742	7,367.87	6560	7,251.97
v) Grey Fabric	In,000 Mtr	263	143.39	896	326.46
vi) Coal	Tones	205429	7,343.86	53541	5,646.10
vii) Dyes & Chemicals	Tones	4832	2,836.83	3821	3,003.91
Total			89,962.67		78,449.71
Less: Inter Segment	Tones	2283	2,936.84	1590	2,336.44
Less: Inter Units transfers (YARN)	Tones	390	459.59	112	131.71
Less: Inter Units transfers (FABRIC)	In,000 Mtr	2	2.23	3	3.19
Total			86,564.06		75,978.37

4. Value of Imports calculated on CIF basis in respect of : (Rs. in Lac)

S. No.	Particulars	This Year	Previous Year
i)	Raw Materials	1,485.85	1,657.67
ii)	Components and Spare Parts	1,051.46	849.25
iii)	Capital Goods	70.80	69.67
	Total	2,608.11	2,576.59

5. Value of Raw Materials, Components and Spare Parts consumed:

S. No.	Particulars	This Year		Previous Year	
		(Rs. in Lac)	Percentage	(Rs. in Lac)	Percentage
I)	RAW MATERIALS :				
A)	Imported	1,729.36	2.00	1,488.92	1.96
B)	Indigenous	84,834.70	98.00	74,489.45	98.04
	TOTAL	86,564.06	100.00	75,978.37	100.00
II)	COMPONENTS AND SPARE PARTS				
A)	Imported	1,214.81	30.72	921.38	27.72
B)	Indigenous	2,740.11	69.28	2,402.61	72.28
	TOTAL	3,954.92	100.00	3,323.99	100.00

6. Expenditure in Foreign Currency (Rs. in Lac)

S.No.	Particulars	This Year	Previous Year
i)	Traveling Expenses	120.52	95.85
ii)	Commission/Claims/Ocean Freight		
a)	Commission	863.95	557.34
b)	Claims	76.46	164.83
c)	Ocean Freight	1,426.76	1,654.29
	Total	2,367.20	2,376.46
iii)	Others	104.66	1.72
	Total	2,592.38	2,474.03

7. Earning in Foreign Currency		(Rs. in Lac)	
Particulars	This Year	Previous Year	
Earning in Foreign Currency			
FOB Value of Export	53,912.02	36,414.29	

8. Remittance in Foreign Currency on account of Dividend/Interim Dividend.		
Year to which Dividend relates	2009-10	2008-09
a) Number of non-resident shareholders to whom dividend remitted	-	-
b) Number of shares on which remittance was made (In lac)	-	-
c) Amount remitted (Rs. in lac)	-	-

As per our report of even date

For S. Bhargava Associates
Chartered Accountants

Sunil Bhargava
Partner
Membership No.70964
Firm Reg.No:003191C

For A. L. Chechani & Co.
Chartered Accountants

Sunil Surana
Partner
Membership No.36093
Firm Reg. No:005341C

Ravi Jhunjunwala Chairman
DIN No. 00060972

Arun Churiwal Managing Director &
DIN No. 00001718 Chief Executive Officer

J. C. Laddha Executive Director &
DIN No. 00118527 Chief Financial Officer

Surender Gupta Company Secretary

Place : Noida
Dated : 29th April, 2010

**SCHEDULE - VI
PART- IV**

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS :

Registration No. 8 2 1 6 State Code 1 7

Balance Sheet Date 3 1 0 3 2 0 1 0
 Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue N I L Rights Issue N I L

Bonus Issue N I L Private Placement N I L

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Source of Funds

Paid-up-Capital 2 8 1 4 9 7 Reserves & Surplus 2 0 2 6 4 5 2

Secured Loans 1 0 3 0 6 0 5 4 Unsecured Loans 1 7 9 3 2

Deferred tax liability and Deferred Income 2 1 3 5 3 0 Warrants N I L

Total Liabilities 1 2 8 4 5 4 6 5

Application of Funds

Net Fixed Assets 8 0 2 0 6 7 2 Investments 6 0 1 5 4 4

Net Current Assets 4 2 1 8 4 0 7 Mis. Expenditure 4 8 4 2

Accumulated Losses N I L Total Assets 1 2 8 4 5 4 6 5

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousand)

Turnover (Gross Revenue) 1 5 5 5 9 7 5 4 Total Expenditure 1 5 0 7 4 6 1 4

Profit/Loss before Tax 4 8 5 1 4 0 Profit / Loss after tax 3 6 0 3 0 4

Earning Per Share in Rs. 1 4 . 6 8 Dividend Rate (%) : 2 5

V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code) 5 5 1 1 0 0

Product Description P O L Y E S T E R V I S C O S E B L E N D E D Y A R N

Item Code No. (ITC Code) 5 5 1 5 0 0

Product Description P O L Y E S T E R V I S C O S E B L E N D E D
F A B R I C

Item Code No. (ITC Code) 5 2 0 5 0 0

Product Description C O T T O N Y A R N

Place : Noida
Dated : 29th April, 2010

Ravi Jhunjhunwala Chairman
DIN No. 00060972
Arun Churiwal Managing Director &
DIN No. 00001718 Chief Executive Officer
J. C. Laddha Executive Director &
DIN No. 00118527 Chief Financial Officer
Surender Gupta Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	(Rs. in Lac)	
PARTICULARS	2009-2010	2008-2008
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax & Extra Ordinary item	4,912.85	(9,533.57)
Add:		
Depreciation and Amortisation for the year 2009-10	8,763.98	7,267.32
Depreciation Written back (earlier years)	369.29	104.78
Dividend received	(64.55)	(30.05)
Interest cost	5,682.04	6,798.92
Exchange Fluctuation	28.91	3,164.24
Profit/ (Loss) on sale of Fixed Assets	(10.19)	(0.58)
Profit/ (Loss) on sale of Investments	(78.82)	0.00
Loss on cancellation of sale contract	804.58	0.00
Provision for Bad & Doubtful Debts	268.64	64.36
Provision for Bad & Doubtful Advances	571.82	0.00
Provision for Diminution in Value of Investment	277.30	0.00
Provision for Entry Tax	620.24	188.09
Liabilities no longer required back	(98.15)	(59.64)
Miscellaneous Expenses written off	41.85	52.56
Operating Profit Before Working Capital Changes	22,089.79	8,016.43
Inventories	(8,062.95)	3,047.14
Trade Receivables	(1,348.66)	(319.57)
Export Incentives Receivable	(888.85)	2,737.20
Other Current Assets	(529.31)	1,881.80
Loans and Advances	3,202.79	(4,682.28)
Trade Payables	1,715.26	2,340.66
Cash Generated from operations	16,178.07	13,021.38
Direct Taxes	(1,002.36)	(92.05)
Extraordinary items	(61.45)	-
Net cash from operating activities	15,114.26	12,929.33

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd...)

	(Rs. in Lac)	
	2009-2010	2008-2009
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets	(3,844.30)	(3,301.87)
Sales of Fixed Assets	313.25	380.61
Sale of Investments (Shares)	229.92	255.10
Dividend received	64.55	30.05
Net cash used in investing activities	(3,236.58)	(2,636.11)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings	1250.00	6,583.29
Repayment of Long Term Borrowings	(7,571.30)	(3,832.15)
Increase/Decrease in Short Term Borrowings	2597.45	(1,822.19)
TUF Capital Subsidy	(31.59)	(30.83)
Exchange Fluctuation	(28.91)	(3,164.24)
Dividend paid	(98.05)	(0.43)
Interest cost	(5,682.04)	(6,798.92)
Redemption of RPS	(1,999.80)	(1,250.10)
Net cash from financing activities	(11,564.24)	(10,315.57)
Net Increase in Cash and Cash equivalents	313.44	(22.35)
Opening Cash and Cash equivalents	168.40	190.75
Closing Cash and Cash equivalents	481.84	168.40

As per our report of even date

For S. Bhargava Associates
Chartered Accountants

Sunil Bhargava
Partner
Membership No.70964
Firm Reg.No:003191C

For A. L. Chechani & Co.
Chartered Accountants

Sunil Surana
Partner
Membership No.36093
Firm Reg. No:005341C

Ravi Jhunjunwala
DIN No. 00060972

Arun Churiwal
DIN No. 00001718

J. C. Laddha
DIN No. 00118527

Surender Gupta

Chairman

Managing Director &
Chief Executive Officer

Executive Director &
Chief Financial Officer

Company Secretary

Place : Noida
Dated : 29th April, 2010

STATEMENT PURSUANT TO APPROVAL UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956.

(Rs in Lac)

1	Name of the Subsidiary	Cheslind Textiles Limited	
		This Year	Previous Year
2	Capital	2,309.39	2,309.39
3	Reserves	(330.90)	(10.02)
4	Total Assets	14,845.12	15,589.57
5	Total Liabilities	12,866.63	13,290.18
6	Details of Investment	-	0.02
7	Turnover	13,293.3	11,676.94
8	Profit/loss before taxation	(279.95)	(3,281.82)
9	Provision before taxation & DTL written back and FBT	40.94	95.39
10	Profit/loss after taxation	(320.89)	(3,377.21)
11	Proposed Dividend	NIL	NIL

In terms of the provision of Section 212 (8) of the Companies Act, 1956, the Company has received approval vide letter No:47/301/2010-CL-III dated 15.04.2010 issued by the Central Government for exemption from attaching to the Balance Sheet of the Company, the Accounts and other Documents of its Subsidiary. However, the consolidated Financial Statements of the Company, which includes results of said Subsidiary are included in the Segment Report. Further, a statement containing the particulars of the Company's Subsidiary, is also given herein above. The Copies of the Annual Accounts of the Company Subsidiary for the year ended 31st March, 2010 and related detailed information can be sought by any investor of the Company or its Subsidiary on making a written request to the Company in this regard. The Annual Accounts of the Subsidiary Company are also available for Inspection by any investor at the Registered Office of the Company and its Subsidiary.

STATEMENT PURSUANT TO APPROVAL UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956.

(Rs in Lac)

1	Name of the Subsidiary	RSWM International B.V.	
		This Year	Previous Year
2	Capital	302.60	337.60
3	Reserves	(331.13)	(362.76)
4	Total Assets	2,168.95	2,449.13
5	Total liabilities	2,198.69	2,476.17
6	Details of Investment	2,148.46	2,396.96
7	Turnover	61.29	71.46
8	Profit/loss before taxation	(7.02)	(335.58)
9	Provision before taxation & DTL written back and FBT	NIL	NIL
10	Profit/loss after taxation	(7.02)	(335.58)
11	Proposed dividend	NIL	NIL

Exchange rate as on 31.3.2010: 1 Euro = INR Rs.60.52 (Previous Year Rs.67.52)

In terms of the provision of Section 212 (8) of the Companies Act, 1956, the Company has received approval vide letter No:47/301/2010-CL-III dated 15.04.2010 issued by the Central Government for exemption from attaching to the Balance Sheet of the Company, the Accounts and other Documents of its Subsidiary. However, the consolidated Financial Statements of the Company, which includes results of said Subsidiary are included in the Segment Report. Further, a statement containing the particulars of the Company's Subsidiary, is also given herein above. The Copies of the Annual Accounts of the Company Subsidiary for the year ended 31st March, 2010 and related detailed information can be sought by any investor of the Company or its Subsidiary on making a written request to the Company in this regard. The Annual Accounts of the Subsidiary Company are also available for Inspection by any investor at the Registered Office of the Company and its Subsidiary.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**To
The Board of Directors,
RSWM Limited**

1. We have audited the attached Consolidated Balance Sheet of RSWM Limited and its Subsidiaries as at 31st March, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of RSWM Limited Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on 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. (a) We did not audit the financial statements of one of the Subsidiaries whose financial statements reflect the Group's share of total assets of Rs.13833 lac as at 31st March, 2010, total revenue of Rs.13322 lac and net Cash outflows amounting to Rs.52 lac for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to these amounts included in respect of one of the subsidiary is based solely on the report of the other auditors.
- (b) We did not audit the financial statements of the another Subsidiary whose financial statements reflect the Group's share of total assets of Rs.2169 lac as of 31.3.2010, total revenue of Rs.61 lac and net cash outflows amounting to Rs.16 lac for the year ended on that date as considered in the consolidated financial statements. These financial statements are unaudited and have been approved by the Board of Directors of Subsidiary whose certificates have been furnished to us, and our opinion, in so far as it relates to these amounts included in respect of one of the Subsidiary are based solely on these certifications.
4. We report that the consolidated financial statements have been prepared by RSWM Ltd's Management in accordance with the requirements of Accounting Standard 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
5. The Group has provided depreciation on Plant & Machinery of Cheslind Textiles Limited (on year to year basis) considering the same as "Continuous Process Plant" based on technical expert's advice (Refer Note No:10 (b) of "Notes on Accounts" - Schedule 16). This being a technical matter, no opinion is expressed thereon.
6. Subject to para (5) above and based on our audit and on consideration of the reports / certificates of other auditors or approved copies of financial statements / information by Board of Directors / Directors as referred in para 3 above on separate financial statements and on the other financial information of the components in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements read together with Notes thereon give a true and fair view in conformity with the Accounting Principles generally accepted in India.
 - (a) In the case of Consolidated Balance Sheet of the state of affairs of RSWM Limited Group as at 31.3.2010
 - (b) In the case of Consolidated Profit and Loss Account, of the loss for the year ended on that date, and
 - (c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. Bhargava Associates**
Chartered Accountants

For **A. L. Chechani & Co.**
Chartered Accountants

Sunil Bhargava
Partner
Membership No. : 70964
Firm Reg. No.: 003191C

Sunil Surana
Partner
Membership No. : 36093
Firm Reg. No.:005341C

Place : Noida
Dated : 29th April, 2009

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

		(Rs. in Lac)	
	SCHEDULE	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2,814.97	4,814.77
Reserves and surplus	2	17,482.93	23,011.61
Warrants		-	304.50
Govt.Capital Grant		343.18	374.77
Minority Shareholders Interest		671.36	780.24
		21,312.44	29,285.89
Loan Funds			
Secured Loans	3	1,13,932.46	1,17,923.57
Unsecured Loans		179.32	94.57
		1,14,111.78	1,18,018.14
Deferred Tax Liability	4	1,792.12	1,546.12
Total		1,37,216.34	1,48,850.15
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1,62,897.42	1,62,918.99
Less : Depreciation and Amortisation		73,631.65	66,350.25
Net Block		89,265.77	96,568.74
Capital Work in Progress		523.53	633.34
		89,789.30	97,202.08
Investments	6	3,954.38	10,625.31
Current Assets, Loans & Advances			
Inventories	7	27,518.05	21,164.75
Sundry Debtors		16,195.27	16,627.22
Cash and Bank Balances		700.98	532.47
Export Incentives Receivable		2,397.16	1,392.01
Other Current Assets		5,827.61	5,467.13
Loans and Advances		4,841.83	8,159.87
		57,480.90	53,343.45
Less: Current Liabilities and Provisions	8		
Liabilities		10,040.73	11,581.48
Provisions		4,017.14	831.36
		14,057.87	12,412.84
Net Current Assets		43,423.03	40,930.61
Miscellaneous Expenditure (To the extent not written off or adjusted)	9	49.63	92.15
Total		1,37,216.34	1,48,850.15
Accounting Policies and Notes on Accounts	16	-	-

As per our report of even date

For S. Bhargava Associates
Chartered Accountants

Sunil Bhargava
Partner
Membership No.70964
Firm Reg. No. 003191C

Place : Noida
Dated : 29th April, 2010

For A. L. Chechani & Co.
Chartered Accountants

Sunil Surana
Partner
Membership No.36093
Firm Reg.No.005341C

Ravi Jhunjunwala
DIN No. 00060972

Arun Churiwal
DIN No. 00001718

J. C. Laddha
DIN No. 00118527

Surender Gupta

Chairman

Managing Director &
Chief Executive Officer

Executive Director &
Chief Financial Officer

Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		(Rs. in Lac)	
	SCHEDULE	This Year	Previous Year
1. INCOME			
Turnover	10	1,67,087.37	1,45,574.20
Less : Excise Duty		772.94	969.43
		1,66,314.43	1,44,604.77
Other Income	11	1,823.03	1,104.55
		1,68,137.46	1,45,709.32
Increase/(Decrease) in Stocks	12	(436.10)	(1,971.60)
		1,67,701.36	1,43,737.72
2. EXPENDITURE			
Materials	13	93,909.33	85,993.31
Operating and Other Expenditure	14	52,796.62	50,733.86
Financial Expenses	15	6,763.12	7,955.32
		1,53,469.07	1,44,682.49
3. PROFIT/(LOSS) BEFORE DEPRECIATION AND AMORTISATION		14,232.29	(944.77)
Depreciation and Amortisation		9,668.67	8,226.24
4. PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS		4,563.62	(9,171.01)
Loss (Gain) Foreign Exchange Fluctuations		(0.81)	4,464.84
5 PROFIT/(LOSS) BEFORE TAX		4,564.43	(13,635.85)
Less : Tax Expenses		1,002.36	99.18
Current Tax & FBT		40.94	(3.88)
Earliers years		246.00	(3,147.86)
DTL		459.42	(3,147.86)
6. NET PROFIT/(LOSS) BEFORE MINORITY INTEREST		3,275.13	(10,583.29)
Minority Interest		(108.88)	(1,145.89)
Share of Result of Associates		-	1,591.00
7. NET PROFIT/(LOSS)		3,384.01	(7,846.40)
Balance brought forward from previous year (Excluding balance of Associates Rs.2848.49 Lac) (Previous year Nil)		353.83	14,688.65
PROFIT AVAILABLE FOR APPROPRIATION		3,737.84	6,842.25
8. APPROPRIATIONS			
General Reserve		400.00	-
Preference Share Capital Redemption Reserve		1,999.80	1,250.10
Proposed Dividend on Equity Shares		578.72	-
Dividend on Preference Shares		174.93	83.81
Tax on Dividend		125.17	14.24
		3,278.62	1,348.15
Balance Carried Forward		459.22	5,494.10
9. EARNINGS PER SHARE (RS.)			
Basic		13.74	(34.32)
Diluted		13.74	(34.32)
10. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS		16	

As per our report of even date

 For S. Bhargava Associates
 Chartered Accountants

Sunil Bhargava

Partner

Membership No.70964

Firm Reg. No. 003191C

Place : Noida

Dated : 29th April, 2010

For A. L. Chechani & Co.

Chartered Accountants

Sunil Surana

Partner

Membership No.36093

Firm Reg.No.005341C

Ravi Jhunjunwala

DIN No. 00060972

Arun Churiwal

DIN No. 00001718

J. C. Laddha

DIN No. 00118527

Surender Gupta

Chairman

 Managing Director &
 Chief Executive Officer

 Executive Director &
 Chief Financial Officer

Company Secretary

SCHEDULES

SCHEDULE 1 : SHARE CAPITAL

(Rs. in Lac)

	As at 31.03.2010	As at 31.03.2009
AUTHORISED		
4,75,00,000 Equity Shares of Rs.10/- each	4,750.00	4,750.00
25,00,000 Optionally Convertible Redeemable Preference Shares of Rs.150/- each	3,750.00	3,750.00
	8,500.00	8,500.00
ISSUED, SUBSCRIBED & PAID UP		
2,31,48,689 Equity Shares of Rs.10/- each	2,314.87	2,314.87
3,33,400 (Previous Year 16,66,600) 10% Redeemable Preference Shares of Rs.150/- each	500.10	2,499.90
	2,814.97	4,814.77

Notes :

- Equity Share Capital includes 1,35,13,607 Equity Shares of Rs.1351.36 lac issued as fully paid up Bonus Shares by Capitalisation of Reserves in earlier years.
- Equity Share Capital includes 12,28,689 issued for consideration other than cash, pursuant to the Scheme of merger of erstwhile Jaipur Polyspin Limited and Mordī Textiles & Processors Limited as approved by the Hon'ble High Court of Rajasthan.
- 10 % Redeemable Preference Shares are due for Redemption on 30th May, 2010.

SCHEDULE 2 : RESERVES AND SURPLUS

(Rs. in Lac)

	As at 31.03.2009	Additions	Deductions	As at 31.03.2010
Capital Reserve	458.15	304.50	35.01	727.64
Preference Share Capital Redemption Reserve	3,200.10	1,999.80		5,199.90
Share Premium	8,995.23			8,995.23
State Investment Subsidy	70.00			70.00
General Reserve	1,592.27	400.00		1,992.27
Exchange Fluctuation Reserve		38.66		38.66
Profit and Loss Account	353.83	3,384.02	3,278.62	459.23
Share in Joint Venture	(316.17)		(316.17)	-
	14,353.41	6,126.98	2,997.46	17,482.93
Share in Reserve of Associates	8,658.20		8,658.20	-
	23,011.61	6,126.98	11,655.66	17,482.93

SCHEDULE 3 : LOAN FUNDS

	(Rs. in Lac)	
	As at 31.03.2010	As at 31.03.2009
SECURED		
Term Loans		
From Banks	61,683.30	70,479.37
From Financial Institutions	25,968.07	21,682.45
Working Capital Loans		
From Banks	23,581.09	25,037.86
From Financial Institutions	2,700.00	12.13
	1,13,932.46	1,17,211.81
Share in Joint ventures		711.76
	1,13,932.46	1,17,923.57
UNSECURED		
Sales Tax Deferment Loans	179.32	94.57
	179.32	94.57
	1,14,111.78	1,18,018.14

Notes:

- (a) Term Loans (Except of Rs.5,250 lac) are secured by way of joint equitable mortgage of all the present and future immovable properties of the Company and hypothecation of movable assets ranking pari-passu subject to prior charges created in favour of the Company's Bankers on raw materials, stock in process, finished goods, semi finished goods, stores, spares, book debts and other current assets for availing working capital facilities.
 (b) Term Loan of Rs. 5,250 lac are secured by way of subservient charge over the entire movable assets of the company.
- Working Capital loans are secured by hypothecation of raw materials, stock in process, finished goods, semi finished goods, stores, spares, book debts and other current assets as well as second charge on fixed assets of the Company on pari-passu basis.
- Term Loans repayable within one year Rs.11,535 lac (Previous year Rs.8,556 lac).

SCHEDULE 4 : DEFERRED TAX LIABILITY

	(Rs. in Lac)	
	As at 31.03.2010	As at 31.03.2009
Opening Balance	1,546.12	4,693.98
Add:- Created during the year	246.00	92.14
Less:- Reversal during the Year	-	(3,240.00)
Closing Balance	1,792.12	1,546.12

SCHEDULE 5 : FIXED ASSETS (CONSOLIDATED)

(Rs. in Lac)

S. No	Particulars	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK		
		As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Upto 01.04.2009	Deductions	For the year 2009-10	Total Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
A) Tangible Assets											
	Land & Site Development	1,431.69	568.12	0.88	1,998.93	2.38	-	0.82	3.20	1,995.73	1,429.31
	Roads and Buildings	23,309.52	457.41	65.54	23,701.39	4,139.10	2.47	586.35	4,722.98	18,978.41	19,170.42
	Plant and Machinery	1,24,227.37	2,340.29	1,664.57	1,24,903.09	57,406.72	785.61	8,716.02	65,337.13	59,565.96	66,820.65
	Electric Fitting and Water Supply Installation	6,803.19	332.87	98.67	7,037.39	1,298.18	15.98	373.82	1,656.02	5,381.37	5,505.00
	Furniture Fixture and Other Equipments	2,937.00	180.39	135.13	2,982.26	1,234.59	92.23	229.86	1,372.22	1,610.04	1,702.41
	Vehicles	1,203.70	86.35	189.55	1,100.50	422.57	92.66	109.28	439.19	661.31	781.13
	Total (A)	1,59,912.47	3,965.43	2,154.34	1,61,723.56	64,503.54	988.95	10,016.16	73,530.74	88,192.82	95,408.92
B) Intangible Assets											
	Computer Software	71.96	1.98	-	73.94	39.56	-	13.49	53.05	20.89	32.40
	Non-competition Rights	253.00	-	253.00	-	253.00	253.00	-	-	-	-
	Enabling Assets	673.30	-	-	673.30	36.53	-	11.33	47.86	625.44	636.77
	Goodwill on Consolidation	426.62	-	-	426.62	-	-	-	-	426.62	426.62
	Total (B)	1,424.88	1.98	253.00	1,173.86	329.09	253.00	24.82	100.91	1,072.95	1,095.79
	Total (A + B)	1,61,337.35	3,967.41	2,407.34	1,62,897.42	64,832.63	1,241.95	10,040.98	73,631.65	89,265.77	96,504.71
C) Joint Venture :											
	Share in Joint Venture	1,488.86	-	1,488.86	-	1,424.93	1,424.93	-	-	-	64.03
	Total (C)	1,488.86	-	1,488.86	-	1,424.93	1,424.93	-	-	-	64.03
	Total (A + B + C)	1,62,826.21	3,967.41	3,896.20	1,62,897.42	66,257.56	2,666.88	10,040.98	73,631.65	89,265.77	96,568.74
D) Capital Work in Progress :											
	Building Under Construction	235.48	170.15	336.53	69.10	-	-	-	-	69.10	235.48
	Plant & Machinery Under Erection/Commissioning	277.59	394.20	386.06	285.73	-	-	-	-	285.73	277.59
	Pre-operative Expenses pending allocation	30.34	-	30.34	-	-	-	-	-	-	30.34
	Advances Against Capex (Unsecured Considered Good)	89.93	397.76	318.99	168.70	-	-	-	-	168.70	89.93
	Total (D)	633.34	962.11	1,071.92	523.53	-	-	-	-	523.53	633.34
	Total (A+B+C+D)	1,63,459.55	4,929.52	4,968.12	1,63,420.95	66,257.56	2,666.88	10,040.98	73,631.65	89,789.30	97,202.08
	Previous Year	1,61,015.89	12,662.22	10,218.47	1,63,459.64	58,769.70	843.16	8,331.02	66,257.56	97,202.08	102,246.19

Notes :

- Land includes - Rs. 387.81 Lac for Lease hold Land and Rs.475 Lac towards compensation paid for default in performance of Conveyance Deed dated 19.01.85 of land admeasuring 7 Bigha and 0.47 Biswa pursuant to Arbitration Award dated 19th March, 2002.
- Deduction from Gross Block represents Sale/Transfer/Discarding of Fixed Assets/ Lease hold rights and Non-Competition rights written off on expiry and discontinued Joint Venture.
- Deduction in depreciation Rs.2666.88 Lac (previous Year Rs. 843.16 Lac)represents adjustment on account of Sale/Transfer/Discarding of fixed assets and discontinued Joint Venture.
- Roads and Buildings includes value of irrevocable Licencing right to use of a flat in New Delhi Rs. 10.00 Lac.

SCHEDULE 6 : INVESTMENTS (LONG TERM)

(Rs. in Lac)

	As at 31.03.2010	As at 31.03.2009
A. IN GOVERNMENT SECURITIES (UNQUOTED - NON TRADE INVESTMENT)		
National Saving Certificates (Deposited with Sales Tax Deptt.)	-	0.12
B. OTHER INVESTMENTS		
IN EQUITY SHARES OF Rs. 10/-EACH FULLY PAID UP (UNLESS OTHERWISE STATED)		
QUOTED - NON TRADE INVESTMENTS		
Holding Name of the Company		
a) 15,10,000 Maral Overseas Limited	-	151.00
b) 9,78,000 HEG Limited	34.94	34.94
c) 372 Whirlpool India Limited	0.01	0.01
d) 30 Vardhman Holding Limited	-	-
e) 150 Tata Construction & Project Limited	0.02	0.02
f) 775 Graphite India Limited (of Rs.2/- each)	0.03	0.03
g) 5600 State Bank of Bikaner & Jaipur (of Rs.10/- each fully paid-up)	3.02	3.02
h) 943 Punjab National Bank	3.68	3.68
i) 180 Vardhman Textiles Ltd.	0.01	0.01
j) 31,396 BSL Limited (of Rs.10/ each)	0.50	0.50
	42.21	193.21
C. UNQUOTED - NON TRADE INVESTMENTS		
k) 2,64,55,650 Bhilwara Energy Limited	1,763.71	1,763.71
l) 2,03,589 India Insulators Ltd.	20.36	20.36
Less: Investment carrying Fund	(20.36)	(20.36)
m) 1,43,550 RSWM - SISA S.A. and Spain	2,148.46	-
	3,912.17	1,763.71
	3,954.38	1,957.04
Share in Joint Ventures	-	10.07
	3,954.38	1,967.11
Add:- Increase In Value of Investment In Associates		
Opening Balance	8,658.20	6,516.20
Add:- During the Year	(8,658.20)	2,142.00
Closing Balance	-	8,658.20
	3,954.38	10,625.31
Aggregate Market Value of Quoted Investments	3,338.91	1,014.53

Note:-

- 31,396 Shares of BSL Ltd were allotted during the year in lieu of 1,35,000 shares of Bhilwara Processors Ltd upon merger.
- 1,43,550 Equity Shares of RSWM-SISA are pledged as collateral security with Exim Bank. (Previous year 1,43,550 shares)
- 88,18,550 Equity Shares of Bhilwara Energy Ltd were received as Bonus Shares during the year.

SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in Lac)

	As at 31.03.2010	As at 31.03.2009
A) CURRENT ASSETS		
a) INVENTORIES		
Raw Materials	15,617.31	6,267.78
Finished Goods	4,456.12	5,164.07
Waste	146.29	57.28
Stock in Process	4,296.01	4,113.17
Stores, Spares and Fuels (Including Transit Rs.156.07 lac, Previous year Rs. 320.67 lac)	3,002.32	3,189.89
	27,518.05	18,792.19
Share in Joint Venture		2,372.56
	27,518.05	21,164.75
b) SUNDRY DEBTORS (UNSECURED)		
Within Six Months - Considered Good	15,506.61	14,438.17
Others - Considered Good	688.66	1,003.14
- Considered doubtful	336.89	77.75
Less: Provision for doubtful debts	(336.89)	(77.75)
	16,195.27	15,441.31
Share in Joint Venture		1,185.91
	16,195.27	16,627.22
c) CASH AND BANK BALANCES		
Cash in Hand	57.56	35.08
WITH SCHEDULED BANKS IN		
i) Savings Accounts	0.20	0.55
ii) Current Accounts, Margin Money deposits and Cheques/ Drafts in Hand/Collection and Remittance in Transit.	600.76	279.08
iii) Fixed Deposits (Pledged with Govt. & other Deptts. Rs.1.87 lac, Previous year Rs.1.87 Lac)	18.10	81.52
iv) Dividend Accounts	24.36	26.72
	700.98	422.95
Share in Joint Venture		109.52
	700.98	532.47
d) EXPORT INCENTIVES RECEIVABLE		
i) DEPB, DDBK & Advance Licenses	1,026.54	620.00
ii) Export Growth Entitlements	70.47	191.90
iii) Excise Rebate Claim Receivables	1,300.15	580.11
	2,397.16	1,392.01
e) OTHER CURRENT ASSETS		
i) Deposits	706.65	826.38
ii) Duties, Claims and other receivables	2,207.52	1,657.09
iii) Subsidies Receivables (TUFS)	2,913.44	2,983.66
	5,827.61	5,467.13
B) LOANS AND ADVANCES		
UNSECURED (CONSIDERED GOOD UNLESS OTHERWISE STATED)		
i) Loans and Advances recoverable in Cash or in kind or for value to be received or pending adjustments.	1,744.04	2,528.07
Considered doubtful	61.45	-
Less : Provision for Doubtful loans & advances	(61.45)	-
ii) Advance against Supplies	3,097.79	5,562.26
	4,841.83	8,090.33
Share in Joint Venture		69.54
	4,841.83	8,159.87
	57,480.90	53,343.45

SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS

(Rs. in Lac)

	As at 31.03.2010	As at 31.03.2009
A. CURRENT LIABILITIES		
Sundry Creditors	3,216.37	4,642.55
Investor Education and Protection Fund (Unclaimed Dividend)	48.29	26.72
Interest accrued but not due on Loans	93.69	93.43
Security Deposits	764.47	735.26
Advance from Customers	931.58	422.85
Other Liabilities	4,986.33	4,641.59
	10,040.73	10,562.40
Share in Joint Venture	-	1,019.08
	10,040.73	11,581.48
B. PROVISIONS		
Proposed Dividend on Equity Shares	578.72	-
Provision for Dividend on Preference Shares	174.93	83.81
Tax on Dividend	125.17	14.24
Retirement Benefits	416.22	733.31
Provision for Taxation	1,872.98	-
Provision for Investment Carrying Fund & Others (Wholly Owned Subsidiary)	849.12	-
	4,017.14	831.36
	14,057.87	12,412.84

**SCHEDULE 9 : MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)**

(Rs. in Lac)

	As at 31.03.2010	As at 31.03.2009
Premium on Resetting of interest / Prepayment Term Loans	42.15	276.22
Preference Shares Issue Expenses	78.75	78.75
Retrenchment Compensation on Shifting of Fabric Division	122.71	122.71
Preliminary Expenses of RSWM	79.75	79.75
	323.36	557.43
Less : Amount Amortised	273.73	465.28
	49.63	92.15

Note: Net of Rs. 234.07 lac fully amortised on final repayment of respective term loans.

SCHEDULE 10 : TURNOVER

(Rs. in Lac)

	This year	Previous year
SALES : Export	64,153.21	44,570.44
Domestic	1,00,888.92	95,426.78
Growth Incentives and Rebates	154.42	137.27
Job and Processing Charges	1,890.82	1,124.35
	1,67,087.37	1,41,258.84
Share in Joint Venture	-	4,315.36
	1,67,087.37	1,45,574.20

SCHEDULE 11 : OTHER INCOME

	(Rs. in Lac)	
	This year	Previous year
Operating Income		
Rent (Tax Deducted Rs.67.19 lac, Previous year Rs.27.28 lac)	631.26	618.39
Dividends on Long Term Investments	64.55	30.05
Profit on Sale/Discarding of Fixed Assets	97.26	51.49
Profit on Sale of Investments	78.82	-
Profit on Sale of Stores / Raw Materials	0.37	8.60
Insurance and Other Claims Received	453.62	20.91
Commission	61.29	71.44
Liabilities Written Back	98.15	59.67
Miscellaneous Receipts	337.71	226.62
	1,823.03	1,087.17
Share in Joint Venture	-	17.38
	1,823.03	1,104.55

SCHEDULE 12 : INCREASE/(DECREASE) IN STOCKS

	(Rs. in Lac)	
	This year	Previous year
CLOSING STOCK		
Finished Goods	4,456.12	5,164.07
Waste	146.29	57.28
Stock in Process	4,296.01	4,113.17
	8,898.42	9,334.52
OPENING STOCK		
Finished Goods	5,164.07	6,795.85
Waste	57.28	65.31
Stock in Process	4,113.17	4,392.27
	9,334.52	11,253.43
	(436.10)	(1,918.91)
Share in Joint Venture	-	(52.69)
INCREASE/(DECREASE) IN STOCKS	(436.10)	(1,971.60)

SCHEDULE 13 : MATERIALS

	(Rs. in Lac)	
	This year	Previous year
A) RAW MATERIALS		
Opening Stock	6,267.78	9,008.93
Add : Purchases	1,05,079.75	81,000.69
	1,11,347.53	90,009.62
Less: Sales, Returns and Adjustments	5,241.99	3,485.05
	1,06,105.54	86,524.57
Less: Closing stock	15,617.31	6,267.78
	90,488.23	80,256.79
Add: Dyes and Chemicals	2,836.83	3,003.91
	93,325.06	83,260.70

SCHEDULE 13 : MATERIALS (Contd....)

	(Rs. in Lac)	
	This year	Previous year
B) FINISHED GOODS PURCHASES		
Fabric	451.90	519.33
Garment	4.16	5.88
Yarn	128.21	1,016.92
	584.27	1,542.13
	93,909.33	84,802.83
Share in Joint Venture	-	1,190.48
	93,909.33	85,993.31

SCHEDULE 14 : OPERATING & OTHER EXPENDITURE

	(Rs. in Lac)	
	This year	Previous year
PAYMENT TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages and Bonus	11,148.62	10,209.51
Workmen and Staff Welfare	351.55	185.27
Contribution to Provident, Gratuity and Other Funds	1,516.24	1,767.30
	13,016.41	12,162.08
MANUFACTURING		
Stores and Spare parts Consumed (Net of scrap sales Rs.398.50 lac, Previous year Rs.386.06 lac)	4,040.57	3,430.85
Packing Expenses	2,257.02	2,175.01
Power and Fuel	19,325.21	16,914.10
Processing and Job Charges	430.40	500.85
Research and Development	117.02	125.58
Repairs, Maintenance and Renovations		
Plant and Machinery	682.95	642.71
Buildings	338.80	248.03
Others	187.03	187.53
	27,379.00	24,224.66
ADMINISTRATIVE		
Rent	103.62	147.17
Lease Rent	104.56	89.76
Rates and Taxes	130.90	95.75
Directors' Remuneration & Fees	220.68	183.39
Directors' Travelling	28.71	9.63
Charity & Donations	1.71	20.13
Miscellaneous Expenses	1,493.64	1,986.82
Insurance (Net of Recovery Rs.80.97 lac, Previous year Rs. 86.06 lac)	112.38	119.99
	2,196.20	2,652.64

SCHEDULE 14 : OPERATING & OTHER EXPENDITURE (Contd....)

	(Rs. in Lac)	
	This year	Previous year
SELLING		
Commission	395.73	394.85
Brokerage	111.26	122.05
Incentives and Discounts	1,304.02	1,489.02
Claims and Rebates	182.61	156.54
Freight, Forwarding and Octroi (Net of Recovery Rs 53.06 lac, Previous year Rs.60.10 lac)	566.69	516.03
Expenses on Export Sales:		
Ocean Freight	2,594.88	2,620.69
Commission	1,110.07	1,027.70
Others	443.08	432.57
Advertisement	230.70	617.09
Foreign Travelling Expenses	134.86	258.54
Others	368.77	384.95
	7,442.67	8,020.03
OTHERS		
Bad Debts & Provision for Doubtful Debts & Advances	268.64	64.36
Provision for Diminution in Value of Investment	849.12	-
Deferred Revenue Expenses Written off	42.51	53.21
Provision for Entry Tax	620.24	-
Expenses Related to Previous Year	9.79	0.13
Fraud & Embezzlement Loss	61.45	-
Project Feasibility Expenses	-	5.61
Loss on Cancellation of Land Sale Contract (Refer Note no.13 of Schedule 16)	804.58	-
Loss on Sale/Discarding on Fixed Assets	106.01	71.84
	2,762.34	195.15
	52,796.62	47,254.56
Share in Joint ventures	-	3,479.30
	52,796.62	50,733.86

SCHEDULE 15 : FINANCIAL EXPENSES

	(Rs. in Lac)	
	This year	Previous year
INTEREST		
On Term Loans	4,782.19	5,248.50
On Working Capital Loans	2,245.62	2,830.14
	7,027.81	8,078.64
Less: Receipt from Trade Debtors & Others (TDS Rs.59.73 lac, Previous year Rs.70.83 lac)	627.54	581.87
	6,400.27	7,496.77
Add : Other Financial Charges	362.85	412.80
	6,763.12	7,909.57
Share in Joint ventures	-	45.75
	6,763.12	7,955.32

SCHEDULE - 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS.

1. BASIS AND PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements (CFS) of the Company and its Subsidiaries are prepared under historical cost convention and on the accounting principles of going concern, in accordance with Generally Accepted Accounting Principles ('GAAP') applicable in India and in the same manner as the Company has followed for its separate financial statements, using uniform accounting policies for similar transaction. All significant Intra-group balances, Intra-group transactions, resulting unrealized profits have been eliminated on consolidation and the figures have been recasted, rearranged or regrouped, wherever considered necessary.

2. COMPONENTS CONSIDERED

The following Components considered in preparation of consolidated financial statements:-

(a) Subsidiary Companies.

Name	Country	Ownership (%)	Period Considered	Audited/Board Approved
Cheslind Textiles Limited (CTL)	India	66.07%	01.04.2009 to 31.03.2010	Audited
RSWM International B.V.	Netherlands	100.00%	01.04.2009 to 31.03.2010	Un-audited (Board Approved)

The consolidation of the financial statements of the Parent and its Subsidiaries has been done on line-by-line basis by adding together, like items of assets, liabilities, income and expenses as per AS 21.

(b) Investment in Associates.

Name	Country	Ownership (%)	Period Considered	Audited/Board Approved
RSWM-SISA S.A. (Through RSWM International B.V.)	Spain	50%	*	*

* Refer Note No.8 of Schedule 16

3. ACCOUNTING POLICIES

The Accounting Policies of the Parent and of its Subsidiaries / Joint Ventures are similar and in line with the Generally Accepted Accounting Principles ('GAAP') in India except for the policy for depreciation, which is mentioned as below:-

- i) The depreciation on Plant & Machinery of CTL has been provided on the rates considering as 'Continuous Process Plant' as against the rates applicable for 'Triple Shift Operation' depreciation applied by the Parent.
- ii) The depreciation on Vehicles of CTL has been provided on Written Down Value Method on pro-rata basis in the manner and rates prescribed in Schedule XIV of the Companies Act, 1956 as against Straight Line Method adopted by the Parent.

As the Accounting Policies of the Parent have been mentioned in the separate financial statements of the Parent, therefore the same has not been reproduced here.

4. FOREIGN CURRENCY TRANSACTION

While translating the financial statement of Foreign Subsidiary, the same has been consolidated as non-integral foreign operation for incorporation in consolidated financial statement. Accordingly all the assets and liabilities are translated at the exchange rates on the closing date. The income and expenses are translated at the average exchange rates during the year. The resulting exchange differences are accumulated in Foreign Currency Translation Reserve.

5. GOODWILL

The excess of cost to the Company of its investment in the Subsidiaries over the Parent's portion of equity of the subsidiary at the date on which investment is made, is described as 'Goodwill' on consolidation and recognized as an asset in the Consolidated Financial Statements.

6. MINORITY INTEREST

Minority Interest in the Net Assets of the subsidiaries consist of the amount of equity attributable to Minorities at the date on which investment is made and Minorities' share of movements in equity since the date when Parent Subsidiary relationship came into existence, to the date of Balance Sheet.

7. (A) Contingent Liabilities not provided for : (Rs. in Lac)

	This Year	Previous Year
(i) Excise & Customs Duties, Sales Tax and other Demands Disputed by the Company	409.30	395.08
(ii) Claims not acknowledged by the Company	53.45	2.80
(iii) Un-expired Letters of Credit for which Counter Guarantee given by the Company	1,385.90	1,912.66
(v) Counter Guarantees given by the Company in respect of Guarantees given by the Company's Bankers.	996.92	857.91
(vi) Guarantee in favour of International Finance Corporation with HEG on Joint and several basis on behalf of AD Hydro Power Limited.	600.00	350.00
7. (B) Obligations and commitments outstanding:		
(i) Estimated value of contracts remaining to be executed on Capital Account and not provided for	832.14	1,048.55
(ii) Bills Discounted with Banks	8,949.01	7,188.03

7. (C) The export obligations against EPCG licenses have been timely fulfilled. The future additional export obligations against EPCG licences are of Rs.11770.32 lac (Previous Year Rs.11865.64 lac) and are to be fulfilled within specified period.

7. (D) The Rajasthan Government has imposed surcharge on shortfall in meeting Renewable Energy Obligation on the power produced from Captive Power plants vide their Notification dated 23.3.2007. The same has been challenged in the Hon'ble High Court of Rajasthan through Rajasthan Textiles Mills Association. The Management does not foresee any possible liability on this account and hence no provision of liability to date Rs.1,634.95 lac (Previous Year Rs.1,041.11 lac) has been made in the Books of Accounts.

8. During the year, Joint Venture between the Company and RSWM SISA, Spain (in which a 100% Overseas Subsidiary of the Company, M/s. RSWM International B.V. Holland, holds 50% of Equity) has been terminated and RSWM SISA has subsequently filed for Insolvency under the local Spanish Laws. Accordingly, the Financial Statements of RSWM-SISA have not been consolidated.

9. The investment in Equity Shares of Bhilwara Energy Ltd; (BEL) got diluted from 24.16% to 19.51% w.e.f.13th August, 2009. Accordingly, the financial of BEL have not been consolidated.

10. The Jodhpur Divisional Bench of Hon'ble High Court of Rajasthan had declared the applicability of Entry Tax in Rajasthan as *ultra virus*, vide order dated 21st of August, 2007 on writ filed by M/s. Dinesh Pouches Limited. Writ petition has also been filed in our matter in the same bench, which was admitted and stay granted in our favour. Subsequently in the matter of M/s. Godfrey Philips (India) Ltd, Jaipur Bench of Hon'ble High Court of Rajasthan had declared the levy entry tax of valid and now the aforesaid issue is pending in Hon'ble Supreme Court for final decision. On the basis of evaluation assessment and degree of probability and exercise of best judgment, the Company has made provision of demand of entry tax Rs.808.33 lac up to 31st March, 2010 (Previous Year Rs.188.09 lac).

11. (a) To fall in line with the Guidance Note No: GN (A) 8 (Issued 1994) in respect to the Amendment to Schedule XIV of the Companies Act, 1956 issued by The Institute of Chartered Accounts of India, the Company has changed the method of providing depreciation of its Denim unit, which hitherto was provided at the rates applicable for Continuous Process Plant to the rates applicable for Tripple Shift Operation as prescribed by Schedule XIV of the Companies Act, 1956. As a result whereof the charge for depreciation for the year is higher by Rs.1,757.90 lac including Rs.1,114.81 lac of the previous years and the profit for the year is lower by this value.

- (b) The depreciation on Plant & Machinery of Cheslind Textiles Limited has been provided at the rates applicable on 'Continuous Process Plant' on year to year basis based on technical expert's advice. Had the depreciation been provided on the rates applicable for 'Triple Shift Operation'; the depreciation would have been higher by Rs.650 lac (Previous year Rs.748 lac). (Up to this year Rs.1841 lac).
12. The Company hedges its export realizations through Foreign Exchange Derivative & Hedge Contracts in the normal course of business so as to reduce the risk of exchange fluctuations. No Foreign Exchange Derivative & Hedge Contracts are taken /used for trading or speculative purpose. Pursuant to the announcement on "Accounting for Derivatives" issued by the Institute of Chartered Accountants of India on 29th March, 2008 and following the Principles of Prudence, the Company has accounted for losses aggregating Rs.28.91 lac (Previous year Rs.45.34 lac) during the current year, computed on mark to market basis on the Foreign Exchange Derivative & Hedge Contracts, outstanding as on 31st March, 2010, those are without underlying export order/product
 13. During the year, the Company had terminated the Sales Contract dated 21st March, 2008 for sale of land ad-measuring 1,26,207 Sq.ft. at Bhilwara on the request of Vendee. The land was sold for a consideration of Rs.1500 lac and Company had received Rs.100 lac from Vendee after giving possession of the land, the balance was to be received by 30th September, 2009. At the time of sale, the Company booked profit of Rs.904.58 lac in Profit & Loss Account of FY 2007-08.

Consequent upon termination of the sale agreement, the Company has taken back the possession of the land during the year and forfeited Rs.100 lac received from the Vendee, by reinstating the original fixed assets in the Company's books of accounts. The loss of Rs.804.58 lac after netting back of Rs.100 lac of the amount forfeited has been charged to Profit & Loss Account.
 14. Two cases of fraud involving employees of the Company have been detected during the year involving aggregate amount of Rs.61.45 lac, which have been booked as Fraud & Embezzlement Loss in the Profit & Loss Account of current year. The frauds related to misappropriated funds through series of Bank transactions and unauthorized collection of cash from customers. The Company has got the frauds investigated and has taken strict follow-up action including legal action and review and revision of internal control system.
 15. To augment long term resources, the Company, on 1st December, 2007 had issued and allotted 35,00,000 warrants of Rs.87/- each aggregating to Rs.3,045 lac and received Rs.304.50 lac (being 10% of the total amount) to the promoters and employees of the company with the option of conversion of each warrant into 1 Equity of share Rs.10/- each, within a period of 18 months from the date of allotment on payment of balance amount of Rs.2740.50 lac. Consequent upon failure to exercise the conversion right and make the payment of balance amount, the Company has forfeited the allotment money of Rs.304.50 lac and credited to Capital Reserve Account after cancellation of 35,00,000 warrants.
 16. The capital subsidy under TUFS is accounted adopting Deferred Income Approach. A sum of Rs.432.67 lac up to date is therefore considered as deferred income. Out of which a sum of Rs.31.57 lac (previous year Rs.30.82 lac) has been recognized against depreciation (up to year Rs.89.48 lac).
 17. On annual review of the CENVAT Credit receivable on the Balance Sheet date, a sum of Rs.944.53 lac, out of the unutilisable amount of Rs.1,701.16 lac has been considered as likely to be utilized within reasonable foreseeable future in the normal course of business and has been de-capitalised on the respective fixed assets. The balance amount of CENVAT Receivable of Rs.756.63 lac (Previous year Rs.1,701.16 lac) continues to be capitalized on respective fixed assets being not likely to be utilized within reasonable foreseeable future in the normal course of trade, though the debit entries in the excise records have not been passed. Consequently the depreciation on the de-capitalised amount Rs.298.42 lac (Previous year Rs.73.95 lac) has been written back.
 18. The Net worth of Cheslind Textiles Limited, a Subsidiary of the Company as on 31.3.2009 is eroded by more than 50% of its peak net worth during the immediately preceding four financial years. Accordingly as per the provisions of sec.23(1)(a)(ii) of Sick Industrial Companies (Special Provisions) Act, 1985, the Subsidiary Company has informed the same to BIFR by filing Form C on 30th October, 2009. For the current reporting period, the accounts have been prepared on going concern basis as the Subsidiary Company is carrying out normal level of operations.
 19. The figures for the previous year have been regrouped and / or rearranged wherever found necessary to make these comparable with those of the current year.

DISCLOSURES**20. SEGMENT RESULTS**

The Company's operations predominantly relates to manufacturing of Yarn and Fabric and on the basis of assessment of the risk and return differential in terms of AS-17, the Company has identified Yarn and Fabric as primary reportable business segments. Further the geographical segments have been considered as secondary segments and bifurcated into India, Europe, Middle East, America and Other Countries.

The accounting policy in respect of Segments is in conformity with the accounting policies of the enterprise as a whole. The inter segment transfers are accounted at the prevailing market prices charged to unaffiliated customers for similar goods. These transfers are eliminated in consolidation.

The revenue and expenditure in relation to the respective segments have been identified and allocated to the extent possible. Other items i.e. extraordinary items, Loss /Profit on sale of investments and foreign currency transactions, corporate office expenses, etc. not allocable to specific segments are being disclosed separately as unallocated and adjusted directly against the total Income of the Company.

a. BUSINESS SEGMENTS

(Rs. in Lac)

Particulars	Yarn		Fabric & Denim		Other Items		Share in Joint Venture		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
I Segment Revenue										
Gross Revenue	1,47,845	1,23,349	24,747	22,719			4,315		1,72,592	1,50,383
Less: Inter segment	5,505	4,807	-	2					5,505	4,809
External Sales	1,42,340	1,18,542	24,747	22,717	-	-			1,67,087	1,45,574
II Segment Result										
Earning before Tax & Interest	13,198	2,717	(350)	(1,517)				(703)	12,848	497
Less: Interest (Net)									6,763	7,956
Unallocable expenses (Net of Income)					(1,522)	(1,712)			(1,522)	(1,712)
Foreign Exchange fluctuations									1	(4,465)
Profit Before Tax									4,564	(13,636)
Less: Taxation & FBT									1,289	(3,053)
Net Profit for the year									3,275	(10,583)
III Other Information										
Segment Assets	1,09,163	1,13,322	32,387	31,741	9,675	12,556		3,552	1,51,225	1,61,171
Segment Liabilities	9,241	8,351	2,581	2,450	2,236	593		1,019	14,058	12,413
Capital Employed	99,922	1,04,971	29,806	29,291	7,439	11,963		2,533	1,37,167	1,48,758
Capital Expenditure incurred during the year	2,585	2,880	1,157	843	116	93		9	3,858	3,825
Depreciation (Net)	6,450	6,646	3,062	1,338	157	193		49	9,669	8,226
Other Non Cash expenses	0	2	38	64	11	26			49	92

b. GEOGRAPHICAL SEGMENT

(Rs. in Lac)

PARTICULARS		India	Europe	Middle East	Africa, South East & Far East Asia	America	Total
i. Segment Revenue							
Based on location of the customers	This Year	1,02,934	21,764	4,956	25,739	11,694	1,67,087
	Previous Year	1,06,548	18,450	3,691	11,904	4,981	1,45,574
ii. Segment Assets							
Based on location of the assets	This Year	1,46,951	1,634	572	1,260	808	1,51,225
	Previous Year	1,59,148	446	742	464	371	1,61,171

21. EARNING PER SHARE

The basic and diluted Earnings per Share (EPS) have been calculated by dividing Net Profit for the year attributable to equity shareholders by the weighted average number of Equity Shares as per AS 20 are as under:

S. No.	Particulars	Unit	This Year	Previous Year
I) Calculation of Basic EPS				
a)	Net Profit after Minority Interest, Earning in Joint Ventures, Associates & Tax	Rs. in lac	3,384.01	(7,846.40)
b)	Dividends on OCPS/Redeemable Preference shares including tax	Rs. in lac	(203.98)	98.05
c)	Net Profit available to Equity Shares (a-b)	Rs. in lac	3,180.03	(7,944.45)
d)	Weighted Average Equity Shares Outstanding during the year	Nos.	2,31,48,689	2,31,48,689
e)	Basic Earning per share	Rupees	13.74	(34.32)
II) Calculation of Diluted EPS				
a)	Warrants & OCPS / Redeemable Preference shares	Rs. in lac	500.10	3045
b)	Payment Received		-	305
c)	Diluted potential equity shares	Nos.	0	0
d)	Total no. of diluted weighted average shares	Nos.	2,31,48,689	2,31,48,689
e)	Diluted earning per share	Rupees	13.74	(34.32)

22. RELATED PARTY

(a) Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries).

None

(b) Associate -

None

(c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.

None

(d) Key Management Personnel and their relatives

- 1) Mr. L.N. Jhunjhunwala
- 2) Mr. Ravi Jhunjhunwala
- 3) Mr. Shekhar Agarwal
- 4) Mr. Arun Churiwal
- 5) Mr. J. C. Laddha
- 6) Mr. Riju Jhunjhunwala
- 7) Mr. Rishabh Jhunjhunwala
- 8) Mr. Nivedan Churiwal
- 9) Mr. Varun Laddha

(e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence.

S. No.	Company's Name	S. No.	Company's Name
1.	AD Hydro Power Ltd.	18.	Indo Canadian Consultancy Services Ltd.
2.	Agarwal Finestate Pvt. Ltd.	19.	Investors India Ltd.
3.	Bagrodia Investment & Finlease Pvt. Ltd.	20.	Jagur Finvest Pvt.Ltd.
4.	Bhilwara Energy Ltd.	21.	Jyoti Knits Pvt. Ltd.
5.	Bhilwara Scribe Pvt. Ltd.	22.	Kalati Holding Private Ltd.
6.	Bhilwara Software Pvt. Ltd.	23.	LNJ Financial Services Ltd.
7.	Bhilwara Spinners Ltd.	24.	Malana Power Company Ltd.
8.	Bhilwara Technical Textiles Ltd.	25.	Maral Overseas Ltd.
9.	BMD Private Ltd.	26.	Mayur Knits Pvt. Ltd.
10.	BSL Ltd.	27.	Raghav Commercial Ltd.
11.	Deepak Knits Private Ltd.	28.	Rahav Knits & Textiles Private Ltd.
12.	Diplomat Leasing Pvt. Ltd.	29.	Ramkant Sales & Services Pvt. Ltd.
13.	Essay Marketing Co. Ltd	30.	RSWM SISA S.A. Spain
14.	Expert Fabric & Textiles Pvt. Ltd.	31.	Shashi Commercial Co. Ltd.
15.	Ganga Yamuna Auto Pvt. Ltd.	32.	Shree Vardhman Stock Holding Pvt. Ltd.
16.	Giltedged Industrial Securities Ltd.	33.	Sudhiva Spinners Private Ltd.
17.	HEG Limited	34.	USS Investment & Finlease Pvt. Ltd.

f) Transaction with Related Parties

The following transactions were carried out with the related parties in the ordinary course of business:

	(Rs in Lac)	
	This Year	Previous Year
I) For the parties referred to in item (a) above.	NIL	NIL
II) For the persons referred to in item (b) above.		
Services rendered	NIL	1.83
Outstanding Receivable	NIL	0.64
III) For the parties referred to in item (d) above		
Remuneration and other perquisites	204.35	166.22
Directors Sitting fees	3.80	1.80
Rent Paid	-	25.92
iv) For the persons referred to in item (e) above		
Sale of Finished Goods	2,316.86	927.96
Sale of DEBP Certificate	-	1.80
Dividend Received	-	29.34

(Rs in Lac)

	This Year	Previous Year
Sale of Stores & Consumable	34.78	3.46
Purchase of Store & Consumable	17.69	24.43
Power Purchase	4.71	-
Rent received	467.01	469.26
Rent Paid	78.61	77.02
Purchase of Raw material	892.10	156.73
Sale of Raw Material	104.38	1.46
Purchase of finished goods	89.21	858.79
Sale of Plant & Machinery	8.90	36.47
Purchase of Plant & Machinery	1,303.60	280.38
Interest debited	31.80	25.87
Reimbursement of expenses	136.41	312.53
Reimbursement of expenses recovered	235.36	165.98
Sale of Share	229.82	-
Job charges received	370.73	-
Job charges paid	22.85	-
Consultancy charges paid	2.25	-
Outstanding Receivable	224.12	1,584.80
Outstanding Payable	0.37	81.09

23. TAXES ON INCOME

The break-up of Deferred Tax Liability and Assets into major components are as under:-

(Rs in Lac)

Particulars	As at 31-3-10 @ 33.99%	Changes During the year	As at 31-3-09 @ 33.99%
Depreciation	7,789	1,614	6,175
Deferred Revenue Expenses	12	(9)	21
Total	7,801	1,605	6,196
Deferred Tax Assets on account of			
Disallowance U/s 43B	544	151	393
Unabsorbed Depreciation	3,883	(171)	4,054
Provision for Doubtful Debts	403	377	26
Total	4,830	357	4,473
Deferred Tax Liability	2,971	1,248	1,723
Less: MAT available	1,179	1,002	177
Net Deferred Tax Liability	1,792	246	1,546

As per our report of even date

For S. Bhargava Associates
Chartered Accountants

Sunil Bhargava
Partner
Membership No.70964
Firm Reg. No. 003191C

Place : Noida
Dated : 29th April, 2010

For A. L. Chechani & Co.
Chartered Accountants

Sunil Surana
Partner
Membership No.36093
Firm Reg.No.005341C

Ravi Jhunjunwala
DIN No. 00060972

Arun Churiwal
DIN No. 00001718

J. C. Laddha
DIN No. 00118527

Surender Gupta

Chairman

Managing Director &
Chief Executive Officer

Executive Director &
Chief Financial Officer

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	(Rs. in Lac)	
PARTICULARS	2009-2010	2008-2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax (Including Share in Associate)	4,564.43	(12,044.80)
Add:		
Depreciation and Amortisation	9,668.67	8,121.46
Depreciation Written back (earlier years)	340.72	104.78
Dividend received	(64.55)	(30.05)
Interest cost	6,763.12	7,955.32
Exchange Fluctuation	252.16	4,464.84
Profit/ Loss on sale / Acquisition of Fixed Assets	8.75	20.35
Profit/ Loss on sale Investments	(78.82)	-
Loss on cancellation of sale contract	804.58	
Provision for Bad & Doubtful Debts	268.64	64.36
Provision for Diminuation in Value of Invest	849.12	
Provision for Entry Tax	620.24	188.09
Liabilities no Longer Required written back	(98.15)	(59.67)
Miscellaneous Expenses written off	42.52	104.69
Operating Profit Before Working Capital Changes	23,941.43	8,889.37
Inventories	(8,725.86)	3,305.20
Trade Receivables	(1,022.60)	(291.37)
Export Incentives Receivable	(1,005.15)	2,830.73
Other Current Assets	(360.49)	2,233.91
Loans and Advances	3,698.30	(4,510.68)
Trade payables	(740.61)	3,874.96
Cash Generated from operations	15,785.02	16,332.12
Direct Taxes	(240.36)	(95.30)
Extraordinary items	-	
Net cash from operating activities	15,544.66	16,236.82

(Rs. in Lac)

PARTICULARS	2009-2010	2008-2009
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets	(3,857.61)	(3,824.93)
Sales of Fixed Assets	352.06	622.45
Sale of Investments (Shares)	229.94	255.10
Proceed from Share Capital	-	-
Long Term Non Trade Investment (Exchange Difference)		-
Increase in value of Investment in Associate	-	1,168.87
Dividend received	64.55	30.05
Net cash used in investing activities	(3,211.06)	(1,748.46)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings		7,721.83
Repayment of Long Term Borrowings	(3,194.60)	(4,496.98)
Increase/Decrease in Short Term Borrowings		(1,989.13)
Capital Subsidy		(30.83)
Exchange Fluctuation	-	(4,464.84)
Share in Reserve of Associate	-	(2,513.76)
Dividend paid	(98.05)	(0.43)
Interest cost	(6,763.12)	(7,955.32)
OCPS and warrants	-	-
Redemption of OCPS	(1,999.80)	(1,250.10)
Net cash from financing activities	(12,055.57)	(14,979.56)
Net Increase in Cash and Cash equivalents	278.03	(491.20)
Opening Cash and Cash equivalents	532.47	1,023.67
Less Cash Balance of JV & Associates	109.52	-
Net	422.95	1,023.67
Closing Cash and Cash equivalents	700.98	532.47

As per our report of even date

For S. Bhargava Associates
Chartered Accountants**Sunil Bhargava**
Partner
Membership No.70964
Firm Reg. No. 003191CPlace : Noida
Dated : 29th April, 2010For A. L. Chechani & Co.
Chartered Accountants**Sunil Surana**
Partner
Membership No.36093
Firm Reg.No.005341C**Ravi Jhunjunwala** Chairman
DIN No. 00060972**Arun Churiwal** Managing Director &
DIN No. 00001718 Chief Executive Officer**J. C. Laddha** Executive Director &
DIN No. 00118527 Chief Financial Officer**Surender Gupta** Company Secretary

FINANCIAL INDICATORS

(Rs. in Crore)

S.No.	Description	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
1	Gross Turnover	995.02	1,064.69	1,173.83	1,302.24	1,538.49
2	Net Turnover	959.60	1,042.00	1,167.83	1,292.55	1,530.76

1	PBIDT	100.99	116.26	121.55	76.97	193.26
2	Interest	17.95	20.71	43.75	67.99	56.82
2	PBDT	83.04	95.55	77.80	8.98	136.44
3	Depreciation (Net)	43.08	47.37	66.39	72.67	87.64
3	Surplus Depreciation Written Back		16.03			
4	(Loss) on disposal of Garment Business			(10.30)		
5	(Loss) from foreign Exchange Fluctuations	(0.95)	0.51	0.31	(31.64)	0.29
6	P B T	39.01	64.72	1.42	(95.33)	48.51
7	TAX	11.93	20.65	1.15	(31.48)	12.48
8	PAT	27.08	44.07	0.27	(63.85)	36.03

1	EPS (IN Rs.)	11.70	19.04	0.12	(28.01)	14.68
2	Equity	23.15	23.15	23.15	23.15	23.15

1	Total Capital Employed	746.99	1,227.32	1,419.76	1,312.40	1,284.55
2	Net Worth	268.03	307.15	311.55	227.30	234.23
3	Deferred Tax Liability (DTL)	34.77	47.64	47.86	15.46	17.92
4	Net Worth and DTL	302.80	354.79	359.41	242.76	252.15
5	Long Term Loans	293.93	683.82	818.76	845.39	782.17
6	Working Capital Loans	150.12	188.66	241.53	223.30	248.43
7	Unsecured Loans	0.14	0.04	0.06	0.95	1.79
8	Total Borrowings (5+6+7)	444.19	872.52	1,060.35	1,069.64	1,032.40
9	Fixed Assets (Net)	430.67	840.62	910.53	866.03	802.07
10	Investments	26.78	46.46	73.59	64.44	60.15

1	Operating Profit Margin %	10.52	11.16	10.41	5.95	12.63
2	Return on Capital Employed % (PBIT/Capital Emp.)	7.75	5.61	3.89	0.33	8.22
3	Return on Sales % (PAT/ Turnover)	2.82	4.23	0.02	(4.94)	2.35
4	Return on Net Worth %	10.10	14.35	0.09	(28.09)	15.38
5	Debt Equity Ratio	0.97	1.93	2.28	3.49	3.11
6	Interest Cover Ratio	5.63	5.61	2.78	1.13	3.40
7	Fixed Assets Cover Ratio	1.47	1.23	1.11	1.02	1.03

FINANCIAL STATISTICS

SHAREHOLDERS FUNDS AND FIXED ASSETS

(Rs. in Lac)

Year	Equity	Bonus	Reserves	Preference Shares/ Warrants	Govt. Capital Grant	Net Worth	Deferred Tax Liability (DTL)	Net Worth Including DTL	Fixed Assets (Gross)
1964-1965	37	-	5	6	-	48	-	48	101
1965-1966	44	-	7	6	-	57	-	57	138
1969-1970	44	13	64	6	-	127	-	127	189
1976-1977	66	44	356	6	-	472	-	472	703
1977-1978	66	153	305	6	-	530	-	530	773
1981-1982	75	230	419	30	-	754	-	754	1759
1990-1991	75	230	2057	30	-	2,392	-	2,392	6,157
1991-1992	75	535	2184	30	-	2,824	-	2,824	6,725
1992-1993	75	535	2305	30	-	2,945	-	2,945	7,770
1993-1994	75	535	3618	30	-	4,258	-	4,258	14,174
1994-1995	637	1,351	13,165	-	-	15,153	-	15,153	28,627
1995-1996	637	1,351	13,328	-	-	15,316	-	15,316	33,655
1996-1997	637	1,351	13,694	-	-	15,682	-	15,682	35,213
1997-1998	637	1,351	15,201	-	-	17,189	-	17,189	42,070
1998-1999	637	1,351	15,671	1,700	-	19,359	-	19,359	47,872
1999-2000	637	1,351	16,472	1,700	-	20,160	-	20,160	47,018
2000-2001	637	1,351	16,907	1,700	-	20,595	-	20,595	48,886
2001-2002	637	1,351	13,828	1,450	-	17,266	2,924	20,190	51,364
2002-2003	637	1,351	14,431	-	-	16,419	2,594	19,013	52,868
2003-2004	637	1,351	15,762	250	-	18,000	2,470	20,470	56,587
2004-2005	841	1,351	17,742	-	-	19,934	2,568	22,502	70,338
2005-2006	964	1,351	20,550	3,938	-	26,803	3,477	30,280	85,565
2006-2007	964	1,351	24,165	3,938	297	30,715	4,764	35,479	129,025
2007-2008	964	1,351	24,379	4,055	406	31,155	4,786	35,941	141,029
2008-2009	964	1,351	17,236	2,805	374	22,730	1,546	24,276	143,367
2009-2010	964	1,351	20,265	500	343	23,423	1,792	25,215	144,925

REVENUE ACCOUNTS

(Rs. in Crore)

Year	Gross Income	Variable Cost		Value Added	PBIDT	Interest	PBDT	Dep. (Net)	PBT	PAT
		Raw Material	Pkg. Cost							
1963-64	1.07	0.67	0.02	0.38	0.18	0.06	0.12	0.04	0.08	0.08
1973-74	10.99	6.25	0.16	4.58	1.17	0.34	0.83	0.23	0.60	0.60
1983-84	69.67	43.62	0.64	25.41	5.36	1.81	3.55	1.20	2.35	2.20
1993-94	224.31	115.01	3.01	106.29	30.60	10.80	19.80	4.25	15.55	14.68
1994-95	297.75	146.75	4.80	146.20	47.11	14.71	32.40	7.43	24.97	24.12
1995-96	381.17	194.23	7.45	179.49	51.58	22.28	29.30	23.83	5.47	5.45
1996-97	382.14	161.68	6.75	213.71	64.41	28.39	36.02	26.77	9.25	8.04
1997-98	402.62	153.76	6.13	242.73	74.74	24.25	50.49	28.01	22.48	20.54
1998-99	420.74	168.18	6.56	246.00	77.59	32.16	45.43	34.54	10.89	9.76
1999-2000	488.84	212.64	7.65	268.55	86.51	32.45	54.06	39.44	14.62	14.56
2000-2001	520.48	234.93	7.61	277.94	77.81	28.74	49.07	38.75	10.32	10.01
2001-2002	468.07	212.23	6.92	248.92	66.60	24.58	42.02	39.79	2.23	5.20
2002-2003	505.63	229.01	7.44	269.18	70.12	22.26	47.86	42.22	5.64	8.74
2003-2004	652.69	333.87	9.46	309.36	70.53	14.02	56.51	42.81	13.70	9.00
2004-2005	779.12	434.47	12.51	332.14	73.26	11.88	61.38	35.14	26.24	18.41
2005-2006	994.09	545.70	15.17	433.22	100.99	17.95	83.04	43.08	39.96	27.08
2006-2007	1,067.85	590.23	17.00	460.62	116.26	20.71	95.55	*31.34	64.21	44.07
2007-2008	1,237.25	708.02	20.70	508.53	121.55	43.75	77.80	66.39	11.41	0.27
2008-2009	1,290.22	775.21	19.81	495.20	76.97	67.99	8.98	72.67	(63.69)	(63.85)
2009-2010	1,559.57	871.48	20.99	667.10	192.97	56.82	136.15	87.64	48.51	36.03

*Net of Rs.16.03 crore written back

TURNOVER DATA

Qty. : Yarn - Tonnes Per Unit : Rs. / Kg.
 Fabric - Lac Mtrs. Per Unit : Rs. / Meter
 Garments - Lac Pcs. Per Unit : Rs. / Pcs.
 Waste - Tonnes Per Unit : Rs. / Kg.

Value : Rs. in Crore

S.No.	Description	2007-2008			2008-2009			2009-2010		
		Qty.	Per Unit	Value	Qty.	Per Unit	Value	Qty.	Per Unit	Value
A.	Yarn Sales									
1	Domestic	38303	123.45	472.83	49361	143.06	*706.16	45353	167.22	758.40
2	Export	47616	117.40	559.00	29753	122.68	365.00	39050	135.34	528.48
	TOTAL	85918	120.09	1,031.83	79114	135.39	1,071.16	84402	152.47	1,286.88
B.	Fabric Sales									
1	Domestic	82.17	103.77	85.27	184.64	97.23	179.52	176.30	103.93	183.24
2	Export	27.71	80.40	22.28	25.46	97.84	24.91	37.38	101.25	37.85
	TOTAL	109.88	97.88	107.55	210.10	97.30	204.43	213.68	103.46	221.08
C.	Garments Sales									
1	Domestic	1.36	136.76	1.86	0.03	166.67	0.05	0.06	178.19	0.10
2	Export	1.54	242.86	3.74	0.00	-	-	0.18	209.89	0.37
	TOTAL	2.90	193.10	5.60	0.03	166.67	0.05	0.23	202.30	0.47
D.	Waste Sales									
1	Domestic Sales	5446	21.10	11.49	5721	23.83	13.63	4988	22.33	11.14
2	Export Sales	286.00	49.30	1.41	300	57.66	1.73	-	-	-
	TOTAL	5732	22.51	12.90	6021	25.51	15.36	4988	22.33	11.14
E.	Job & Processing Charges									
	GRAND TOTAL			1,173.83			1,302.24			1,538.49

* Include Captive & Standby Power

YARN PRODUCTION

(Qty. in Tonnes)

S.No.	Description	2008-2009							2009-2010						
		KGM	BSW	MANDPAM	RTD	RINGAS	OTHERS	TOTAL	KGM	BSW	MANDPAM	RTD	RINGAS	OTHERS	TOTAL
1	Polyester Viscose	14145	10666	-	3019	7306	-	35136	18644	11550	-	2841	6604	-	39639
2	100% Cotton	-	7567	6514	-	-	1226	15307	-	7741	8543	-	-	750	17034
3	100% Polyester	4777	3193	-	7455	311	-	15736	2279	2365	-	6038	206	-	10888
4	100% Viscose	283	322	-	2554	217	-	3376	1191	1034	-	5268	605	-	8098
5	Polyester Cotton	72	7950	984	3	-	-	9009	-	8739	1124	-	-	-	9863
6	Acrylic	137	44	-	-	24	-	205	119	46	-	37	60	-	262
	Total	19414	29742	7498	13031	7858	1226	78769	22233	31475	9667	14184	7475	750	85784

DISTRIBUTION OF SHARE HOLDING

No. of Ordinary Shares Held	No. of Shareholder	
	31.03.2009	31.03.2010
	%	%
1 TO 500	88.71	89.03
501 TO 1,000	5.47	5.48
1,001 TO 10,000	4.87	4.67
10,001 & Above	0.95	0.82
	100.00	100.00

EQUITY GROWTH

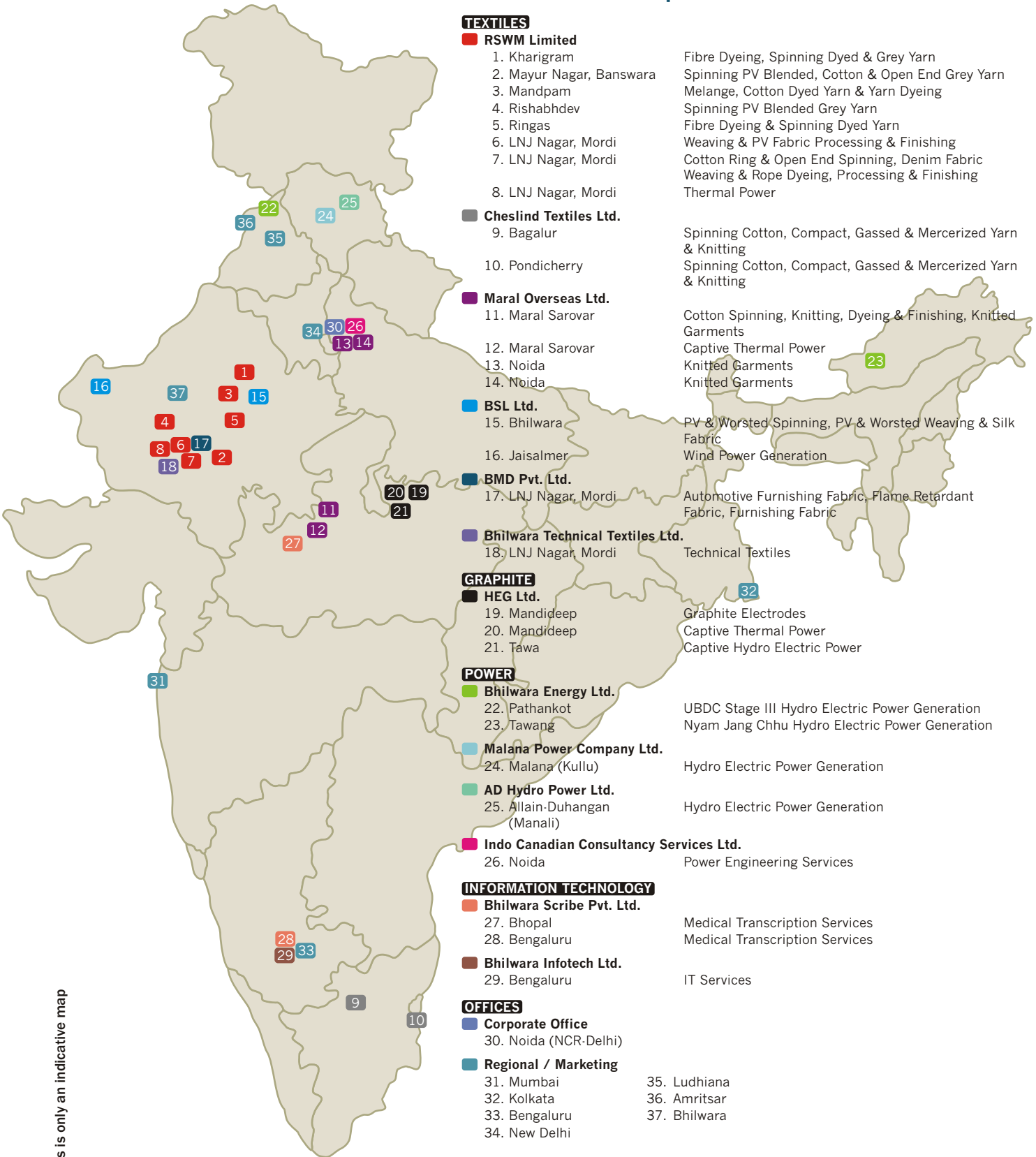
(In lac Shares) (All figures as on 31st March)

	1962	1965	1970	1973	1977	1978	1982	1991	1995	2005	2006
Original & First Issue	2.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40
Bonus Issue	-	-	1.30	4.40	4.40	15.40	22.97	53.47	135.14	135.14	135.14
Institutional Conversion	-	-	-	-	2.20	2.20	3.13	3.13	3.13	3.13	3.13
Preferential Issue	-	-	-	-	-	-	-	-	20.67	41.03	41.03
Private Placement	-	-	-	-	-	-	-	-	35.50	35.50	35.50
Amalgamation	-	-	-	-	-	-	-	-	-	-	12.29
Total	2.40	4.40	5.70	8.80	11.00	22.00	30.50	61.00	198.84	219.20	231.49

CATEGORIES OF SHAREHOLDERS

Category	No. of Share holders		Voting Strength %		No. of Shares held	
	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010
Individuals	13,543	12,906	31.51	29.69	7,294,753	6,871,581
Companies	474	435	31.53	32.43	7,298,358	7,506,758
Govt. & Public Financial Institutions	11	11	7.58	7.58	1,755,624	1,755,624
Bank, Mutual Funds & Trusts	19	20	0.15	0.15	33,502	33,531
FFIs	6	3	1.34	0.99	311,150	229,454
NRIs/OCB	176	166	27.56	28.20	6,378,453	6,528,345
Clearing Member	60	155	0.33	0.96	76,849	223,396
Total	14,289	13,696	100.00	100.00	23,148,689	23,148,689

LNJ Bhilwara Group



TEXTILES

RSWM Limited

1. Khariagram
2. Mayur Nagar, Banswara
3. Mandpam
4. Rishabhdev
5. Ringas
6. LNJ Nagar, Mordī
7. LNJ Nagar, Mordī
8. LNJ Nagar, Mordī

Fibre Dyeing, Spinning Dyed & Grey Yarn
 Spinning PV Blended, Cotton & Open End Grey Yarn
 Melange, Cotton Dyed Yarn & Yarn Dyeing
 Spinning PV Blended Grey Yarn
 Fibre Dyeing & Spinning Dyed Yarn
 Weaving & PV Fabric Processing & Finishing
 Cotton Ring & Open End Spinning, Denim Fabric
 Weaving & Rope Dyeing, Processing & Finishing
 Thermal Power

Cheslind Textiles Ltd.

9. Bagalur
10. Pondicherry

Spinning Cotton, Compact, Gassed & Mercerized Yarn & Knitting
 Spinning Cotton, Compact, Gassed & Mercerized Yarn & Knitting

Maral Overseas Ltd.

11. Maral Sarovar
12. Maral Sarovar
13. Noida
14. Noida

Cotton Spinning, Knitting, Dyeing & Finishing, Knitted Garments
 Captive Thermal Power
 Knitted Garments
 Knitted Garments

BSL Ltd.

15. Bhilwara
16. Jaisalmer

PV & Worsted Spinning, PV & Worsted Weaving & Silk Fabric
 Wind Power Generation

BMD Pvt. Ltd.

17. LNJ Nagar, Mordī

Automotive Furnishing Fabric, Flame Retardant Fabric, Furnishing Fabric

Bhilwara Technical Textiles Ltd.

18. LNJ Nagar, Mordī

Technical Textiles

GRAPHITE

HEG Ltd.

19. Mandideep
20. Mandideep
21. Tawa

Graphite Electrodes
 Captive Thermal Power
 Captive Hydro Electric Power

POWER

Bhilwara Energy Ltd.

22. Pathankot
23. Tawang

UBDC Stage III Hydro Electric Power Generation
 Nyam Jang Chhu Hydro Electric Power Generation

Malana Power Company Ltd.

24. Malana (Kullu)

Hydro Electric Power Generation

AD Hydro Power Ltd.

25. Allain-Duhangan (Manali)

Hydro Electric Power Generation

Indo Canadian Consultancy Services Ltd.

26. Noida

Power Engineering Services

INFORMATION TECHNOLOGY

Bhilwara Scribe Pvt. Ltd.

27. Bhopal
28. Bengaluru

Medical Transcription Services
 Medical Transcription Services

Bhilwara Infotech Ltd.

29. Bengaluru

IT Services

OFFICES

Corporate Office

30. Noida (NCR-Delhi)

Regional / Marketing

- | | |
|---------------|--------------|
| 31. Mumbai | 35. Ludhiana |
| 32. Kolkata | 36. Amritsar |
| 33. Bengaluru | 37. Bhilwara |
| 34. New Delhi | |

This is only an indicative map



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL



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