



Passion to excel

RSWM Limited | Annual Report 2010-11



A TRUSYS PRODUCT • info@trusys.com



Registered Office:
Kharigram, P.O.: Gulabpura - 311 021
Dist.: Bhilwara (Rajasthan), India.
website: www.rswm.in/www.lnjbhilwara.com





The LNJ Bhilwara Group

- Established in 1961
- A USD 1 billion conglomerate
- Among the leading business groups in India
- Diversified interests in textiles, graphite electrodes, power generation, power engineering, ITes and consultancy services
- Promoted by Shri L. N. Jhunjunwala.

Pioneering pedigree

- Possesses India's second-largest spindle capacity
- Largest Indian producer and exporter of polyester/viscose blended yarn
- Provides largest range in grey, dyed and mélange yarn
- Possesses the world's largest single-location plant for graphite electrodes with an installed capacity of 66,000 TPA
- Commissioned India's first hydropower project financed by the International Finance Corporation, Washington
- Emerges as the first merchant power producer in India's hydro sector

Awards and recognition

- Winner of the SRTPEC (The Synthetic and Rayon Textiles Export Promotion Council) award for exports for the last 17 years - a record in the Indian textiles space, and Rajiv Gandhi National Quality Award (RSWM Ltd.)
- Recipient of the CAPEXIL award for 19 consecutive years and the prestigious Rajiv Gandhi National Quality award (HEG Ltd.)
- Awarded the Greentech Environment Excellence Award (Malana Power Company Ltd.)

50 glorious years
A journey that began in 1961 with a single textile unit in the lesser known of Bhilwara, Rajasthan, has over five decades, resulted in one of India's leading business conglomerates, firmly established in the global space.

Group statistics

Number of companies	Number of manufacturing facilities	Human capital
14	24	25,000
March 31, 2011	March 31, 2011	March 31, 2011

Business verticals

Textiles

- The Group manufactures India's largest range of yarns through six companies
- Its fabrics include polyester, denim, worsted, automotive fabric and technical textiles, among others
- RSWM Ltd is the flagship of the business and the Group
- Other business entities include BSL Ltd, Maral Overseas Ltd, BMD Pvt. Ltd, Chesind Textiles Ltd and BTTL Ltd

Metric	2010-11	2009-10
Sales	3,166	2,450
EBIDTA	503	323
Profit after tax	174	63
Capital employed	2,384	2,075

Graphite electrodes

- The Group operates in this business through HEG Ltd., India's leading manufacturer and exporter of graphite electrodes
- The Group is one of the lowest cost producers of graphite electrodes in the world, with a strong presence in the value-added ultra high power (UHP) segment

Metric	2010-11	2009-10
Sales	1,300	1,279
EBIDTA	262	354
Profit after tax	129	171
Capital employed	1,092	915

Power

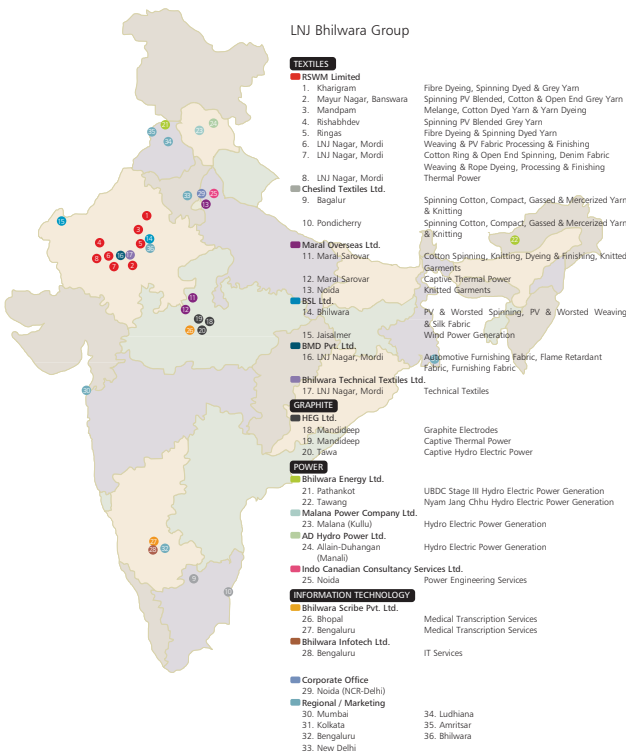
- The Group possesses expertise in thermal and hydropower generation with an installed capacity of 412 MW in India (120 MW for thermal and 292 MW for hydropower) and power consultancy
- It provides 100% of its power requirements
- The Group has five companies in this vertical - Bhilwara Energy Ltd, Malana Power Company Ltd, AD Hydro Power Ltd, NHPL and ICCS Ltd.

Metric	2010-11	2009-10
Sales	241	215
EBIDTA	119	181
Profit after tax	(79)	98
Capital employed	3,518	3,335

ITes

- The Group has two companies in this business vertical, Bhilwara Infotech Ltd and Bhilwara Scribe Pvt. Ltd
- The Group provides IT consultancy and healthcare BPO services

Metric	2010-11	2009-10
Sales	19	13
EBIDTA	3	2
Profit after tax	2	(4)
Capital employed	7	4



This is an indicative map only.



In 50 years, RSWM has emerged as ...

- An organisation that put Rajasthan on the global textile map
- A company that pioneered a number of innovative yarns
- A proactive corporate that invested in cutting-edge technology in what was considered a legacy business
- The largest yarn exporter (polyester/viscose) and synthetic yarn producer in India.

Driven by three words. Passion to Excel.

Passion to excel



Contents

RSWM Limited | Annual Report 2010-11

03

Corporate information
Key data about the corporate

04

Corporate identity
An insight into the corporate and its business

06

2010-11 in retrospect
A snapshot of the Company's achievements in 2010-11

20

Chairman's statement
An insight into the strategic direction of the Company going forward

22

Statement from the Managing Director
A reflection on the Company's superior performance in 2010-11

24

Management discussion and analysis
A detailed discussion on the sector, business operations and financial health of the Company

42

Directors' Report
A report from the Board on the Company's performance and outlook

50

Corporate Governance
A report on the governance practices in the Company

58

Additional Shareholder Information
Information detailing the communication with shareholders

63

Standalone financials
Detailed statements highlighting the Company's financial health

93

Consolidated financials
Detailed statements highlighting the financial health of the conglomerate

112

Financials indicators
A snapshot of the financials – absolutes and derivatives – over the last six years

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. Choudhury	Director
N. Shankar	Director (Nominee, EXIM Bank)
J. C. Laddha	Executive Director

KEY EXECUTIVES

Corporate Office

Prakash Maheshwari	Chief Executive (Corporate Management Services)
B. M. Sharma	Chief Financial Officer
T. Dev Joshi	President (Corporate HR & OD)
M. L. Jhunjhunwala	President, Mumbai

Business Heads

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

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 Mysore
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)
- LNJ Nagar, Mordī, P.O. Banswara – 327 001, 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

RSWM Limited.

Among India's leading quality yarn producers.

Vision
Innovating
W arps and
e fts to
rap the
orld

Mission

Global leadership: We will strive to attain global leadership by positioning our finest and diverse products worldwide.

Co-prosperity: We will strive to achieve success that is mutually beneficial for our customers, employees and society.

Innovation: We will strive to innovate new trends and products in the textile industry.

Integrity and ethics: We will strive to grow and achieve our goals with integrity.

Excellence: We will strive to achieve excellence in everything we do.

Identity

- Promoted by Shri L. N. Jhunjhunwala in 1961, RSWM is the flagship company of the ₹4,739 crore (USD1 billion) LNJ Bhilwara Group.
- RSWM produces a variety of yarn, (grey, melange and dyed), fabric (suitings and shirtings marketed under the prominent 'Mayur Suitings' brand) and denim.
- RSWM's operations are carried out across seven state-of-the-art manufacturing facilities in Rajasthan. Its products find acceptance pan-India and across 70 countries.
- RSWM is headquartered in Noida (NCR, Delhi), India. Its equity shares are listed on the Bombay and National Stock Exchanges.

Snapshot

Promoter's holding

51.44%

31st March, 2011

Human capital

13,261
members

31st March, 2011

Revenue

₹
1,974
crore

2010-11

EBIDTA

₹
334
crore

31st March, 2011

Profit after tax

₹
123
crore

2010-11

Enterprise value

₹
1,500
crore

31st March, 2011

Market capitalisation

₹
330
crore

31st March, 2011

A passion to excel translates into robust performance

2008-09	1,293	2008-09	77	2008-09	(64)
2009-10	1,531	2009-10	193	2009-10	36
2010-11	1,951	2010-11	334	2010-11	123
Net sales (₹ crore)		EBIDTA (₹ crore)		Profit after tax (₹ crore)	
2008-09	(28.01)	31-Mar-09	74	2008-09	129
2009-10	14.68	31-Mar-10	99	2009-10	147
2010-11	53.08	31-Mar-11	134	2010-11	122
Earning per share (₹)		Book value (₹)		Operating cash flow (₹ crore)	

2010-11 in retrospect

Robust growth (2010-11 vis-à-vis 2009-10)

Revenue growth	EBIDTA growth	Profit after tax growth	Cash profit growth
27.53%	73.13%	241.27%	91.99%

Robust growth (2010-11 vis-à-vis 2009-10)

EBIDTA margin increase	Net margin increase	Earning per share growth	Book value per share growth
445 bps	390 bps	261.58%	35.35%

Shop floor operations

- Increased production across all our business divisions
- New product development trended towards value-added products across all our business verticals
- Chelsind, a subsidiary, registered a turnaround - from a ₹3.21 crore loss in 2009-10 to a net profit of ₹11.73 crore in 2010-11

Market place

- Market dynamics and a focus on value-added products increased per unit realisations across all our business divisions
- Expanded our global footprint across most products
- Added global, brand-enhancing clients in the denim division

Board room

- Proposed a final dividend of ₹5 per share, resulting in a total dividend payout of ₹15 per share

Competitive advantage

Experience: RSWM has a five decade-rich experience in the textile segment, having been through industry troughs and crests

Capacity: RSWM has a large yarn making capacity across diverse locations, meeting customer aspirations with ease.

Product range: RSWM provides a variety of yarns (cotton, polyester and viscose) including specialty, functional, technical and eco-friendly yarn, resulting in an ability to service diverse customer needs at a single stop.

Integration: RSWM climbed the value chain from basic yarn to fabric and high-end denim fabric, boosting value and business profitability.



Technology: RSWM houses state-of-the-art technology and world-class skills to manufacture products conforming with stringent international norms.

Quality: RSWM adopts institutionalised globally-benchmarked processes across its value chain from raw material management to finished goods.

Innovation: RSWM is credited with the introduction of unique products in the Indian textile industry.

Reach: RSWM maintains a prudent balance between a dominant domestic position and an expanding global footprint (over 70 countries).

Customer relations: RSWM offers customers a superior price-value proposition in terms of product diversity, customisation and service.



Culture: RSWM's ethics, values and respect for human capital enables it to forge bonds with its workforce, while attracting skilled talent.



Passion to excel

capacity

At RSWM, our passion to excel is reflected in our ability to expand our production capacity every single year over the last 50 years.



9%

Growth in yarn production
(CAGR over the last decade)

This has been the result:

- We grew from a single to a seven manufacturing locational presence
- We grew our capacity from 1,31,376 spindles in 2000-01 to 3,36,608 spindles in 2010-11; an average 20,523 spindles were added every year across the last decade (36,624 spindles in 2010-11)

- We modernised our equipment even as we expanded; investing in superior, technologically-efficient equipment with every successive expansion.

In doing so, we positioned ourselves as a dominant Indian yarn producer.

Going ahead, we expect to add 3,50,000 spindles (70,000 spindles in 2011-12) up to 2016 for a cumulative investment of ₹1,500 crore.

Passion to excel

quality

At RSWM, our passion to excel is reflected in an ability to enrich our gross block with cutting-edge technology over the last 50 years.



3 years

Recipient of the Rajiv Gandhi
National Quality Award

- We sourced sophisticated spinning equipment (spindles and rotors) from leading global textile machinery manufacturers
- We were among the first textile companies to practice TQM (total quality management) since 1997; we created a quality assurance team at every location, supported by world-class equipment to undertake relevant quality assurance tests
- We invested in a 46-MW captive power plant, providing uninterrupted power and ensuring a consistent production of quality products

- We operated our equipment at optimum speeds, resulting in superior product quality, earning respect and premium from discerning customers
- We invested about ₹2 crore in strengthening our quality assurance capability over the three years leading to 2010-11

In doing so, our customer list comprises leading global and Indian textile customers and we enjoy relations of over a decade with our top-10 customers.

Going ahead, we will enhance our equipment with unique online quality management techniques to produce internationally benchmarked quality products.



Passion to excel

novel

At RSWM, our passion to excel is reflected in the periodic introduction of new products over the last 50 years.



137

Products commercialised in the three years leading to 2010-11

- We are among India's largest melange yarn (mix of different fibres creating unique textures) manufacturers. Our globally benchmarked infrastructure allows us to manufacture international quality melange yarn (0.25% to 95% dyed yarn)
- We possess the exclusive right to spin tencel yarns in India
- We created a comprehensive product basket comprising specialty, functional, technical and eco-friendly yarns, utilising nano-technology and biotechnological fibres
- We commercialised 11 products in 2010-11 comprising the following:
 - Yarn from special materials like bamboo, soya, modal for knitting and weaving in apparel manufacturing
 - Fancy yarns using special material like filasiya and sparkle in injection slub

Yarn for technical textiles that are flame-retardant and hygienic (anti-bacterial, anti-microbial, anti-odour, recycled poly and bamboo soyabean yarn)

- We invested in a sophisticated R&D center with spinning and dyeing facilities to shrink the time-to-market; over three years, we invested ₹2 crore in strengthening our innovation capabilities
- We launched the natural stretch yarn with advantages covering easy care, excellent fitting, better comfort, lower shrinkage during washing or ironing and good dyeing speed, a first in India

In doing so, about 10% of our revenues in 2010-11 accrued from products launched in the preceding three years (leading to 2010-11).

Going ahead, our research team is working on five unique yarns, expected to be commercialised in 2011-12.

Passion to excel

presence

At RSWM, our passion to excel is reflected in the addition of new geographies covered by us every single year over the last 50 years.



17 years

RSWM received the SRTEPC Award for exports consistently for this duration – a unique recognition for any Indian textile industry player.

- We established our international presence as early as 1985-86; we now export to more than 70 countries
- We received global certifications for some of our manufacturing facilities:
 - All our spinning units are Oeko Tex-certified (certifying protection from harmful substances)
 - Two units are certified with the Central Union (GOTs and OE products)
 - Two units received the Fair Trade certification from FLO-CERT, Germany
 - Two units possess the SA-8000:2008 watermark by BSI Management Systems approved by SAI, USA
- We established a strong presence in advanced economies comprising Germany, Italy and Portugal (accounted for 17% of our exports in 2010-11)

- We established our presence in five new countries namely Armenia, Indonesia, Russia, Canada and Sri Lanka in 2010-11 (accounted for 600 mt of the total yarn offtake, 2010-11)
- We earmarked 15% of our production for green textiles, marketed to renowned global brands in Belgium, Germany, Spain, the US and the UK.

In doing so, we emerged as India's largest polyester viscose yarns exporter with volumes growing by about 170% (50% of our total yarn offtake) in 2010-11. Around 35% of our exports comprised value-added products during the period.



Passion to excel

cost

At RSWM, our passion to excel is reflected in our ability to reduce operating costs across the last 50 years.



₹1,500 crore

Estimated capex over the coming years that will strengthen our economies of scale

- We increased the utilisation of re-cycled and eco-friendly fibres to replace virgin fibres
- We institutionalised a policy of procuring our annual raw material needs during the peak supply season at relatively low costs combined with economical import costs
- We created a centralised sourcing team to optimise the procurement of key inputs, consumables, stores and spares; we utilised the reverse auction process on an e-sourcing platform to attract the best sourcing deals

- We procured power through IEX, rationalising our costs; we undertook a number of energy-saving initiatives to optimise energy consumption
- We installed sophisticated and automated machines, reducing manpower intensity; spindles managed per person increased from 20 in 2005-06 to 26 in 2010-11

In doing so, we earned superior returns. Going ahead, our substantial ₹1,500 crore capex over the coming years will strengthen our economies of scale.

Passion to excel

values

At RSWM, our passion to excel is reflected in our long-term strategy woven around a robust value system that enhances value for all our stakeholders.



USD1_{bn}

Our Lakshya revenue target by 2016



Creativity: We will ensure best-in-class processes and continuous improvement that provides scalability and high-quality products at optimum costs by adopting innovative solutions and practices.

Teamwork: We will operate as a high performing team; thinking and working together across cross-functional silos, hierarchies and businesses. We will take pride and ownership in our work and support each other to achieve organisational goals.

Passion to win: We will demonstrate a compelling desire to improve and win in the marketplace through a relentless pursuit of goals and objectives, with the highest levels of energy and enthusiasm, and to be recognised as an industry leader.

Commitment to environment: We will demonstrate responsibility and sensitivity towards the environment and the communities in which we operate. We will uphold the highest standards of health and safety.

Spiritual and personal growth: We will strive to continuously work towards our spiritual and personal development in order to achieve our personal aspirations which are in the organisation's interest.

In doing so, our growth will be more wholesome; each stakeholder will benefit from the organisation's growth and vice versa.

From the helm

“Our passion to excel: We will endeavour to sustain our growth momentum through volume-led and value-driven initiatives.”

Chairman, Ravi Jhunjunwala, highlights the road ahead

Dear friends

AS WE STEP INTO OUR 50TH YEAR, MY EXCITEMENT STEMS FROM UNPRECEDENTED OPPORTUNITIES.

From a macro perspective: China is likely to grow at 6.9% over two decades while India is likely to grow at an average of 9.3% over the same period (*Source: Standard Chartered*) to reach an estimated USD30 trillion in size by 2030. It has been our experience that rapid national expansion inevitably translates into high growth of a number of downstream sectors.

Affluence: Credible estimates suggest that India's normal private final expenditure could rise from USD790 billion to USD3.6 trillion by 2020, based on the following realities: More than doubling of median household income to about USD8,000 by 2020, near-doubling of India's middle-class and upper-middle class households to 110 million by 2020, addition of 70 million workers over five years and India's emergence as the largest and youngest working-age country.

Rural boom: India's rural middle-class is expected to grow significantly, benefiting from a shift in farm to non-farm income, the trickle-down benefit

of government schemes, increased savings and a larger share of discretionary spending.

These initiatives are expected to translate into increased fabric offtake over the foreseeable future.

Medium-term outlook

India is expected to emerge as a dominant global yarn player (cotton and man-made fibre).

Cotton yarn: The global textiles manufacturing industry shifted to Asia due to significant cost savings arising from abundant cotton production and attractive wage arbitrage. Earlier, India, China, Bangladesh and Pakistan dominated the global cotton textiles market, but the focus is now shifting to India. India is one of the few cotton-surplus countries, driven primarily by an increase in acreage and yield growth, following a higher BT cotton penetration (about 90%).

Man-made fibre yarn: Credible estimates suggest that MMF consumption will increase at a 7% CAGR between 2010 and 2014, due to a widening price differential between cotton yarn and MMF yarn. The ratio of

cotton yarn prices to MMF yarn prices increased to 1.7x in 2010 compared with the average range of 1.2x (in the past decade), which could result in increased substitution. The Indian domestic fibre consumption ratio stood at 41:59 (FY09) in favour of cotton compared with about 60:40 globally. The global fibre consumption trend is likely to tilt in favour of MMF on account of limited cotton acreage. India is the second-largest global producer of MMF.

Denim: Denim production capacity is expected to grow 12% annually from 640 million metres to 1,130 million metres by 2015. The denimwear market is expected to grow from USD1 billion to USD2.1 billion by 2015, catalysed by demographics and urbanisation.

Fabric: Global textile trade is expected to grow from USD510 billion in 2009 to USD1,000 billion by 2020 (*Source: McKinsey*). The Indian textiles industry is expected to more than triple from USD70 billion (USD47 billion domestic and USD23 billion exports) in 2009 to USD220 billion (USD140 billion domestic and USD80 billion exports) by

2020, with a corresponding increase in global market share from 4.5% to 8%.

Medium-term strategy

Our LAKSHYA 2016 target should make us a USD1 billion conglomerate. We are attractively placed for this to happen: We enjoy a 35% share of the polyester yarn segment and a dominant position in yarn exports (including special high-value yarns). We are investing ₹1,500 crore in capacity expansion (largely yarn); we expect to add sophisticated spinning equipment that will take our spindle capacity to 700,000, retaining our position as India's second-largest



700,000

We expect to add sophisticated yarn-making equipment, taking our spindle capacity to 700,000 (by 2016), retaining our position as India's second-largest spinning sector company.

spinning company (70,000 additional spindles to commence operations in 2011-12). We will enhance our denim installed capacity from 14 million metres per annum to about 18 million metres per annum and expect to commission a spinning facility dedicated to denim manufacture, strengthening our integration and

profitability.

We believe that this blueprint will graduate the Company into a truly global enterprise over the foreseeable future.

Ravi Jhunjunwala
Chairman

China	Bangladesh	Pakistan
Spinners were granted a rebate of 15-20%, now revoked	The government reduced focus on the power-intensive spinning sector	Political turmoil could impact consistent supply
Technology upgradation increased wage and capital costs	The abolished international quota system is likely to impact cotton fabric and garment export	Much of the yarn is consumed for garment export

"We are confident of meeting all challenges of the changing textile scenario."

Arun Churiwal, Managing Director, reflects on the Company's superior performance in 2010-11



₹333.94 crore

The EBITDA registered by the Company in 2010-11 against ₹192.88 crore in 2009-10.

Dear Shareholders,

THE YEAR 2010-11 WAS AMONG THE BEST IN FIVE YEARS DUE TO A COMBINATION OF VARIOUS FACTORS. THE RESULT WAS THAT REVENUES GREW 27.53%, EBITDA 73.13% AND NET PROFIT 241.27%. WE STRENGTHENED OUR EBITDA MARGIN BY 445 BPS, RESULTING IN A VOLUME-VALUE IMPROVEMENT OVER THE PREVIOUS YEAR.

Our place in the sun

On the one hand, an economic revival in the advanced economies strengthened cotton yarn demand; on the other, cotton fibre became globally scarce following crop failure in the US and China (largest producers), while supply from Pakistan declined. A combination of these circumstances

pitchforked India as a prominent global sourcing base, following a bumper crop production of 312 lac bales in 2010-11 as against 296 lac bales in 2009-10, and the country capitalised on more than a 50% rise in yarn realisations. RSWM was at the right place at the right time, timing capacity addition (36,624 spindles) with the improved industry scenario in 2010-11, resulting in record earnings.

Other number drivers

Additionally, there was an increase in earnings from the spinning unit, RSWM reported improved working across its other businesses as well in 2010-11:

- The denim unit recorded a ₹35.85 crore EBITDA against ₹16.93 crore in 2009-10, primarily due to an

increased share of value-added products in its sales mix (from 2.89% in 2009-10 to 28.25%; increase in exports from 8.96% of revenues in 2009-10 to 62.36%).

- The fabric division registered an EBITDA of ₹15.82 crore against ₹10.32 crore in 2009-10.
- The subsidiary (Cheslind Textiles) posted an EBITDA of ₹31.91 crore against an EBITDA of ₹16.39 crore in the previous year

The current year

After unprecedented earnings, maintaining the same margins in the yarn business will be a challenge as cotton yarn prices have moderated from their erstwhile peaks. Raw cotton

prices are also expected to decline significantly; spinners will purchase cotton fiber only to cover their daily near term requirements and it is only when cotton prices stabilise, then supplies are expected to increase.

This aberration notwithstanding, we will continue to strengthen, as our newly-commissioned capacities will generate sizeable volumes and new products launched in 2010-11 are likely to find new markets. Our launch of natural stretch yarn is expected to accelerate the offtake of value-added yarns, leveraging a strategic alliance with DuPont to exclusively produce natural stretch yarns under the DuPont Sorona brand. Besides, the Company expects to add 70,000 spindles in

2011-12 with an objective to reach 700,000 spindles by 2016.

Following the denim business turnaround in 2010-11, we will focus on international customers and double the global share of this business to about 50% of our overall revenues. We added two globally-respected denim brands (Diesel and Zara), expected to generate sizeable business volumes from 2011-12 onwards. We developed two unique products for Levis Global, emerging as India's only supplier.

The fabric business is also expected to sustain growth following a stronger distribution network, which will facilitate seamless material flow into Tier-II and III Indian cities.

At RSWM, this is only the beginning of our next growth phase, as our stable business model enhances shareholder wealth through value-accretive initiatives.

Warm regards,

Arun Churiwal
Managing Director

Management discussion and analysis



Economic scenario

Global economy

The global economy grew at a robust 4.8% in 2010 against (2.9%) in 2009. Both advanced and emerging economies contributed to this recovery.

Advanced economies sustained their moderate growth, owing to stronger-than-expected consumption in the US and Japan. Private consumption, which fell sharply during the crisis, revived in the advanced economies. Growth in emerging and developing economies was buoyed by private demand, accommodative policy stances and resurgent capital inflows.

However, pockets of vulnerability persisted; real estate markets and household incomes remained weak in some advanced economies. Financial turbulence re-emerged in Europe in the last quarter of 2010. Concerns about

banking sector losses and fiscal sustainability – triggered by the situation in Ireland – led to an unprecedented widening of spreads in these countries. Funding pressures reappeared (to a lesser extent), the key difference being that their spillover to other countries was limited.

Natural disasters – floods, earthquakes and droughts, among others – took a massive toll on human life, resulting in wealth erosion.

Global GDP is projected to increase by 3.3 and 3.6% during 2011 and 2012, with developing economies expanding by 6% or more each year, more than twice the 2.4 and 2.7% growth expected for high-income countries. Unfortunately, these growth rates are unlikely to eliminate unemployment and slack in the hardest-hit economies

and sectors.

Growth in high-income and developing countries is expected to be slower in 2011, reflecting the slowdown already observed in the second half of 2010 before gaining momentum towards mid 2011 and settling at rates close to their longer run potential.

The recovery is likely to be supported by capital flows to developing countries in 2011 and 2012. However, carry-trade flows are expected to decline, as monetary policies tighten in high income countries and interest rates rise. As a result, total inflows to developing countries will rise less quickly at just over 10% in 2011 and under 5% in 2012.

Indian economy

India's GDP grew at a healthy 8.6% in 2010-11 (8.0% during 2009-10),

primarily driven by a significant rise in contribution by the agriculture sector. This resulted in record FII inflows and a revival in domestic investor confidence. Net capital inflows increased USD13.7 billion to reach USD36.7 billion as on 31st March, 2010; foreign exchange reserves grew USD20 billion to USD305.49 billion.

The index for six core industries

(comprising crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel), with a weight of 26.68% in the Index of Industrial Production (IIP), grew by 5.6% during April 2010 to January 2011, compared with a growth of 5.5% during the corresponding period in 2009-10.

Given the strong underlying

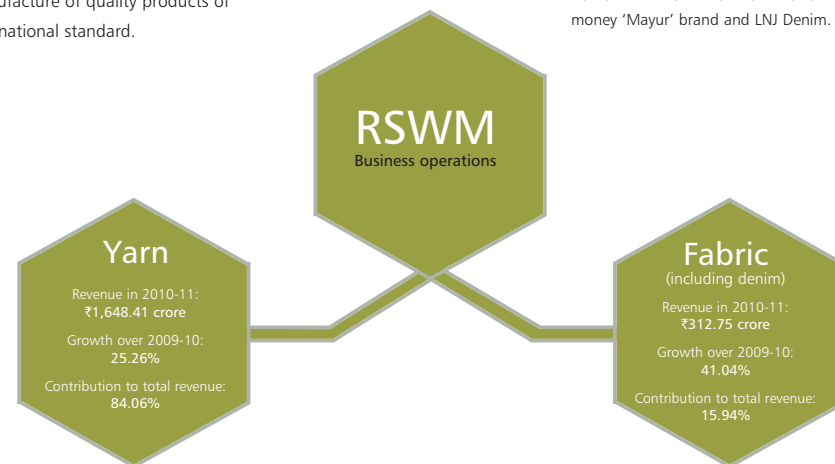
momentum, a sustained increase in services sector growth, normal agricultural output and strengthening private consumption demand are expected. Further, a substantial government thrust on infrastructure is expected to sustain growth, propelling the industrial sector. GDP is expected to grow 8-8.5% during 2011 as private demand gathers momentum.

Business operations

RSWM is a leading player in the yarn and fabric businesses, with its operations conducted across eight locations in Rajasthan. Periodic investments in cutting-edge technology and skills enabled the manufacture of quality products of international standard.

Yarn: The Company is a dominant player in the Indian yarn space with a wide product range, comprising grey, dyed and mélange yarns. Its focus is on developing unique yarns that grow the market size and share and on delivering high-quality yarn to discerning weavers.

Fabrics: The Company possesses a comprehensive product mix comprising an extensive fabric range for classic formal and semi-formal wear. This includes unique blends (polyester viscose in different yarn counts), shades and finishes. The fabric is sold in the domestic market under the value-for-money 'Mayur' brand and LNJ Denim.



Business division 1



Yarn

Installed capacity (number of spindles)	Production (MT per annum)	Customers	Revenue (₹cr)
3,36,608	93,913	1,235	1,648.41
31st March, 2011	2010-11	31st March, 2011	31st March, 2011

Highlights, 2010-11

Shop floor	Market place	Product development
<ul style="list-style-type: none"> Production grew 9.48% from 85,784 MT in 2009-10 to 93,913 MT Expanded capacity from 2,98,208 spindles as on 31st March, 2010 to 3,36,608 spindles as on 31st March, 2011 	<ul style="list-style-type: none"> Increased sales volumes by 7.57% from 85,981 MT in 2009-10 to 92,492 MT Realisations per kg increased 17.74% from ₹150.09 in 2009-10 to ₹176 in 2010-11 Exports increased 38.97% from ₹528.48 crore in 2009-10 to ₹734.44 crore; share of export revenues grew 386 bps from 41.05% in 2009-10 to 44.91% Created five new export destinations 	<ul style="list-style-type: none"> More than 5% revenue was earned from new product sales in 2010-11 against less than 5% in 2009-10

The Banswara unit won the first prize for 'Second Rajasthan State Energy Conservation Award' in 2010.

Business overview

RSWM's yarn division is the flagship Company, contributing over 85% to revenues in 2010-11. This business is credited with laying the foundation for lateral growth of the LNJ Bhilwara Group. Some salient features:

- Commenced operations at Bhilwara, Rajasthan in 1961
- Started with an installed capacity of 12,500 spindles
- Currently, the division boasts of five state-of-the-art manufacturing facilities with a cumulative 336,608 spindles
- The Company's facilities are ISO

9001:2000 and ISO 14001-certified

- Other certifications include Oeko-Tex, Control Union Certification, SA-8000:2001. Certification by BSI Management Systems and Fair Trade certification by FLO-CERT

The Company possesses one of the widest yarn ranges of fibre blends, counts and shades; these are broadly classified into three categories — grey, dyed and melange yarn. Processed fibres include polyester, viscose, acrylic, cotton, wool, rayon, nylon, silk, polyamide and linen. A range of speciality products are also made out of unorthodox fibres (soya protein, milk

protein, bamboo and bamboo charcoal) and branded fibres (Tencel®, Greenplus® and Protex®). Many of these were developed for specific applications (natural stretch, flame-retardant and for industrial use).

Over 25% of the output is marketed to brand-enhancing Indian textile players, namely Raymonds, Siyaram, Welspun, Alok, Arviva, among others. The Company's footprint extends across 70 nations, with the US and EU being key markets. More than 15% of its product line is dedicated to green textiles, which counts global brands from the US, EU and Latin America as regular customers.

Operations snapshot

	Banswara	Kharigram	Rishabhdev	Ringas	Mandpam
Spindles	95,376	1,15,952	52,848	27,840	44,592
Output in 2010-11 (MT)	33,586	26,730	15,339	8,097	10,161
Products	Synthetic, regenerated, cellulosic and cotton-blended grey yarn	Synthetic, regenerated, cellulosic, blended grey and dyed yarn	Synthetic, blended and grey yarn	Synthetic, blended and dyed yarn	Melange Cotton yarn
Niche products	Core spun yarn, Organic cotton yarn, Fair trade yarn, Bamboo yarn, Modal yarn, Linen yarn, Slub yarn, Zero twist yarn, Natural stretch yarn, among others	Slub yarn, Carpet yarn, Linen yarn	Slub yarn, High twist yarn	Carpet yarn, Frosted yarn, Roving grindle yarn	Cotton yarn for knitwear and hosiery

Product basket

	Grey yarn	Dyed yarn	Melange yarn
Inputs	Produced from different synthetic fibres such as polyester and viscose, blends of synthetic and natural fibres and pure cotton	Made according to customer specifications of blends, counts and shades	Made from cotton and its blends and are used in the manufacture of knitwear and hosiery
Manufacturing location	Produced at Banswara, Rishabhdev and Kharigram	Produced at the Company's Kharigram and Ringas plants	Produced at the Company's Mandpam plant
Relevance to the division	Lowest in the value-addition pyramid, largest volume contributor	Relatively higher value-addition	Premium products but quantitatively smaller than the other segments

Natural stretch yarn

The Company launched the natural stretch yarn at the InFashion fair in Mumbai in March 2011.

The advantages: Natural stretch yarn-made fabric facilitates easy care, excellent fit (superior stretch features), better comfort, lower shrinkage, superior dyeing fastness and rapid moisture drying.

RSWM enjoys a strategic alliance with DuPont to exclusively produce natural stretch yarns under the DuPont Sorona brand.



Key initiatives, 2010-11

Shop floor

- Increased production capacity through the addition of 36,128 spindles for an investment of ₹72 crore
- Increased recycled and eco-friendly fibre consumption to optimise cost
- Procured cotton during the peak supply season and imported key raw materials cost-effectively
- Replaced conventional equipment with contemporary power-saving variants:
 - Centrifugal compressor replaced with a new two-stage screw air compressor ML 350
 - Conventional 4 MVA transformer substituted with an energy-efficient transformer to minimise energy losses
 - Converted the belt drive to direct drive; replaced aluminum with FRP fans in the humidification plants
 - Replaced eco-ventilators with ordinary exhaust fans in select plant sections
 - Replaced ordinary lamps with CFLs
- Implemented various energy-saving initiatives
- Altered the product mix to increase yarn production

R&D centre

- Developed multiple products:
 - Yarn from special material (bamboo, soya, nylon, wool, modal for knitting and weaving sectors for use in apparel manufacturing)
 - Fancy yarns using special material like filasiya and sparkle in the injection slub
 - Yarn for technical textiles used in fire-retardant and hygienic applications (anti-bacterial, recycled poly and bamboo soybean yarn)

Market place

- Added 50 domestic clients; increased revenues from existing clients
- Increased sales in existing geographies (the US, some European and Latin American nations)
- Established a footprint in five new geographies (Armenia, Indonesia, Russia, Canada and Sri Lanka)

Sectoral overview and optimism

The cotton/man-made fibre (MMF) textile industry is the largest organised industry in India in terms of the number of units.

Cotton yarn: India is the third and second-largest producer of cotton and cotton yarn respectively. It boasts 20%

of the world's spindlage capacity and 62% of the world's loomage. India's cotton output grew consistently over the last three seasons and is expected to increase further owing to higher acreage under cultivation, expanding yields, escalating minimum selling price (MSP) of cotton and the use of technologically-advanced BT cotton seeds. This occurred at a time when world cotton yield remained constant at 750-800 kg per hectare over the previous six cotton seasons.

Yarn from man-made fibre (MMF):

India is the second-largest producer of MMF in the world (World Fibre Report 2008). MMF textiles constitute about 16.4% of India's total textiles exports. India is the second-largest global producer of MMF, its product mix comprises polyester (staple fibre and filament yarn), viscose (staple fibre and filament yarn), acrylic (staple fibre), nylon (filament yarn) and polypropylene (staple fibre and filament yarn).

2010-11 in retrospect

The total domestic annual fibre consumption was about seven million tonnes, the largest being cotton (about 3.2 million tonnes) followed by polyester (2.5 million tonnes), rayon (0.5 million tonnes) and acrylic (80,000 tonnes).

Owing to a margin pressure, few

players partially diversified into polyester-cotton blended yarns. Some spinners replaced cotton with polyester and viscose for manufacturing cotton-blended yarn.

India exports yarn worth USD3 billion annually, making it the world's largest exporter, accounting for 25% of the global market. To promote value in the Indian textiles sector, the government restricted cotton yarn exports to 845 million kg for 2011-12.

The technology upgradation fund scheme (TUFS) revived on 28th April, 2011 and extended to the end of current year 2012, facilitating the industry transition from a quantitatively restricted trade to a market-driven global merchandise.

The withdrawal of duty drawback and duty entitlement pass book benefits on cotton yarn exports in 2010-11, as well as the imposition of a 10.3% excise duty on manufactured garments in 2011-12, put cotton yarn manufacturers under pressure.

Optimism

Global textiles market: The global textile fibre and spun yarn markets are expected to reach 93 million tonnes and 47.3 million tonnes respectively by 2015, on the back of a growth in global textile trade, following the expiry

of restrictive agreements, production shift to low-cost destinations, renewed consumer confidence and recovering demand (Source: Global Industry Analyst).

Global fibre per capita consumption is expected to grow steadily to 11-12 kg by 2025, translating into additional fibre consumption of around 20 million tonnes. It is expected that the global textile and apparel industry will generate a 6.3% CAGR over 8-10 years to USD1 trillion by 2020 (Source: Technopak).

According to estimates, the overall cotton production is likely to increase by about 12% in 2011-12 (year starting October). Conservative estimates suggest an increase from 312 lac bales to 345 lac bales in the year ending March 2012. Besides, an 8% growth is expected on cotton consumption of 260 lac bales.

Future trends in global fibre consumption may tilt in favour of MMF, owing to serious limitations in cotton acreage. Globally, there was an important transition – the ratio of cotton yarn price to PFY price was 1-1.2x between 2001-02 and 2008-09 (cotton yarn 1.2x more expensive than PFY). However, the ratio increased to 1.7x in 2009-10 and if this continues, cotton yarn could be progressively

substituted with MMF.

Indian textiles market: McKinsey states that the Indian textile sector will more than triple from USD70 billion to USD220 billion by 2020, on account of increased economic growth, aspirations, discretionary spending, urbanisation and workforce addition. Besides, India is expected to increase its share in the world trade from 4.5% to 8% by 2020. Estimates also suggest that domestic cotton yarn demand will increase by 8% CAGR, while export demand could grow by a 5% CAGR between FY10-FY15. Consequently, domestic demand share will increase to 62% by FY15 (from 59% in FY10).

Strategic blueprint

RSWM drew a multi-pronged growth map for 2011-12 covering the following points:

Capacity expansion: The Company expects to increase its yarn making capacity to 7,00,000 spindles by year 2016, generating significant economies of scale and protecting margins.

Innovation: The Company's R&D team is working on a robust product basket to be launched in the current year.

Marketing: The Company's marketing team entered global markets in 2010-11, translating into higher volumes.

Business division 2a



Highlights, 2010-11

Shop floor	Market place	Product development
<ul style="list-style-type: none"> Production increased 16% from 91.41 lac metres in 2009-10 to 106.12 lac metres Fabric processing increased 3.78% from 142.29 lac metres in 2009-10 to 147.67 lac metres 	<ul style="list-style-type: none"> Sales volume increased 8.10% from 95.68 lac metres in 2009-10 to 103.78 lac metres Realisation per metre grew 8.48% over the previous year 	<ul style="list-style-type: none"> New variants in the wedding and partywear collection facilitated an increase in the share of value-added products by 10%

Business overview

Mayur Suits is a popular brand with a pan-India presence. It is manufactured by RSWM at its vertically-integrated state-of-the-art plant at Mordí (Rajasthan), using sophisticated equipment from Japan, Germany, Switzerland and Italy.

The Company has a manufacturing capacity of 9.3 million metres a year of fabric with an annual fabric processing capacity of 21 million metres. Stringent quality parameters institutionalised at its TQM-implemented plant enabled adherence to global standards. The unit is ISO 9001:2000-accredited and operations are managed by a team of more than 1,100 members with an average 10-year experience in the business.

A comprehensive product mix comprises fabrics for formal and semi-formal wear, covering unique blends of polyester and viscose in different yarn counts, shades and finishes. A robust distribution network comprises del credere agents and wholesale dealers who service more than 2,000 retailers who, in turn, cater to trend-conscious consumer segments across India. Sizeable quantities of fabric are exported to discerning, quality-conscious customers in the Middle East, Mediterranean countries, Europe, Far East and the US.

Technology adoption and process fine-tuning ensured complete water recycling in the fabric dyeing and finishing segments. Bulk of the water was recycled in the process house; the rest was used for horticultural purposes. Around 7,000 trees are planted annually.

Key initiatives, 2010-11

- Increased volumes strengthened economies of scale
- Improved product mix in the processing unit (consumed increased quantities of fibre-dyed fabric requiring lesser processing time), resulting in improved processed fabric volumes.
- Increased domestic focus yielded higher realisations as global fabric importers resisted price increases; consequently, share of domestic sales increased around 200 bps over the previous year
- Introduced new, high-value fabric collections:

The Wedding Collection: A unique blend of polyester/viscose yarns woven and crafted with jacquard woven designs. This fabric is particularly used in *sherwanis* for men, suits for women and children's wear for weddings and festivals.

Eco fabric: This fabric is made from 100% natural inputs (Bamboo, soya and organic/linen cotton) with anti-microbial properties characterised by an extraordinarily soft feel with high moisture-absorption features.

Bio-active antibacterial fabric: A 100% polyester-base fabric with permanent anti-bacterial properties. This fabric is customised for use in the health care and pharmaceutical sectors.

- Appointed 27 new dealers for the Mayur fabric range and added over 70 authorised display retail counters
- Expanded to Columbia and Turkey, resulting in significant sales volumes

of 1.28 lac metres in its first year; added 29 new customers from existing geographies

- Organised an agent-dealer meet in Malaysia to strengthen brand recall; participated in the Texworld Exhibition (Paris)

Sectoral overview and optimism

The Indian textile and apparel industry is estimated at USD70 billion in 2010 with almost 65% of the total textile and apparel production being domestically consumed.

India's per capita income crossed USD1,000, an inflection point in consumer expenditure. Discretionary spending for premium products is expected to increase to around 70% of annual household expenses by 2025. Besides, with increasing bottom-of-the-pyramid wealth (through favourable regulatory policies and high emoluments for land acquisition by the government), sizeable demand is emerging from Tier-II and III towns.

Increase in per capita and disposable incomes coupled with favourable demographics, provide significant opportunities for the Indian textile sector. McKinsey states that the industry will grow to USD220 billion by 2020, recording an annual growth of about 11%.

Strategic blueprint

- Product development will be key; the team will invest in developing new fabrics
- Strengthen the distribution network to penetrate deeper
- Strengthen presence in established export destinations and capitalise on opportunities in Turkey and Columbia

Business division 2b



Highlights, 2010-11

Shop floor	Market place	Product development
<ul style="list-style-type: none"> Production grew 1.99% from 122.99 lac metres in 2009-10 to 125.44 lac metres, largely owing to improved productivity 	<ul style="list-style-type: none"> Revenues grew about 45% over the previous year Exports increased 66% over the previous year Proportion of value-added products sales increased significantly Realisation per unit of fabric increased 27% over the previous year 	<ul style="list-style-type: none"> Successfully developed the new power stretch denim with 50% stretch for women wear Introduced the melange multi-colour denim, a first in the world

Business overview

The denim division commissioned operations (installed capacity 140 lac metres per annum) with state-of-the-art facilities and certifications: Global Organic Textile Standards (GOTS), Global Recycle Standards, SA 8000, Organic Exchange (OE blended and/or OE 100), OEKO-TEX 100 and REACH.

Though a small player, the division possesses rich expertise in value-addition to customise fabric around diverse applications. Over 30% of its massive product range of 3,000 variants comprised value-added products. The product range comprises denim out of denim (recycled denim), work wear like anti-bacterial hydrophobic, hydrophilic, anti-odour and fire-retardant, poly spectrum in 65 shades, organic cotton fabric, power stretch, plasma denim, rich blended denims of cotton with linen, cotton with Kashmir wool, cotton with hemp, cotton with viscose, 100% tencel, among others

In addition to catering to domestic denim majors, the Company enjoys an expansive global footprint across 30 nations. It also caters to 'collections' for the global fashion industry and its international clients include Diesel, Marlboro, Levis, VF, GAP, C&A, Ann Taylor, Polo, Zara, H&M, Jack & Jones, Tommy Hilfiger, J. Crew, Mustang, Sand, Leconet Hemant, Monsoon, United Colors of Benetton and

GYMBOREE, among others. To strengthen recall, the division participates in international exhibitions and trade fairs. It participates in large exhibitions in India to attract global brands.

Key initiatives, 2010-11

The team minimised power consumption, a critical cost in the conversion of yarn into denim, through the following initiatives: Installed a new loom software, optimised air consumption during weaving; implemented air balancing at spinning and other units; altered packaging to optimise costs and power consumption.

The team strengthened value-addition and developed over 400 new products.

The team established its presence across five new global destinations, besides enlisting 11 global brands (including Diesel and Zara).

Sectoral overview and optimism

India's denimwear market (current capacity of 640 million metres) is estimated at USD1 billion and is projected to more than double to USD2.1 billion by 2015. India's per capita denim consumption is about 0.25-0.3 metres per annum against the US per capita consumption of eight pairs of jeans for males and seven pairs for females, a disparity that is expected to correct soon

owing to the following factors:

- Among BRIC countries, India is projected to stay the youngest with its working age population estimated to rise to 70% of the total population by 2030, the largest working population in the world
- India will witness 70 million new entrants to its workforce over five years
- About 20 million youth are expected to reside in the top 100 cities
- Growing organised retail (malls expected to increase from 190 in 2009-10 to 280 in 2011-12) will strengthen visibility and availability of denim products

Even though 35-40% of denim is exported from India, this share is expected to reduce over the coming years, owing to growing Indian demand. India's denim production capacity is expected to increase by 100 million metres in 2011, with 70% of this capacity feeding domestic users.

Strategic blueprint

The Company expects to double its 'collections' basket to four in the current year. The Company also planned a ₹150 crore brownfield expansion to be commissioned by the end of the current year to increase the annual manufacturing capacity of yarn by 900 tonnes and denim fabric by 40 lac metres.

Analysis of the financial statements



A. Profit & Loss Account

Absolutes	Derivates
<ul style="list-style-type: none"> Revenues increased 27.53% from ₹1,538.49 crore in 2009-10 to ₹1,962.16 crore in 2010-11 EBIDTA grew 73.13% from ₹192.88 crore 2009-10 to ₹333.94 crore in 2010-11 PBT grew 273.57% from ₹48.51 crore in 2009-10 to ₹181.22 crore in 2010-11 PAT grew 241.27% from ₹36.03 crore in 2009-10 to ₹122.96 crore in 2010-11 	<ul style="list-style-type: none"> EBIDTA margin grew 445 bps from 12.60% in 2009-10 to 17.11% in 2010-11 PAT margin grew 390 bps from 2.35% in 2009-10 to 6.30% in 2010-11. Interest cover strengthened from 3.39 in 2009-10 to 4.60 in 2010-11 Earning per share increased from ₹14.68 in 2009-10 to ₹53.08 in 2010-11

Revenue

Net sales grew 27.42% from ₹1,530.76 crore in 2009-10 to ₹1,950.59 crore in 2010-11. This was largely due to increased production and enhanced realisations from the yarn division (the Company's flagship business division). The fabric and denim division also recorded increased production volumes and enhanced realisations compared with the previous year, accelerating revenue growth over the previous year. Exports added to the Company's growth momentum. Yarn exports accelerated by more than 35% while fabric exports (including denim) grew by more than 25%.

Other income

Other income increased 33.75% from ₹17.48 crore in 2009-10 to ₹23.38 crore in 2010-11, largely due to a write

back of provisions made earlier for doubtful loans and a decline in the value of investments.

Cost analysis

Operating cost increased 22.79% from ₹1,358.96 crore in 2009-10 to ₹1,668.75 crore in 2010-11, primarily owing to increased raw material costs. Interestingly, operating cost as a proportion of net sales declined 322 bps from 88.77% in 2009-10 to 85.55% in 2010-11, reflecting efficient resource utilisation.

Materials consumed: Raw material cost increased 29.91% from ₹871.48 crore in 2009-10 to ₹1,132.20 crore in 2010-11, largely due to increased operational scale and procurement prices in line with global pricing.

Personnel expenses: Employee

expenses increased from ₹120.83 crore in 2009-10 to ₹149.71 crore in 2010-11, owing to an increase in the work force and a rise in salaries and wages. The increase in employee remuneration was more than compensated by an increase in production at all the Company's manufacturing locations.

Power and fuel: Despite increased production, the energy bill declined from ₹175.17 crore in 2009-10 to ₹172.39 crore in 2010-11, owing to significant energy saving measures implemented by the team in 2010-11.

Selling expenses: Marketing expenses increased 22.20% from ₹69.81 crore in 2009-10 to ₹85.31 crore in 2010-11, primarily due to an increase in ocean freight and an increase in brokerage and commission on sales.

B. Balance Sheet

Absolutes	Derivates
<ul style="list-style-type: none"> Reserves grew 40.67% from ₹202.64 crore as on 31st March, 2010 to Rs.285.07 crore as on 31st March, 2011 Gross block grew 5.18% from ₹1,444.01 crore as on 31st March, 2010 to ₹1,518.87 crore as on 31st March, 2011 	<ul style="list-style-type: none"> ROE improved 2,254 bps from 15.38% in 2009-10 to 37.92% ROCE improved 865 bps from 8.19% in 2009-10 to 16.84% Debt equity ratio declined from 4.39 as on 31st March, 2010 to 3.51 as on 31st March, 2011

Capital employed

Capital employed increased 17.32% from ₹1,284.55 crore as on 31st March, 2010 to ₹1,507.04 crore as on 31st March, 2011, owing to an increase in reserves, surplus and secured debt. The judicious application of each rupee invested in the business was reflected in the improved return on capital employed (ROCE): From 8.19% in 2009-10 to 16.84% in 2010-11.

Sources of funds

Shareholders' funds: Net worth increased 32.68% from ₹234.23 crore as on 31st March, 2010 to ₹310.78 crore as on 31st March, 2011. This was largely due to an increase in reserves and surplus from ₹202.64 crore as on 31st March, 2010 to ₹285.07 crore as on 31st March, 2011. The Company ploughed ₹82.42 crore from its net profit into its reserves account. The share capital declined from ₹28.14 crore in 2009-10 to ₹23.14 crore in 2010-11 due to redemption of 10% redeemable preference shares. The promoter group held 51.44% in the Company as on 31st March, 2011.

External funds: The debt portfolio increased 10.52% during the year. The Company's debt (fully secured) stood at ₹1,138.46 crore as on 31st March,

2011 as against ₹1,030.60 crore as on 31st March, 2010. The debt-equity ratio was 3.51:1 as on 31st March, 2011 (4.39:1 as on 31st March, 2010), owing to an increase in the Company's net worth. Interest cost increased 27.92% from ₹56.73 crore in 2009-10 to ₹72.57 crore in 2010-11. Interestingly, interest cover strengthened from 3.40 in 2009-10 to 4.60 in 2010-11, reflecting the Company's growing comfort in servicing debt.

Application of funds

Fixed assets: Gross block increased 5.18% from ₹1,444.01 crore as on 31st March, 2010 to ₹1,518.87 crore as on 31st March, 2011, due to additions in plant, machinery (spindles) and equipment. But the provision for depreciation decreased from ₹87.64 crore in 2009-10 to ₹80.15 crore, due to the declining residual value of the historical gross block. The Company plans to invest ₹1,500 crore across 2011-16 in capacity expansion, to be funded through a prudent mix of debt and equity.

Net current assets: Consequent to increasing business operations, net current assets increased 45.96% from ₹421.84 crore as on 31st March, 2010

to ₹602.40 crore as on 31st March, 2011. Net current assets as a proportion of capital employed increased from 32.83% as on 31st March, 2010 to 40.85% as on 31st March, 2011, reflecting an increased blockage of funds in managing day-to-day operations.

Inventories: The huge inventory balance largely reflects raw cotton stock as the Company purchased its annual raw cotton requirements at the peak season to avail of reduced procurement cost benefits.

Debtors: Increased sales volumes in yarns and fabrics (including denims) resulted in a sizeable increase in the absolute value of debtors. The quality of outstanding receivables is reflected in an important statistic as more than 99% of the receivables are pending for less than six months. The Company maintained a strict vigil on its receivables as it assigned credit limits to customers; it ensured recovery of old receivables before new dispatches, facilitating a debtors' cycle reduction

Creditors: The Company ensured that all payments were made to its vendors within the scheduled date, strengthening business relations and creating a platform for better business deals.

Social and environmental initiatives



The Banswara unit extended financial help to MLV Textile Engineering College, Bhilwara, towards the tuition fees of students for one year in the Advanced Diploma course in Textile Technology, under the public-private partnership agreement signed between Banswara unit and MLVTEC, Bhilwara.

OVER THE LAST FIVE DECADES, RSWM UNDERTOOK NUMEROUS INITIATIVES IN EDUCATION, HEALTHCARE, WOMEN AND CHILD DEVELOPMENT, COMMUNITY DEVELOPMENT AND ENVIRONMENT.

The Company established and promoted a number of schools and training centres, including facilities for the physically challenged near its manufacturing plants. It runs 'Mayur Helpline', a 24-hour free ambulance service for trauma victims at its plant location.

RSWM was instrumental in setting up and running Vivekananda Kendriya Vidyalaya at Rishabhdev and Hurda (near Kharigram). These schools developed facilities which include academic, boarding and lodging, transportation, sports, cultural and extra-curricular activities. Over a period of time, the students of these schools have won numerous laurels at various international and national events. These schools guided some of the students to become qualified professionals and entrepreneurs and excel in their various fields: Academics,

national level competitions and sporting events.

The Company also organises village and habitat tours, where officers and the local HR team brief the local inhabitants about the Company's various welfare initiatives for the benefit of its workers and the local population. The Company distributes seeds to farmers. This also provides a forum for free interaction and resolution of local grievances, strengthening the bond between the Company and local people.

The Company also provides opportunities to the local youth to get a glimpse of its vast campus, manufacturing plants and production activities by encouraging and sponsoring educational visits, informative and interactive sessions with officers. Some of the visits included:

- School students of New Look Sr. Secondary School (Banswara) and Bhartiya Public School (Ringas)
- Undergraduate students from Mewar University

The Company implemented an environment management system, EMS 14001, at its Banswara, Kharigram, Mandpam and Rishabdev units.

- M.Sc. students from Government College, Banswara
- Engineering students from Sreenathji Institute of Technology & Engineering, Nathdwara
- MBA students from Mody Institute of Technology & Science, Lakshmangarh (District Sikar)

The Banswara unit extended financial support to MLV Textile Engineering College, Bhilwara, towards the tuition fees of students for one year in the Advanced Diploma course in Textile Technology, under the public-private partnership agreement signed between Banswara unit and MLVTEC, Bhilwara. The students from the second batch of this Advanced Diploma course were absorbed in various units of the Company and the same process for the third batch is already underway. The unit also extends financial assistance to local government primary schools, Government Senior Secondary School (Mohan Colony) and local deaf and dumb schools for various activities.

RSWM extends financial assistance for the development of residents surrounding its manufacturing plants.

The Sharmik Kalyan Kosh is a fund generated from contributions made by the Company and its employees and is jointly managed. It is responsible for disbursing financial assistance to deserving and needy students and wards of workers. The Company also extends its facilities and hospitality to regional and local non-profit associations and societies for their meetings.

As most of RSWM's plants are in Rajasthan, where there is water scarcity, the Company carries out several initiatives aimed at conserving water and maintaining environmental sustainability. The Company is already operating a reverse osmosis plant at all units located in Rajasthan. The Company has a water harvesting system operational at Kharigram, Rishabdev and Ringas. The Company has 'pyaus' (free drinking water points) located outside its units for the benefit of the public during the summer months. During the period under consideration, the Company arranged for drinking water supply to four locations in Indra Colony (Lodha village).

All Company units have a beautiful green campus. The latest water sprinkling and innovative drip irrigation systems are used to conserve water. The staff club of the respective production units organises Plantation Day every year, where saplings of various species of trees are planted in and around the campus. The Denim plant restored the waste land in its premises through plantation and treated effluent water use for watering.

The Company implemented an environment management system, EMS 14001, at its Banswara, Kharigram, Mandpam and Rishabdev units. During the year, Bureau of Indian Standards (BIS) conducted extensive audits at Banswara, Kharigram, Mandpam and Rishabdev units and renewed integrated certification ISO 14001:2004 for the Environmental Management Systems for next three years. The Mandpam and Banswara units are certified for Global Recycle Standards (GRS) process. The Banswara unit was awarded the first prize at the 2nd Rajasthan Energy Conservation Awards 2010 (Textile Sector) for its energy conservation initiatives.

De-risking at RSWM



At the heart of RSWM's risk mitigation is a comprehensive and integrated risk management framework that comprises a clear understanding of strategy, policy, initiatives, prudent norms, structured reporting and control.

Risk is the face of business uncertainty, affecting corporate performance and prospects. At the heart of RSWM's risk mitigation is a comprehensive and integrated risk management framework that comprises a clear understanding of strategy, policy, initiatives, prudent norms, structured reporting and control. This approach ensures that risk management discipline is centrally initiated by the senior management but prudently decentralised across the organisation, percolating to managers at various levels, helping them mitigate risks at the transactional level.

This results in implementation of only those business decisions that balance risk and reward, ensuring revenue generating initiatives are consistent with risks taken. This risk management procedure conforms with the Company's strategic direction and is consistent with shareholders' desired total returns, credit rating and risk appetite.

Industry risk: The Company's growth is largely dependent on textile sector growth, which is linked to increasing consumer expenditure.

India is on the verge of entering a high growth decade. Experts suggest that the nominal private expenditure will scale from about USD790 billion currently to about USD3.6 trillion by 2020. These estimates are based on:

- Shift in the average household income distribution over the next decade as the median household income is expected to rise from the current USD3,400 per annum to about USD8,000 by 2020
- The number of middle and upper middle-class households are projected to increase from 58 million to 110 million (representing 40% of Indian households)
- Fall in dependency ratio, rising income levels and rapid urbanisation will drive aspirations and consumer spending

As a result, the textile market is expected to grow threefold over the next decade. RSWM will add about 15% to its existing yarn-making capacity and about 30% to its existing denim capacity in three years.

Raw material risk: Cotton non-availability could derail the Company's business plan.

India is tipped to overtake China as the world's largest cotton producer by 2015 due to increased adoption of hybrid seeds and newer biotechnology cotton strains.

- According to the International Service for the Acquisition of Agri-Biotech Applications (ISAAA), India's planted BT cotton area was 86% of the total cotton area in 2010-11 while China sowed the same in only 69% of the total area
- New technology – Bollgard II Roundup Ready Flex (BGII-RRF) – developed by Mahyco for insect-resistance and herbicide tolerance in cotton, is likely to be released in the market, facilitating a 15% increase in cotton yield
- Other factors leading to improved production were the minimum price fixation, which improved crop returns and increased the cultivable area

RSWM adopted an effective sourcing strategy – procuring its annual

RSWM adopted an effective sourcing strategy – procuring its annual requirements in the peak season and global sourcing to enjoy the benefit of superior pricing.

requirements in the peak season and global sourcing to enjoy the benefit of superior pricing.

Competition risk: Increased competition from the unorganised sector could hamper realisations and margins.

Competition from the unorganised segment is expected to remain largely in plain products with the impact of the competition likely to become marginal over time, with textile sector growth and an increasing presence of the organised segment. According to Technopak, the organised sector has a 17% market share which will grow to 40% of the domestic market by 2020 at a CAGR of over 20% in the coming decade.

Growing share of organised retail is also expected to marginalise the impact of the unorganised segment in the textile sector. The market share of organised retail is expected to grow from 5% to 15% by 2016 (source: Cushman & Wakefield report), covering 323 million sq. ft by 2012 across 400 new malls (Source: Fortune research).

RSWM utilised its unique product development capability (creating niche

products) and passion for quality to emerge as the preferred business partner for leading Indian textile players across the globe, enabling the Company to earn a sizeable product premium.

Client attrition risk: Growing dependence on a handful of clients could impact business performance in the event of client attrition.

RSWM has been in business for five decades and has forged longstanding business relations with large domestic and international players. Its top 10 clients have business relations of more than a decade with the Company.

The Company balanced its marketing presence across India and the world (70 nations) with large volumes going to quality-conscious markets.

New product development only strengthened its customer base. In 2010-11, the Company added new clients and new products – making significant contributions to the Company's topline in 2010-11. This trend is expected to continue over the coming years, owing to the Company's focus on commercialising value-added products.

Human resource management



The Company acknowledges the valuable contribution of its employees towards the success of the organisation and actively encourages their quest for higher performance. At RSWM, special attention is given towards enhancing existing skill levels and competencies to keep pace with the Company's growth and diversification plans. Measures are also underway to introduce attitudinal changes in the employees to prepare them in anticipating the changing demands of the business environment. Moreover, efforts are being made to inculcate an understanding of complex internal and external customer expectations to ensure better conformance.

The local HR departments at respective units organise knowledge improvement programmes for the benefit of the employees on a regular basis. This helps them in skill upgradation and improvements in inter-personal relationships, communication, teamwork, among others. Some of the programme and workshops conducted during the year under review are mentioned as under:

- Leadership Development Programme for a select group of leaders in the organisation for potential assessment and development.
- Refresher training programme on SA 8000-2008, EMS and Quality Management System (QMS) for the benefit of the employees.
- Leadership, communication and team building workshops.
- Value-addition through Kaizen.
- Moral classes to inculcate moral values, ethics, discipline and other traits among inductees under the supervision of local HR staff.
- Quality life programmes under aegis

of Central Board for Workers Education and local education officers.

- Yoga and self development.
- Regular training programme on first aid and safety under the supervision of the Red Cross and local healthcare staff.
- Regular fire fighting drills and exercises under the supervision of local fire safety staff.
- Regular *pranayam* classes and training programmes on time management.
- Cyber security awareness programmes and other IT skill upgradation programmes.
- Regular inter-unit visits and interactive sessions between officials of different units for sharing best practices.

Over a period of time, the performance management process assumed importance, helping educate employees on what exactly is expected from them, and how these expectations are related to corporate objectives. The Balanced Scorecard framework employed for this purpose provides performance objectives and measures across perspectives - financials, customers, internal processes and learning growth. Gradually, this system is evolving to be a part of RSWM's work performance style. Interventions identifying high performers and developing them for greater responsibility led to higher employee motivation.

As a matter of policy, RSWM is committed to infuse innovative thinking by inducting young engineers, management graduates and other talent. Initiatives are also in place to make the work culture in organisations more transparent, interactive and participative. In a work environment

built around mutual trust and reliance, employee-management relations are cordial and harmonious. All these have occurred in an environment where the management is always concerned about employee welfare.

Various events like Republic Day, Independence Day, New Year, Vishwakarma Jayanti, Saraswati Puja, Ganesh Chaturthi, Dussehra, Diwali, Janmashtami, Christmas, Annual Day, Foundation Day, among others, are celebrated by every unit. These events are celebrated in a joyous and healthy environment, with active participation from local dignitaries, officers, staff members and workers along with their families, followed by cultural events organised by the local staff clubs.

Sports which include athletics, volleyball, badminton, kabaddi, kho-kho, tug-of-war, motorcycle rallies, among others, are regularly organised at every unit to promote a healthy lifestyle and camaraderie. These sporting events witness an active participation by officers, staff members and workers along with their family members. These events were instrumental in providing better interface and greater involvement, fostering a healthy environment and harmonious relationships between staff and workers. The Company also organises outdoor travel, picnics and weekend getaways for its staff along with their families, to encourage a sense of openness and candidness. During the period under consideration, the Queen's baton for the Commonwealth Games 2010, Delhi, passed through Banswara and was received by the Company's officials.

The Company also organises regular health checkups for all its staff

members and workers at its manufacturing units. Regular information sessions are organised where renowned medical practitioners dispense knowledge on maintaining a healthy lifestyle:

- A three-day eye check up camp from 10th November, 2010 to 13th November, 2010 at Rishabdev in collaboration with Lions Club, ARBIS

International, first Sight and Alakh Nayan, Udaipur, benefiting 4,200 persons.

- Executive health checkups.
- Regular free heart checkups.
- Camps creating awareness among workers about the hazards of smoking, *guthka*, pan masala, drinking, among others.

RSWM had 13,261 employees at the end of 2010-11. Employee relations continued to be cordial and not a single day's work was lost due to industrial unrest at any of the manufacturing facilities. The Company also provided financial support to the families of two employees who lost their lives in a road accident.

Information Technology



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.

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 system comprises 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

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, 2011.

Company's Performance

Your Company's performance during the year 2010-11 is summarised below:

	(₹ in Crore)	
	This year	Previous year
Turnover		
Export	783.62	566.70
Domestic	1,178.54	971.79
Total	1,962.16	1,538.49
Profit before Interest & Depreciation	333.94	192.88
Less: Interest	72.57	56.73
Profit before Depreciation	261.37	136.15
Less: Depreciation	80.15	87.64
Profit before Tax	181.22	48.51
Less: Current Tax	34.40	10.02
Deferred Tax Liability	23.86	2.46
Profit after Tax	122.96	36.03
Add: Opening Balance	33.06	29.82
Profit available for appropriation	156.02	65.85

Dividend and other appropriations

From the amount available for appropriation, ₹12.50 crore is proposed to be transferred to General Reserve. A sum of ₹5 crore has been transferred to Preference Share Capital Redemption Reserve.

During the year, the Board of Directors of your Company approved the payment of an interim dividend @ 10% p.a., i.e. ₹2.47 per share on 3,33,400 Redeemable Preference Shares of ₹150/- each, which were redeemed on 30th May, 2010, for the period till redemption in order to meet the contractual

obligation. This amounted to ₹0.10 crore inclusive of distribution tax.

Your Directors feel immense pleasure in informing the Members that during the year an Interim Dividend of 100% i.e. ₹10/- per equity share was approved and paid on equity shares of ₹10/- each in view of the 50th Anniversary (Golden Jubilee) year of the Company and LNJ Bhilwara Group. This amounted to ₹26.99 crore inclusive of distribution tax. Your Directors are pleased to recommend to Annual General Meeting, a final dividend on Equity Shares @ 50% i.e. ₹5 per share amounting

to ₹13.45 Crore inclusive of distribution tax.

The payment of interim dividend and recommendation of final dividend on the Equity Shares for the year ended 31st March, 2011 will tantamount to total dividend of 150% i.e. ₹15 per share aggregating ₹40.44 Crore inclusive of distribution tax. A proposal for noting the payment of interim dividend on Preference shares and Equity shares and declaration of final dividend on Equity shares for the year ended 31st March, 2011 will be placed before the shareholders at the ensuing Annual General Meeting.

The balance amount of ₹97.98 crore has been carried over to next year.

Operational performance

Your Directors gladly inform the Members that the financial year under review, which happens to be the 50th Anniversary year (Golden Jubilee) of the Company and the LNJ Bhilwara Group, recorded the best performance of the Company since inception in terms of both the turnover and profitability.

The Company registered an increase of 27.54% in its gross turnover from ₹1538.49 Crore in 2009-10 to ₹1962.16 Crore in 2010-11. This increase in turnover has been primarily on account of increase in yarn production to 93913 MT against 85784 MT in previous year and fabric production to 23.16 million metres from 21.44 million metres. The Export turnover increased to ₹783.62 Crore in 2010-11 from ₹566.70 Crore in 2009-10 and Domestic turnover to ₹1178.54 Crore in 2010-11 from ₹971.79 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 on Management Discussion and Analysis of this Annual Report.

Working results of last three financial years 2008-09 to 2010-11 are given in Annexure I and form part of this report.

Expansion and modernisation

Your Directors in their previous report had talked about expansion plan for addition in spindleage, replacement of old machinery, up-gradation of some equipments at various units of the Company, involving capital expenditure of ₹70 Crore. Your Directors feel pleasure in informing members that the above expansion plan was successfully completed during the year under review and has started yielding incremental contributions to the turnover and profitability of the Company.

Your Directors gladly inform the members that encouraged with the performance of the Company, your Directors have chalked out "LAKSHYA 2016" programme with a targeted turnover of ₹4500 Crore and involving a capex of ₹1500 Crore to be implemented in phased manner to be achieved by the year 2016. The necessary details are being worked out and members will be updated on this plan in due course. Your Directors are hopeful that with the support of all stakeholders, the Company will be able to achieve the target.

Subsidiary companies & joint venture

During the year under review, your Company set off the liability against the Corporate Guarantee given to Exim Bank in connection with the loan availed by RSWM International B.V., the wholly owned subsidiary Company, by paying off an amount of ₹14.42 Crore to Exim Bank.

Your Directors further inform the members that RSWM International B.V., the wholly owned subsidiary Company has since been voluntarily liquidated within the legal frame-work of Netherlands.

A Statement of particulars of Chesind Textiles Limited, subsidiary of the Company is part of the Annual Report.

Contribution to the exchequer

Your Company has contributed an amount of ₹79.91 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, 2011 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. Shri Arun Churiwal
2. Shri A.N. Choudhary
3. Shri Sushil Jhunjhunwala

During the period under review, EXIM Bank has withdrawn its nomination of Shri John Mathew from the Board and nominated Shri Prabhakar Dalal as its Nominee-Director on the Board of Directors of the Company.

The Board places on record its deep appreciation for the services rendered by Shri John Mathew during his tenure. The Board welcomes Shri Prabhakar Dalal on the Board of Directors of the Company.

Internal control systems

The Company has in place proper and effective Internal Control Systems commensurate with its size of operations to ensure that all systems and procedures are functioning satisfactorily and all policies are being duly complied with as required. The operations of the Company are regularly reviewed by the Audit Committee to examine and evaluate the adequacy, relevance and effectiveness of the internal control systems. The Audit Committee makes recommendations wherever found appropriate for improvement in efficiencies and effectiveness of the internal control systems.

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 and M/s A.L. Chechani & Co., 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-operations 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: 28th April, 2011

Ravi Jhunjhunwala
Chairman
DIN No. 00060972

Annexure I to the Directors' Report

Working Results

Particulars	2010-11	2009-10	2008-09
I PRODUCTION			
YARN			
A) Own (In Ton)	93,913	85,784	78,769
B) Job Spinning from outside (Domestic) (In Ton)	–	–	–
Total	93,913	85,784	78,769
FABRIC & DENIM			
A) Own (In, 000 metres)	21,557	19,522	20,225
B) Job Weaving from outside (In, 000 metres)	1,599	1,918	68
Total	23,156	21,440	20,293
II TURNOVER (₹ in lac)			
YARN			
A) Domestic			
Grey Yarn	47,347	46,687	52,101
Dyed Yarn	46,381	32,313	20,985
Job Spinning	329	225	63
	94,057	79,225	73,149
B) Export			
Grey Yarn	49,034	38,206	27,955
Dyed Yarn	24,410	14,642	8,544
	73,444	52,848	36,499
Less: Inter unit/Division transfer	3,980	3,325	2,507
Total	1,63,521	1,28,748	1,07,141
FABRIC & DENIM			
A) Domestic	24,563	18,337	17,959
B) Export	4,918	3,822	2,491
	29,481	22,159	20,450
Less: Inter unit/Division transfer	–	3	9
Total	29,481	22,156	20,441
PROCESSING CHARGES			
Weaving Charges	101	234	135
Processing Charges	1,839	1,600	1,818
	1,940	1,834	1,953
Less: Inter unit/division transfer	6	3	847
Total	1,934	1,831	1,106
WASTE			
A) Domestic	1,591	1,349	1,363
B) Export	–	–	173
Less: Inter unit/division transfer	311	236	–
Total	1,280	1,113	1,536
Total Turnover	1,96,216	1,53,848	1,30,224

Annexure II to the Directors' Report

Statement of Particulars Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

1. Conservation of Energy

a) Energy Conservation Measures taken :

Spinning & Weaving

1. Installation of high energy efficient motors on Carding, Ring Frames & Autoconer Machines at Kharigram, Banswara, Mandpam, Rishabhdev & Ringas to serve dual purpose of power saving with improved quality.
2. Installation of retrofit impeller in Schlafhorst Autoconers & Savio Autoconers at Lodha & Kharigram.
3. Conversion of Flat Belt Drive Motors to Direct Drive into Poly V Drive Motors on Jingwell Ring Frames & removal of auto doffing system at Chinese Ring Frame, at Kharigram
4. Conversion of Belt Drive to Direct Drive & installation of FRP fans at Humidification plant at Lodha.
5. RSWM Lodha has been accredited with 1st prize for "2nd Rajasthan State Energy Conservation Award" in the year 2010.

Compressors

1. Replacement of Pneumatic accessories to mechanical parts in Blow Room, Carding, Ring Frame & Autoconer machines for saving of compressed air power. Arresting of air leakages & putting of conversion kits at Kharigram.
2. Regular & systematic control of air leakages from compressor air in the machines -. Reduction in air consumption & replaced the higher capacity compressor by lower capacity compressor thereby saving 2000 units of power per day, at fabric division, putting of conversion kits at Kharigram.
3. Air balancing at Humidification plant & modification in compressor PHE line at Denim.

Replacement & Installations

1. Eco ventilators in place of exhaust fans in transformer rooms at Lodha
2. Intallation of pedding mangles by replacing vacuum pump at VDR machines & replacement of DC motors by AC motors at Stenter at Fabric division.
3. Replacement of 4 MVA transformer by energy efficient transformer at Lodha to reduce losses @ 600 KWH/Day.
4. Installation of two stage screw air compressor in

place of centrifugal compressors.

Conservation of Water

1. Collection & reuse of condense water in process at Ringas & Denim unit.
2. Re-use of rubber belt (Sanforised unit) cooling water (earlier going into ETP) for gardening/ horticulture.
3. Use of ETP water for plantation, through drip irrigation.
4. Jet Spray Humidifiers installed at Kharigram
5. Fabric unit has completely recovered cooling water of process machines and saved almost 4 lac ltr water per day by recycling it. It changed the flow circuit of process feed water by Installing a new water header and saved energy of almost one department pump of 15 H.P.

b) Additional Investment & proposals, if any, being implemented for reduction of consumption of energy.

1. Installation of compressed air receiver for reduction in pressure drop
2. To replace and install detuned capacitors at the load end to maintain power factor.
3. Installation of retrofit suction impeller Schlafhorst Autoconer Model 338 & in 238147
4. Installation of energy efficient fans in WCS for carding, TFO, autoconers.
5. Energy efficient tapes & spindles for ring frame be installed.
6. Renovation of Humidity Tower & compressor line at Ringas
7. Installation of low density 2 blade fan with FRP fans in Humidification Towers
8. Replacement of rewinding pump motors (old type) with new energy efficient KSB pumps of Kirloskar make.
9. Installation of FU drive with new motors in Schlafhorst Autoconers -238.

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 25 lac units per annum.

INFORMATION AS PRESCRIBED IN FORM A

A POWER AND FUEL CONSUMPTION

S. No.	Description	2010-11	2009-10
A. POWER AND FUEL CONSUMPTION			
1.	Electricity		
	a) Purchased:		
	Units (In Lacs)	1,036.42	809.10
	Total Amount (₹ in Lacs)	4,305.37	3,720.98
	Rate/Units (₹)	4.15	4.60
	b) Own Generation:		
	I) Through Thermal Power - Units (In Lacs)	2,833.21	3,481.05
	Cost of Generation	11,227.61	13,700.45
	Cost Per Unit (₹)	3.96	3.94
	II) Through Diesel - Units (In Lacs)	0.13	0.19
	Units per Litre of Diesel	2.60	1.73
	Cost per Unit (₹)	20.00	18.89
	III) Through HFO Generators - Units (In Lacs)	128.98	925.05
	Units Per Litre	3.90	4.00
	Cost Per Unit (₹)	5.98	4.55
2.	Coal		
	Quantity in M.T.	52,267.43	27,072.24
	Total Amount (₹ in Lacs)	1,917.10	1,192.82
	Average rate per M.T. (₹)	3,667.87	4,406.06
3.	HFO		
	HFO in Litres (lac)	33.06	231.03
	Cost of HFO Consumed	771.56	4,206.76
	Avg Rate (₹/ Litre)	23.34	18.21
4.	Other/Internal Generation	N.A.	N.A.
B CONSUMPTION PER UNIT OF PRODUCTION			
	Electricity Units : Per Kg. of Yarn	3.36	3.38
	Per Mtr. of Fabric	1.50	1.44
	Per Mtr. of Fabric Processing	0.30	0.32
	Coal-B Grade (In Kg.) : Per Kg. of Yarn	0.34	0.23

TECHNOLOGY ABSORPTION.

A) RESEARCH & DEVELOPMENT.

a) Specified areas in which Research & Development carried out 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, typical blends like Acrylic/Nylon,Modal/Acrylic Bamboo/Linen,Dyed Spun yarns with acceptability in the market for high value added products for Apparels and Furnishing sectors.
- Technical Textiles : Introduction of new products in Technical Textiles products like fire retardant, Hygienic products, anti bacterial, Anti-odour and Eco-friendly.

- Development of fancy grey yarns using special material like filasia, sparkle & injection slub for knitting and dress materials
- Development of Denim fabric using functional fibers like soya, linen & it's blends, bamboo, hemp, natural stretch, tencel, cashmere & T400 and developed the special denim products like Oil and water repellent, anti microbial, hydrophilic, anti-odour and fire retardant.

B) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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

1. Installation of core-spun yarn attachment at Denim has been installed in one ring frame and water splicer in corresponding winding machine in order to enable to produce lycra/spandex yarn in-house.
2. Up-gradation of Quality Assurance lab at Denim for International Brand accreditations.
3. Introduction of PLASMA denim in its range which avoids Rope dying step. This concept involves minimum usage of water and chemicals and thus helps in reducing GHG and carbon foot print
4. Installation of individual spindle monitoring system - Pinter FA.NI Italy at Kharigram & Lodha unit.
5. Replacement of 2 normal Cheese Winding Machines by High speed Cheese Winding Machines at Lodha unit.
6. Implementation of BAR CODING in dispatches and finished goods at all spinning units .
7. Adding of 1 latest Schlaforst PreciFx Autoconer in Cotton Section to make dye able package at Lodha unit
8. Installations of Luwa make Humidification plant.
9. Replacement of Yarn Cleaners in Auto coners, Installation of APD in Auto coner to improve the quality and production at Ringas.
10. Installation of Automatic Packing Machine to reduce the cost of operation at Ringas.

b) Benefits derived as a result of the above efforts:

1. Technical upgradation led to significant improvement in quality, reliability, capacity, utilisation factor, productivity as well as profitability. It has resulted into adding of some new products in the existing product range.
2. Accreditation of Company's Denim by International Brands.

C) in case of recently imported technology, the requisite information in brief:

1. Import of 2 amsler slub attachment for increasing capacity of producing fancy yarn
2. Pinter Individual Spindle Monitoring system which improved the quality of yarn & 150 kgs of production per worker.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company refocused its efforts to increase exports and developing new markets, which resulted in 39% increase in export turnover in current year over last year. During the year, the Company has earned foreign exchange of ₹748.46 crore at FOB price against an outgo of ₹119.62 crore compared to previous year earning of foreign exchange of ₹539.12 crore at FOB price and outgo of ₹53.34 crore.

Annexure III to the 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 (₹ Lac)	Qualification	Experience (Years)	Commencement of Employment	No. of Shares held	Whether Permanent/ Contractual	Age (Years)	LAST EMPLOYED		
									Organisation	Post Held	Duration (Years)
ShriArun Churiwal	Managing Director	231.10	B.A.(HONS)	32	17/3/09	1,610	Contractual	61	-	-	-
Shri J.C. Laddha	Executive Director	197.09	B.Com,FCA	38	1/1/88	-	Permanent	61	Bhilwara Spinners Ltd.	Whole Time Director	3
Shri Y.C. Gupta	Chief Executive-Denim Business	61.02	C.A.	35	6/9/07	-	Permanent	59	CMT Ltd., Mauritius	Chief Executive Director	4

NOTES:

1. None of the employee is holding more than 2% of the paid-up capital of the Company.
2. None of the above employee is relative of any Director of the Company.
3. None of the person was employed for the part of the year in receipt of remuneration aggregating to ₹5,00,000/- or more per month.

Corporate Governance 2010-11

Corporate Governance Philosophy

Your Company maintains an unwavering focus on conducting its business in accordance with the highest ethical standards 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 will diligently look to adopt new and best-in-class systems and procedures for enhancing corporate governance standards within the Company.

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

As on 31st March, 2011, 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.

Number of Board Meetings

During 2010-11, the Board of RSWM met four times on — 29th April, 2010, 26th July, 2010, 26th October, 2010 and 3rd February, 2011. The maximum time gap between any two consecutive meetings was less than four months.

Directors' Attendance Record and Directorship Held

Sl. No.	Name of Director	Position	Category	No. of meetings held in 2010-11 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.	Shri L. N. Jhunjunwala	Chairman - Emeritus	Promoter - Non-Executive	4	0	6	2	1
2.	Shri Ravi Jhunjunwala	Chairman	Promoter - Non-Executive	4	4	9	4	2
3.	Shri Shekhar Agarwal	Vice Chairman	Promoter - Non-Executive	4	4	5	3	-
4.	Shri Arun Churiwal	Managing Director	Promoter - Executive	4	4	4	1	-
5.	Shri J. C. Laddha	Executive Director	Non-Promoter - Executive	4	4	-	-	-
6.	Dr. Kamal Gupta	Director	Independent	4	4	6	7	3
7.	Shri D. N. Davar	Director	Independent	4	4	14	8	5
8.	Shri Sushil Jhunjunwala	Director	Independent	4	2	3	1	-
9.	Shri A. N. Choudhary	Director	Independent	4	4	2	1	-
10.	Shri John Mathew ¹	Nominee Director – Exim Bank	Independent	2	1			
11.	Shri Prabhakar Dalal ¹	Nominee Director – Exim Bank	Independent	2	2	1	1	-

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 Shri Prabhakar Dalal was co-opted on the Board as Nominee Director of Export Import Bank of India in place of Shri John Mathew w.e.f 30th July, 2010

The last Annual General Meeting held on 16th September, 2010 was attended by Dr. Kamal Gupta, Chairman of the Audit Committee and Shri Arun Churiwal, Managing Director and Shri 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:
 - o Statutory audit firm or the internal audit firm that is associated with the Company
 - o 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 2% 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 2010-11

(₹)					
Name of Director	Category	Sitting fees	Salaries, allowances and perquisites #	Commission	Total
Shri L. N. Jhunjhunwala	Promoter, Non-Executive	-	-	-	-
Shri Ravi Jhunjhunwala	Promoter, Non-Executive	80,000	-	-	80,000
Shri Shekhar Agarwal	Promoter, Non-Executive	2,60,000	-	-	2,60,000
Shri Arun Churiwal	Promoter, Executive	-	53,81,038	1,77,29,000	2,31,10,038
Shri J. C. Laddha	Non-Promoter, Executive	-	64,12,149	1,32,97,000	1,97,09,149
Dr. Kamal Gupta	Independent	3,40,000	-	-	3,40,000
Shri D. N. Davar	Independent	2,40,000	-	-	2,40,000
Shri Sushil Jhunjhunwala	Independent	40,000	-	-	40,000
Shri A. N. Choudhary	Independent	1,60,000	-	-	1,60,000
Shri John Mathew*	Independent	20,000	-	-	20,000
Shri Prabhakar Dalal*	Independent	40,000	-	-	40,000

Includes retirement benefits

* Shri Prabhakar Dalal was co-opted on the Board as Nominee Director of Export Import Bank of India in place of Shri John Mathew w.e.f 30th July, 2010.

None of the Directors hold stock options.

Table 3: Equity Shares and Convertible Instruments held by Non-Executive Directors as on 31st March, 2011

Name of Director	Category	Number of Equity shares held	Convertible Warrants
Shri L. N. Jhunjhunwala	Promoter, Non-Executive	1,37,112	Nil
Shri Ravi Jhunjhunwala	Promoter, Non-Executive	7,94,094	Nil
Shri Shekhar Agarwal	Promoter, Non-Executive	Nil	Nil
Shri Arun Churiwal	Promoter, Executive	1610	Nil
Shri J. C. Laddha	Non-Promoter, Executive	Nil	Nil
Dr. Kamal Gupta	Independent	Nil	Nil
Shri D. N. Davar	Independent	Nil	Nil
Shri Prabhakar Dalal	Independent	Nil	Nil
Shri Sushil Jhunjhunwala	Independent	Nil	Nil
Shri 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 minimisation 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, 2011, 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 2010-11, the Audit Committee met four times on - 29th April, 2010; 26th July, 2010; 26th October, 2010 and 3rd February, 2011.

Table 4: Details of the Audit Committee

Name of the Member	Position	No. of Meetings held during tenure	No. of Meetings Attended	Sitting fees (Rupees)
Dr. Kamal Gupta (Chairman)	Independent	4	4	80,000
Shri L. N. Jhunjhunwala	Promoter, Non-Executive	4	-	-
Shri D. N. Davar	Independent	4	4	80,000
Shri A. N. Choudhary	Independent	4	4	80,000

Shri 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 16th September, 2010 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 Directors' 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 utilised 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.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- 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, 2011, the Company's Remuneration Committee comprised three Non-Executive Directors — Dr. Kamal Gupta (Chairman), Shri D.N. Davar and Shri 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. There was no Remuneration

Committee meeting held in 2010-11.

Shareholders'/Investors' Grievances Committee

As on 31st March, 2011, the Company's Shareholders'/Investors' Grievances Committee comprised of four Directors — Dr. Kamal Gupta (Chairman), Shri Shekhar Agarwal, Shri Arun

Churiwal and Shri D.N. Davar.

The Company Secretary, Shri Surender Gupta is the Compliance Officer. During 2010-11, the Committee met four times on 29th April, 2010, 26th July, 2010, 26th October, 2010 and 3rd February, 2011.

Table 5: Details of Shareholders'/Investors Grievance Committee

Name of the Member	Position	No. of Meetings held during tenure	No. of Meetings Attended	Sitting fees (Rupees)
Dr. Kamal Gupta	Independent	4	4	80,000
Shri Shekhar Agarwal	Promoter, Non-Executive	4	4	80,000
Shri Arun Churiwal	Promoter, Non-Executive	4	4	-
Shri D.N. Davar	Independent	4	4	80,000

The Committee received 13 complaints during the financial year under review, all of which were replied / resolved to the satisfaction of the shareholders.

Table 6: Details of Shareholders'/Investors' Queries and Grievances received and attended by the Company

S. no.	Nature of Query/Complaint	Pending as on 1st April, 2010	Received during the year	Addressed during the year	Pending as on 31st March, 2011
1.	Transfer / Transmission / Duplicate	0	3	3	0
2.	Non-receipt of Dividend	0	9	9	0
3.	Dematerialisation /Rematerialisation of shares	0	0	0	0
4.	Complaints received from:				
	- Securities and Exchange Board of India	0	0	0	0
	- Stock Exchanges	0	1	1	0
	- Registrar of Companies/ Department of Company Affairs	0	0	0	0
	Total	0	13	13	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, Shri Shekhar Agarwal, Vice Chairman and Shri 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

Eight 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, Shri Arun Churiwal, Shri Sushil Jhunjunwala and Shri A.N. Choudhary are retiring by rotation and being eligible, offer themselves for re-appointment in the Annual General meeting. Their brief resumes are given below:

Shri Arun Churiwal (61)

Shri Arun Churiwal is an Executive Promoter Director of the Company. Shri Churiwal graduated from Calcutta University. He is an industrialist with rich experience in textiles.

Shri Sushil Jhunjunwala (61)

Shri Sushil Jhunjunwala is an Independent Director of the Company. Shri Jhunjunwala is a Graduate in Commerce. Shri Jhunjunwala is an industrialist with rich and diversified business experience.

Shri A.N. Choudhary (67)

Shri Amar Nath Choudhary is an Independent Director of the Company. Shri Choudhary is a Graduate in Commerce and LLB, FCA, FCS. Shri Choudhary has rich experience of Textile Industry.

Table 8: Details of Directorship Held in Other Companies

Director's name	Name of the Company in which Directorship held*	Committee Chairmanship	Committee Membership
Shri Arun Churiwal	BSL Limited		Shareholders'/Investors Grievance Committee
	LNJ Financial Services Limited		
	Silktex Limited		
	La Opala RG Limited		
Shri Sushil Jhunjunwala	La Opala RG Limited		
	BSL Limited		Audit Committee
	Genesis Exports Limited		
Shri A.N. Choudhary	Vitarich Agro Food (India) Limited		
	BSL Limited		Audit Committee

*Excludes directorships held in private limited companies, foreign companies, memberships of management committee of various chambers/ bodies/section 25 companies.

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.

General Body Meetings

Table 9: The details of the Last Three Annual General Meetings

Year	Date	Time	Location	Special resolution(s) passed
2007-08	26th September, 2008	1:30 P.M.	Kharigram, P. O. Gulabpura District Bhilwara, Rajasthan	5
2008-09	25th September, 2009	1:30 P.M.	Kharigram, P. O. Gulabpura District Bhilwara, Rajasthan	-
2009-10	16th September, 2010	11:30 A.M.	Kharigram, P. O. Gulabpura District Bhilwara, Rajasthan	1

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

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 Shri Shekhar Agarwal, Vice Chairman and Managing Director of the Company.
- Approval for the payment of remuneration to Shri Riju Jhunjunwala, Joint Managing Director of the Company.
- Approval for the reappointment of Shri Riju Jhunjunwala as Joint Managing Director of the Company.
- Approval for the reimbursement of the medical expenses of Shri L.N. Jhunjunwala, Chairman – Emeritus of the Company

2008-2009:

- No Special Resolution was taken up in the AGM.

2009-2010:

- Approval for the reappointment of Shri J.C. Laddha, as Executive Director of the Company.

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

Date : 23rd September, 2011
Day : Friday
Time : 11:30 A.M.
Venue : Kharigram, P. O. Gulabpura, Bhilwara District, Rajasthan- 311021,

Financial Results

Financial year: 1st April to 31st March

For the year ended 31st March, 2011, results were announced on:

- 26th July, 2010 : First quarter
- 26th October, 2010 : Second quarter and Half year
- 3rd February, 2011 : Third quarter and 9 months
- 28th April, 2011 : Fourth quarter and Annual.

For the year ending 31st March, 2012, quarterly results will be announced within 45 days from the end of each quarter except fourth quarter when the audited annual results will be published within 60 days.

Book Closure

The dates of book closure are from 17th September, 2011 (Saturday) to 23rd September, 2011 (Friday) (both days inclusive)

Stock Data

Table 2: Share Prices of RSWM at BSE/NSE in 2010-11

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Mar-11	155.00	135.00	1,56,579	155.00	132.50	2,52,271
Feb-11	193.50	144.00	5,95,849	194.00	141.00	10,60,718
Jan-11	187.75	158.10	2,51,427	188.00	159.00	2,55,726
Dec-10	181.95	149.00	1,42,753	182.90	151.00	2,39,262
Nov-10	204.00	166.00	5,05,093	204.00	165.40	9,04,811
Oct-10	202.20	156.00	13,82,293	202.00	155.00	19,76,510
Sep-10	160.95	143.00	8,04,589	161.20	142.10	11,02,541
Aug-10	163.45	128.60	14,21,380	164.00	128.35	19,45,954
Jul-10	142.00	112.00	11,81,908	142.30	108.20	15,95,860
Jun-10	120.00	102.50	2,64,387	124.00	103.00	2,42,033
May-10	126.30	104.60	5,24,357	125.60	104.05	3,87,724
Apr-10	131.00	112.50	7,59,654	131.65	112.35	9,07,283

Dividend Dates

An interim dividend of ₹10/- per share on 2,31,48,689 equity shares of ₹10/- each was paid to the Shareholders on 21st February, 2011. Interim Preference Dividend of ₹2.47/- per share on 3,33,400 Redeemable Preference Shares of ₹150/- each for the period from the 1st April, 2010 to the 30th May, 2010 was paid to the Shareholder on 4th November, 2010. A dividend of ₹5/- per share on 2,31,48,689 equity shares of ₹10/- each has been recommended by the Board. Subject to approval of the shareholders at the AGM, this will be paid between 11th day and 14th day from the date of AGM.

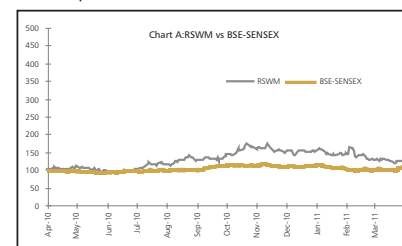
Listing and Stock Codes

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, 2012. The stock codes of the Company at BSE and NSE are given in Table 1:

Table 1: Stock Codes of the Company

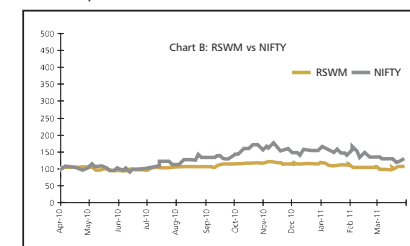
Stock exchanges	Stock codes
BSE	500350
NSE	RSWM

Chart A: Relative Share Price Movement of RSWM at BSE compared to BSE Sensex in 2010-11



Note: Share prices and BSE Sensex indexed to 100 as on the first working day of the financial year 2010-11 i.e 1st April, 2010

Chart B: Relative Share Price Movement of RSWM at NSE compared to NIFTY Index in 2010-11



Note: Share prices and Nifty indexed to 100 as on the first working day of the financial year 2010-11 i.e. 1st April, 2010

Shareholding Pattern

Table 3: Shareholding Pattern by Ownership as on 31st March, 2011

Categories	No. of shares	Percentage
Promoters, Directors, relatives and associates	1,19,09,804	51.45
Foreign institutional investors / mutual funds	100	0.00
Public financial institutions / State Financial Corporation	8,62,684	3.73
Mutual funds (Indian)	15,63,468	6.75
Nationalised and other banks	12,276	0.05
NRIs/ OCBs (Other than Promoters)	13,62,960	5.89
Public	74,37,397	32.13
Total	2,31,48,689	100.00

Table 4: Shareholding Pattern by Size-Class as on 31st March, 2011

Categories	No. of Shareholders	No. of shares held	Percentage
1-1000	12,085	18,72,308	8.09
1001-5000	559	12,45,279	5.38
5001-10000	71	5,20,897	2.25
10001 and above	121	1,95,10,205	84.28
Total	12,836	2,31,48,689	100.00

Dematerialisation of Shares

As on 31st March, 2011, 2,20,80,039 Equity Shares representing 95.38% 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. 5,153 Equity shares were transferred during the year 2010-11.

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 LNJ Nagar, Mordii, P.O. Banswara – 327 001, Distt. Banswara, Rajasthan
- 4 Mandpam, Bhilwara – 311 001, Distt. Bhilwara, Rajasthan
- 5 Rishabhdev – 313 802, Distt. Udaipur, Rajasthan
- 6 Ringas – 332 404, Distt. Sikar, Rajasthan

Investor Correspondence

Investor correspondence should be addressed to:

Registrar & Share Transfer Agent:

MCS Limited
F-65, 1st 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
Uttar Pradesh - 201301
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 : 28th April, 2011

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, 2011, 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

Sunil Bhargava
Partner

Place : Noida
Dated : 28th April, 2011

For A. L. Chechani & Co.
Chartered Accountants

Sunil Surana
Partner

Certification by Chief Executive Officer and Chief Financial Officer of the Company

We Arun Churiwal, Managing Director & Chief Executive Officer and B. M. Sharma, 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.

Arun Churiwal
Managing Director & Chief Executive Officer

Place : Noida
Dated : 28th April 2011

B. M. Sharma
Chief Financial Officer

Auditors Report

To the Shareholders of
RSWM Limited

We have audited the attached Balance Sheet of RSWM Limited as at 31st March, 2011, 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the Accounting Principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 2011.
- b) In the case of the Profit and Loss Account, of the profit 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
Firm Reg. No.: 003191C

For A. L. Chechani & Co.
Chartered Accountants
Firm Reg. No.: 005341C

Sunil Bhargava
Partner
Membership No. : 70964

Sunil Surana
Partner
Membership No. : 36093

Place: Noida
Dated: 28th April, 2011

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, 2011.

- i) a) The Fixed Assets registers showing full particulars including quantitative details and situation of the assets are being maintained at respective units, up-dation 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.
- iii) a) The Company has granted unsecured loan to 2 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The amount outstanding at the end of the year is ₹1200 lac and the maximum amount outstanding during the year was ₹2044.37 lac.
- b) Loan to wholly owned overseas subsidiary of ₹640.17 lacs was interest free and being irrecoverable has been written off as normal trading loss (Refer Note No:6 of "Notes on Accounts" Schedule 16 B). In respect of the other Loans granted these are repayable on demand, 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 as 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 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.
- 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, 2011, 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:

(₹ in lac)	
i) EXCISE DUTY	
CESTAT, New Delhi	8.51
II) SERVICE TAX	
A) CESTAT, New Delhi	183.75
B) Commissioner (Appeals), Jaipur	15.30
III) CESS	
Appellate Tribunal, Mumbai	17.25
IV) OCTROI	
Rajasthan High Court, Single Bench, Jaipur	167.90
V) Entry Tax	
Rajasthan High Court, Double Bench, Jodhpur	687.11

- x) There are no accumulated losses in the Company as on 31st March, 2011. Further, the Company has not incurred cash losses during the financial year covered by our audit.
- 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 clauses 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) 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.

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No.: 003191C

For A. L. Chechani & Co.
Chartered Accountants
Firm Reg. No.: 005341C

Sunil Bhargava
Partner
Membership No. : 70964

Sunil Surana
Partner
Membership No. : 36093

Place: Noida
Dated: 28th April, 2011

Balance Sheet

As at 31st March, 2011

(₹ in Lacs)

Schedules	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	1	2,314.87
Reserves and surplus	2	28,506.86
Govt.Capital Grants		256.70
		31,078.43
Loan Funds	3	
Secured Loans		113,846.95
Unsecured Loans		254.91
		114,101.86
Deferred Tax Liability	4	4,178.12
Total		149,358.41
APPLICATION OF FUNDS		
Fixed Assets	5	
Gross Block		151,887.14
Less : Depreciation and Amortisation		71,684.67
Net Block		80,202.47
Capital Work in Progress		2,900.42
		83,102.89
Investments	6	
		6,015.44
Current Assets, Loans & Advances	7	
Inventories		43,300.84
Sundry Debtors		20,530.67
Cash and Bank Balances		645.80
Export Incentives Receivable		3,619.08
Other Current Assets		4,834.73
Loans and Advances		8,451.23
		81,382.35
Less: Current Liabilities and Provisions	8	
Liabilities		13,781.21
Provisions		7,361.06
		21,142.27
Net Current Assets		60,240.08
Miscellaneous Expenditure	9	-
(To the extent not written off or adjusted)		48.42
Total		149,358.41
Accounting Policies and Notes on Accounts	16	

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A.L.Chechani & Co.
Chartered Accountants
Firm Reg.No.005341C

Sunil Bhargava
Partner
Membership No. 70964

Sunil Surana
Partner
Membership No. 36093

Place : Noida
Dated : 28th April, 2011

Ravi Jhunjhunwala
Chairman
Arun Churiwal
Managing Director & CEO
J.C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Profit and Loss Account

For the year ended 31st March, 2011

(₹ in Lacs)

Schedules	Year ended 31st March, 2011	Year ended 31st March, 2010
INCOME		
Turnover	10	196,216.28
Less : Excise Duty		1,157.58
		195,058.70
Other Income	11	2,338.92
		197,397.62
Increase/(Decrease) in Stocks	12	4,314.36
		201,711.98
EXPENDITURE		
Materials	13	113,220.63
Operating and Other Expenditure	14	53,655.27
Financial Expenses	15	7,257.17
		174,133.07
Profit before depreciation and amortisation		27,578.91
Depreciation and Amortisation		8,014.68
Profit before tax and exceptional items		19,564.23
Corporate Guarantee Devolvement Expenses		1,442.05
Profit before tax		18,122.18
Less : Tax Expenses		3439.72
Current Tax		2,386.00
Deferred Tax		12,296.46
Net profit after tax		3,603.04
Balance brought forward from previous year		3,306.15
Profit available for appropriation		15,602.61
APPROPRIATIONS		
General Reserve		1,250.00
Preference Share Capital Redemption Reserve		500.10
Interim Dividend on Equity Share		2,314.87
Proposed Dividend on Equity Shares		1,157.43
Dividend on Preference Shares		8.22
Tax on Dividend		573.60
		5,804.22
Balance Carried Forward		9,798.39
Earnings per share (₹)		
Basic		53.08
Diluted		53.08
Accounting policies and notes on accounts	16	

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A.L.Chechani & Co.
Chartered Accountants
Firm Reg.No.005341C

Sunil Bhargava
Partner
Membership No. 70964

Sunil Surana
Partner
Membership No. 36093

Place : Noida
Dated : 28th April, 2011

Ravi Jhunjhunwala
Chairman
Arun Churiwal
Managing Director & CEO
J.C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Schedules annexed to and forming part of the accounts

(₹ in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 1 SHARE CAPITAL		
Authorised		
4,75,00,000 Equity Shares of ₹10/- each	4,750.00	4,750.00
25,00,000 Optionally Convertible Redeemable Preference Shares of ₹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 ₹10/- each	2,314.87	2,314.87
3,33,400 (Previous Year 16,66,600) 10% Redeemable Preference Shares of ₹150/- each	—	500.10
	2,314.87	2,814.97

Of the above ;

- Equity Share Capital includes 1,35,13,607 Equity Shares of ₹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 were redeemed on 30th May 2010.

	31st March, 2010	Additions	Deductions	31st March, 2011
Schedule 2 RESERVES AND SURPLUS				
Capital Reserve	700.97	—	—	700.97
Preference Share Capital Redemption Reserve	5,199.90	500.10	—	5,700.00
Share Premium	8,995.23	—	—	8,995.23
State Investment Subsidy	70.00	—	—	70.00
General Reserve	1,992.27	1,250.00	—	3,242.27
Profit and Loss Account	3,306.15	12,296.46	5,804.22	9,798.39
	20,264.52	14,046.56	5,804.22	28,506.86

Schedules annexed to and forming part of the accounts

(₹ in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 3 LOAN FUNDS		
Secured Loans		
Term Loans		
From Banks	53,692.17	60,474.32
From Financial Institutions	16,357.00	17,743.00
Working Capital Loans		
From Banks	35,526.75	19,543.27
From Financial Institutions	8,271.03	5,299.95
	113,846.95	103,060.54
Unsecured Loans		
Sales Tax Deferment Loans	254.91	179.32
	254.91	179.32
	114,101.86	103,239.86

Notes:

- Term Loans (Except of ₹3885 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.
 - Term Loan of ₹3885 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. Out of this, Loans amounting ₹6500 Lac (Previous Year ₹Nil) granted by The Union Bank of India & IDBI Bank, out side the consortium are secured by Pledge and Possessive Lien on stocks of ₹8236 Lac
- Term Loans repayable within one year ₹10828 lac (Previous year ₹9928 lac).

Schedule 4 DEFERRED TAX LIABILITY		
Opening Balance	1,792.12	1,546.12
Add:- Created during the Year	2,386.00	246.00
Closing Balance	4,178.12	1,792.12

Schedules annexed to and forming part of the accounts

(₹ in lacs)

Schedule	5	FIXED ASSETS									
Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
		As at 01.04.2010	Additions	Deductions	As at 31.3.2011	Up to 01.04.2010	Deductions	For the year	Total upto 31.3.2011	As at 31.3.2011	As at 31.3.2010
A	Tangible Assets										
	Land	1,894.17	33.88	4.13	1,923.92	3.20		0.82	4.02	1,919.90	1,890.97
	Roads and Buildings	21,270.63	713.20	140.98	21,842.85	3,974.48	11.96	567.55	4,530.07	17,312.78	17,296.15
	Plant and Machinery	110,273.29	6,865.85	1,612.00	115,527.14	57,577.88	1,071.73	6,997.65	63,503.80	52,023.34	52,695.41
	Electric Fitting and Water Supply Installation	6,314.17	195.76	93.20	6,416.73	1,349.12	11.69	337.61	1,675.04	4,741.69	4,965.05
	Furniture Fixture and Other Equipments	2,867.40	1,542.13	103.41	4,306.12	1,312.93	81.29	236.90	1,468.54	2,837.58	1,554.47
	Vehicles	1,034.43	261.30	171.44	1,124.29	399.63	93.68	92.79	398.74	725.55	634.80
	Total (A)	143,654.09	9,612.12	2,125.16	151,141.05	64,617.24	1,270.35	8,233.32	71,580.21	79,560.84	79,036.85
B)	Intangible Assets (Acquired)										
	Computer Software	73.94	0.43	1.58	72.79	53.05	1.50	5.05	56.60	16.19	20.89
	Non-competition Rights	-	-	-	-	-	-	-	-	-	-
	Enabling Assets	673.30	-	-	673.30	47.86	-	-	47.86	625.44	625.44
	Total (B)	747.24	0.43	1.58	746.09	100.91	1.50	5.05	104.46	641.63	646.33
	Total (A + B)	144,401.33	9,612.55	2,126.74	151,887.14	64,718.15	1,271.85	8,238.37	71,684.67	80,202.47	79,683.18
C	Capital Work in Progress :										
	Building Under Construction	69.11	424.27	111.63	381.75	-	-	-	-	381.75	69.11
	Plant & Machinery Under Erection/Commissioning	285.73	1,167.47	1,293.00	160.20	-	-	-	-	160.20	285.73
	Pre-operative Expenses pending allocation	-	-	-	-	-	-	-	-	-	-
	Advances on Capital Account (Unsecured Considered Good)	168.70	3,218.16	1,028.39	2,358.47	-	-	-	-	2,358.47	168.70
	Total (C)	523.54	4,809.90	2,433.02	2,900.42	-	-	-	-	2,900.42	523.54
	Total (A+B+C)	144,924.87	14,422.45	4,559.76	154,787.56	64,718.15	1,271.85	8,238.37	71,684.67	83,102.89	80,206.72
	Previous Year	143367.16	4916.23	3358.52	144924.87	56763.84	1178.96	9133.27	64718.15	80206.72	86603.32

Notes

- Land includes - ₹387.81 Lac for Lease hold Land and ₹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 ₹756.63 lac (Previous Year ₹944.53 lac) on account of decapitalisation of Cenvat which has now become recoverable after rationalisation of rates of taxes & duties.
- Deduction in depreciation ₹1271.85 Lac (previous Year ₹1178.96 Lac) represents adjustment on account of Sale/Transfer/Discarding of fixed assets.
- Depreciation for the year is net of ₹133.94 (Previous Year ₹298.42 Lac) on account of reversal of capitalisation of Cenvat.
- Roads and Buildings includes value of irrevocable Licencing right to use of a flat in New Delhi ₹10.00 Lac.

Schedules annexed to and forming part of the accounts

(₹ in lacs)

			As at 31st March, 2011	As at 31st March, 2010
Schedule	6	INVESTMENTS (LONG TERM)		
A. In Subsidiary Companies				
In equity shares of ₹10/-each fully paid up (unless otherwise stated)				
Quoted - Non Trade Investments				
Holding	Name of the Company			
a)	1,52,57,900	Cheslind Textile Ltd.	4,209.52	4,209.52
Unquoted - Non Trade Investments				
b)	5,000	RSWM International BV (of 100 /- Euro each)	277.30	
		Less: Amount Realised on liquidation	2.13	
		Less: Investment Loss on Liquidation	275.17	
			4,209.52	4,209.52
B Other Investments				
In equity shares of ₹10/-each fully paid up (unless otherwise stated)				
Quoted - Non Trade Investments				
Holding	Name of the Company			
c)	9,78,000	HEG Limited	34.94	34.94
d)	372	Whirlpool India Limited	0.01	0.01
e)	30	Vardhman Holding Limited	0.00	0.00
f)	150	Tata Construction & Project Limited	0.02	0.02
g	775	Graphite India Limited (of ₹2/- each)	0.03	0.03
h)	5600	State Bank of Bikaner & Jaipur	3.02	3.02
i)	943	Punjab National Bank	3.68	3.68
j)	180	Vardhman Textiles Ltd.	0.01	0.01
k)	31,396	BSL Limited	0.50	0.50
			42.21	42.21
Unquoted - Non Trade Investments				
l)	2,64,55,650	Bhilwara Energy Limited	1,763.71	1,763.71
m)	2,03,589	India Insulators Ltd.	20.36	20.36
		Less: Investment carrying Fund	(20.36)	(20.36)
			1,763.71	1,763.71
			6,015.44	6,015.44
Aggregate Market Value of Quoted Investments			4,025.10	4,673.98

Notes

- The cost of investment in Cheslind Textiles Ltd includes ₹397.39 lac (Previous Year ₹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 Cheslind Textile Ltd.

Schedules annexed to and forming part of the accounts

(₹ in Lacs)		
	As at 31st March, 2011	As at 31st March, 2010
Schedule 7 CURRENT ASSETS, LOANS AND ADVANCES		
A) Current Assets		
a) Inventories		
Raw Materials	28,299.08	13,328.79
Finished Goods	6,865.88	4,269.50
Waste	35.64	141.67
Stock in Process	5,765.48	3,941.46
Stores, Spares and Fuels (Including Transit ₹390.76 lac, Previous Year ₹156.07 lac)	2,334.76	2,833.45
	43,300.84	24,514.87
b) Sundry Debtors (Unsecured)		
Within Six Months - Considered Good	20,490.04	15,506.61
Others - Considered Good	40.63	230.73
- Considered doubtful	411.37	336.89
Less: Provision for doubtful debts	(411.37)	(336.89)
	20,530.67	15,737.34
c) Cash and Bank Balances		
Cash in Hand	59.94	36.01
With Scheduled Banks in		
i) Savings Accounts	0.20	0.20
ii) Current Accounts, Margin Money deposits and Cheques/Drafts in Hand/ Collection and Remittance in Transit.	517.10	403.17
iii) Fixed Deposits (Pledged with Govt. & other Dep'ts. ₹1.87 lac, Previous year ₹1.87 Lac)	17.79	18.10
iv) Dividend Accounts	50.77	24.36
	645.80	481.84
d) Export Incentives Receivable		
i) DEPB, DDBK & Advance Licenses	1,535.35	876.97
ii) Export Growth Entitlements	120.51	70.47
iii) Excise Rebate Claim Receivables	1,963.22	1,300.15
	3,619.08	2,247.59
e) Other Current Assets		
i) Sundry Deposits	547.74	498.41
ii) Duties, Claims and other receivables	1,448.04	2,032.30
iii) Subsidies Receivables	2,838.95	2,743.14
	4,834.73	5,273.85
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.	5,052.83	1,696.84
Considered doubtful	-	61.45
Less : Provision for Doubtful loans & advances	-	(61.45)
ii) Loans & Advances to Subsidiaries		
Chesind Textile (Repayable on demand)	1,200.00	1,200.00
RSWM International BV	640.17	571.82
Less : Amount Written Off	(640.17)	(571.82)
iii) Advance against Supplies	2,198.40	2,895.38
	8,451.23	5,792.22
	81,382.35	54,047.71

Schedules annexed to and forming part of the accounts

(₹ in Lacs)		
	As at 31st March, 2011	As at 31st March, 2010
Schedule 8 CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors	6,493.44	2,590.95
Investor Education and Protection Fund (Unclaimed Dividend)	50.77	24.36
Interest accrued but not due on Loans	66.13	77.69
Security Deposits	863.87	764.47
Advance from Customers	935.25	916.23
Other Liabilities	5,371.75	4,409.31
	13,781.21	8,783.01
B. Provisions		
Proposed Dividend on Equity Shares	1,157.43	578.72
Provision for Dividend on Preference Shares	-	174.93
Tax on Dividend	187.76	125.17
Provision for Taxation	5,386.75	1,810.33
Retirement Benefits	629.12	391.48
	7,361.06	3,080.63
	21,142.27	11,863.64
Schedule 9 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Premium on Resetting of interest / Prepayment Term Loans	42.15	42.15
Preference Shares Issue Expenses	-	78.75
Retrenchment Compensation on Shifting of Fabric Division	122.71	122.71
	164.86	243.61
Less : Amount Amortised	164.86	195.19
	-	48.42
	Year ended	Year ended
	31st March, 2011	31st March, 2010
Schedule 10 TURNOVER		
Sales : Export	78,082.73	56,515.88
Domestic	115,758.25	95,287.99
Export Growth Incentives	278.82	154.42
Job and Processing Charges	2,096.48	1,890.82
	196,216.28	153,849.11
Schedule 11 OTHER INCOME		
Operating Income		
Rent (Tax Deducted ₹64.13 lac, Previous Year ₹67.19 lac)	706.35	631.74
Dividends on Long Term Investments	148.53	64.55
Profit on Sale of Fixed Assets	95.75	96.72
Profit on Sale of Investments	-	78.82
Profit on Sale of Stores / Raw Materials	0.67	0.37
Insurance and Other Claims Received	4.12	452.99
Provision for Doubtful Loans & Advances Written Back	583.51	-
Provision for Diminution in value of Investment written back	277.30	-
Liabilities no Longer Required Written Back	108.55	98.15
Miscellaneous Receipts	414.14	325.09
	2,338.92	1,748.43

Schedules annexed to and forming part of the accounts

(₹ in Lacs)		
	Year ended 31st March, 2011	Year ended 31st March, 2010
Schedule 12 INCREASE(DECREASE) IN STOCKS		
Closing Stock		
Finished Goods	6,865.88	4,269.51
Waste	35.64	141.67
Stock in Process	5,765.48	3,941.46
	12,667.00	8,352.64
Opening 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
Increase/(Decrease) in Stocks	4,314.36	360.31

Schedule 13 MATERIALS		
A) Raw Materials		
Opening Stock	13,328.79	5,455.46
Add : Purchases	130,360.23	96,842.55
	143,689.02	102,298.01
Less: Sales, Returns and Adjustments	6,402.19	5,241.99
	137,286.83	97,056.02
Less: Closing stock	28,299.08	13,328.79
	108,987.75	83,727.23
Add: Dyes and Chemicals	3,022.12	2,836.83
	112,009.87	86,564.06
B) Finished Goods Purchases		
Fabric	1,044.54	451.90
Garment	3.45	4.16
Yarn	162.77	128.21
	1,210.76	584.27
	113,220.63	87,148.33

Schedules annexed to and forming part of the accounts

(₹ in Lacs)		
	Year ended 31st March, 2011	Year ended 31st March, 2010
Schedule 14 OPERATING & OTHER EXPENDITURE		
Payment to and provisions for employees		
Salaries, Wages and Bonus	12,735.32	10,430.15
Workmen and Staff Welfare	241.31	190.38
Contribution to Provident, Gratuity and Other Funds	1,994.45	1,462.83
	14,971.08	12,083.36
Manufacturing		
Stores and Spare parts Consumed (Net of scrap sales ₹367.59 lac, Previous Year ₹357.50 lac)	4,663.26	3,954.92
Packing Expenses	2,603.07	2,099.38
Power and Fuel	17,239.95	17,517.35
Processing and Job Charges	503.40	430.40
Research and Development	91.50	117.02
Repairs, Maintenance and Renovations		
Plant and Machinery	489.74	345.60
Buildings	354.15	326.06
Others	201.23	172.59
	26,146.30	24,963.32
Administrative		
Rent	133.72	91.51
Lease Rent	38.77	104.56
Rates and Taxes	72.48	109.09
Directors' Remuneration & Fees	440.00	217.56
Directors' Travelling	15.62	24.69
Charity & Donations	3.33	1.52
Miscellaneous Expenses	2,026.82	1,293.37
Insurance (Net of Recovery ₹120.25 lac, Previous Year ₹80.97 lac)	156.38	97.62
	2,887.12	1,939.92
Selling		
Commission	459.92	355.68
Brokerage	141.22	96.51
Incentives and Discounts	1,520.04	1,304.02
Claims and Rebates	82.87	181.04
Freight, Forwarding and Octroi (Net of Recovery ₹56.73 lac, Previous year ₹53.06 lac)	554.64	530.88
Expenses on Export Sales:		
Ocean Freight	3,238.47	2,438.14
Commission	1,200.76	941.48
Others	492.03	413.88
Advertisement	276.74	230.50
Foreign Travelling Expenses	122.23	120.55
Others	430.42	368.77
	8,519.34	6,981.45
Others		
Loss/(Gain) Foreign Exchange Fluctuation	(16.74)	37.78
Bad Debts & Provision for Doubtful Debts & Advances	86.19	840.46
Investment Loss on Liquidation	275.17	-
Loans & Advances Written Off	640.17	-
Provision for Diminution in Value of Investment	-	277.30
Deferred Revenue Expenses Written off	48.42	41.85
Provision for Entry Tax	33.19	620.24
Expenses Related to Previous Year	4.38	9.79
Fraud & Embezzlement loss	-	61.45
Loss on Cancellation land Sale Contract	-	804.58
Loss on Sale/Discarding on Fixed Assets	60.65	86.53
	1,131.43	2,779.98
	53,655.27	48,748.03

Schedules annexed to and forming part of the accounts

(₹ in Lacs)		
	Year ended 31st March, 2011	Year ended 31st March, 2010
Schedule 15 FINANCIAL EXPENSES		
Interest		
On Term Loans	4,196.26	4,014.80
On working Capital Loans	3,252.01	2,143.38
	7,448.27	6,158.18
Less: Receipt from Trade Debtors & Others (TDS ₹59.25 lac, Previous Year ₹59.73 lac)	617.10	690.56
	6,831.17	5,467.62
Add : Other Financial Charges	426.00	205.55
	7,257.17	5,673.17

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

- Sales revenue is recognised 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.
- 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.
- Claims and refunds due from Government authorities and parties, though receivable / refundable are not recognised 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.
- Claims lodged with insurance companies are recognised as Income on acceptance by the Insurance Company. The Excess / Shortfall of claims passed are adjusted in the year of receipt.
- The Government subsidies and Interest Subsidy under TUFs are recognised on accrual basis and adjusted against the respective expenses.

3. Government capital grants

The Capital Subsidy under TUFs from Ministry of Textiles on specified processing machinery is recognised on a systematic and rational basis by adopting FIFO / Weighted Average basis on relevant categories of Inventories and net realisable value, after providing for obsolete, slow moving and defective inventories, wherever necessary.

4. Inventory valuation

- Inventories are valued at historical cost and net realisable value whichever is lower on a consistent basis. Historical cost is determined on FIFO / Weighted Average basis on relevant categories of Inventories and net realisable value, after providing for obsolete, slow moving and defective inventories, wherever necessary.
- 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 recognise the decline. Current Investments are carried at cost or fair value whichever is lower.

6. Fixed assets, intangible assets and capital work in progress

- 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.
- 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 capitalised, at its capitalisation rate to

Schedules annexed to and forming part of the accounts

Schedule 16 ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

expenditure on that assets, for the period, until all activities necessary to prepare qualifying assets for its intended use are complete.

- Assets retired from active use and held for disposal are stated at the lower of their net book value and / or realisable value and are shown separately.
- 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 Amortisation on Intangible Assets has been provided as follows:-

- 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.
- 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:-
 - 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'.
 - Leased Assets are depreciated over the operating period of lease.
 - 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:
 - Computer Software - 16.21% p.a.
 - 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

- Foreign exchange transactions relating to Imports and Exports are recognised at the applicable forward cover rate or exchange rates prevailing on the date of transactions / negotiation of documents.
- 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 amortised as expenses or income over the life of such contracts. The exchange gain / loss on un-hedged exposure are valued at the exchange rates prevailing at the each balance sheet date.
- 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

- Share and debenture issue Expenses are amortised equally over a period of five years or earlier on annual appraisal / impairment/ redemption.
- Premium paid on prepayment / resetting of interest liability on term loans is amortised over remaining period of respective term loans.

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 neutralisation 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).

Schedules annexed to and forming part of the accounts

Schedule 16 ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

13. Taxes on income

- 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 recognised 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.
- Deferred Tax Assets are recognised subject to prudence, only if there is virtual certainty that they will be realised 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.
- 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

- 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.
- 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.
- 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 TO ACCOUNTS

1 Contingent liabilities

	(₹ in Lacs)	
	As at 31st March, 2011	As at 31st March, 2010
A. Contingent liabilities not provided for :		
i) Excise & Custom Duties, Sales Tax and Other demands disputed by the Company.	230.75	230.30
ii) Claims not acknowledged by the Company	69.38	53.45
iii) Default Deferred Payment Guarantee provided to :-		
Exim Bank for securing the loans given by them to RSWM International B. V. Netherlands.		
- Outstanding Loan (Refer note No.6)	NIL	1,620.89
iv) Default Deferred Payment Guarantee for securing the loan taken by CTL		
Exim Bank, ICICI, IDBI, Canara Bank, SBI and SBOM		
- Outstanding Loan	1047.73	2182.94
{Maximum amount for which Company may be liable during next 12 Months – Rs289.96 lac}		
v) Un-expired Letters of Credit, for which counter guarantee given by the Company	4185.72	413.79
vi) Counter guarantees given by the Company in respect of Guarantees given by the Company's Bankers.	942.26	964.78
vii) 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	600.00
B. Obligations and commitments outstanding :		
i) Estimated value of contracts remaining to be executed on Capital Account and not provided for	24582.23	832.14
ii) Bills Discounted with Banks	11737.16	7,935.50

C. The export obligations against EPCG licenses have been timely fulfilled by the Company. The future additional export

Schedules annexed to and forming part of the accounts

Schedule 16 ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

obligations against EPCG licences are of ₹231.16 lac (Previous Year ₹11,490 lac) and are to be fulfilled within the specified period.

- The Rajasthan Government had imposed surcharge on shortfall in meeting Renewable Energy Obligation on the power produced from Captive Power plants vide their Notification dated 23.3.2007 on which stay has been granted by the Hon'ble High Court. The same has been challenged in the Hon'ble High Court of Rajasthan through Rajasthan Textiles Mills Association. On the basis of opinion of the consultant that the said notification and amended notifications to date on RE Surcharge are violative of the Article 19 (1) (g) of the Constitution so far as these relate to Captive Power Plants, the Management does not foresee any possible liability on this account and hence no provision of liability to date ₹2402.48 lac (Previous Year ₹1,634.95 lac) has been made in the Book of Accounts.

- Jodhpur Bench of Hon Rajasthan High Court, which had earlier in its interim order stayed payment of Entry Tax on the grounds of constitutional validity, has vide order dated 21/01/2011 modified its earlier order following the judgement dated 12/01/2011 of The Hon'ble Supreme Court of India in the case of Binani Cement Ltd's Special Leave Petition and directed the Company to pay 50% of the assessed Entry Tax and provide solvent guarantee for the balance assessed and non-assessed Tax and interest thereon till the date of payment. Accordingly the Company has paid ₹192.16 lac on 01/03/2011 being 50% of assessed Entry Tax and provided solvent guarantee to the State Government for the balance amount as on 31.03.2011 of ₹957.75 Lacs (Previous Year 808.33) including interest of ₹270.64 lac.

- The Company hedges its export realisations 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 as per Companies Accounting Policy, the Company has accounted for gains aggregating ₹16.74 lac (Previous year ₹37.78 lac loss) during the current year, computed on mark to market basis on the Foreign Exchange Derivative & Hedge Contracts outstanding as on 31st March, 2011.

- Under the Technology Up-gradation Fund Scheme (TUFS) established by Government of India for Textiles, the Company has incurred an expenditure of ₹95218.02 lac on various projects. The interest subsidy accrued for the year under this scheme is ₹3453.83 lac (Previous Year ₹3740.45 lac) which has been credited to Profit & Loss Account.

- The capital subsidy under TUFS is accounted adopting Deferred Income Approach and is recognised in Profit & Loss Statement on a systematic and rational basis over useful life of the assets. A sum of ₹432.67 lac up to date is therefore considered as deferred income, out of which, a sum of ₹86.51 lac (including ₹39.69 lac of prior period to match with the revised useful life of the Denim Plant) has been recognised against depreciation during the year (up to year ₹175.99 lac).

- The Company had a wholly owned overseas subsidiary viz RSWM International BV, incorporated as a Special Purpose Vehicle (SPV) in the year 2007 with an investment in the equity of ₹277.30 lac. Further, loans of ₹779.96 lac were advanced by the Company up to 30.09.2010 in normal course of business. As authorised by Company's Memorandum of Association, the Company had also given a Perpetual & Irrevocable Default Payment Guarantee to SPV's lender viz Exim Bank of India, against a term loan of USD3.80 million granted to RSWM International BV. The said SPV, 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.

Business with JV RSWM SISA was discontinued due to continued losses on 09.06.2009. Company's SPV RSWM International BV exited out of JV by selling its share to JV Partner in RSWM SISA on 23.11.2009. Consequently RSWM International BV was left with no Business activity and it applied for liquidation of Company.

Exim Bank devolved bank guarantee given by the Company for the balance amount of loan outstanding as on 28.10.2010 amounting to ₹1,442.05 lac, which as a normal business activity, was honoured by the Company on 29.10.2010. The same being a trading loss incidental to Company's business has been charged off during the year.

Further, in line with scheme of arrangement by RSWM International BV with its creditors, RSWM International BV remitted Euro 230,000 equivalent to ₹139.79 lac to the Company in full and final settlement of loans due and balance amount of ₹640.17 lac being irrecoverable has been written off as normal trading loss.

On approval of Liquidation of RSWM International BV by appropriate authority on 04.02.2011, the Company received Euro 3,419.19 equivalent to ₹2.13 lac against equity share capital held by it. Consequently, investment loss on liquidation of RSWM International, amounting to ₹275.17 lac also has been written off this year as normal business practice.

Consequently provision of ₹571.82 lac for doubtful loans and advances and ₹277.30 lac for diminution in the value of investment made in previous year have been written back as no longer required.

Schedules annexed to and forming part of the accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

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

Particulars	This year	Previous year
a) As Auditors	21.75	21.75
b) In other Capacity		
i) Taxation Matters	1.66	0.81
ii) Management Consultancy	6.25	7.25
iii) Tax Audit	3.00	2.60
iv) Certification	2.00	2.77
c) Reimbursement of Expenses	3.89	4.88
	38.55	40.06

8 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 :

	This year	Previous year
Profit before tax & Depreciation as per Profit & Loss Account	27578.91	13615.38
Add:		
i) Directors Remuneration	428.19	204.36
ii) Loss/(Profit) on sale of fixed assets	(35.10)	(10.19)
iii) Provision for Bad & Doubtful Debts & Advances	74.48	830.96
iv) Provision for Diminution in value of Investment.		277.30
v) Fraud & Embezzlement		61.45
vi) Loss/(Profit) on sale of investments	467.57	(78.82)
Less		
i) Depreciation for the year	8014.68	7958.18
ii) Provision of diminution in value of investment written back.	277.30	
iii) Provision for doubtful Loans & Advances written back	583.51	
iv) Corporate Guarantee Devolvement expenses	1442.05	
Net Profit for section 198 of the Companies Act, 1956	17728.94	6942.26
Commission: i) Amount	310.26	97.19
ii) Percentage of Net Profit	1.75	1.40

b) Remuneration and Perquisites of the Managerial Personnel:

	This year	Previous year
Salary	91.02	87.12
Commission	310.26	97.19
Other perquisites	9.36	9.01
Provident Fund	6.62	6.33
Contribution to for Retirement Benefits	10.93	4.71
Total	428.19	204.36

9. 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 with in 45 days and disclosure in accordance with Section 22 of MSMED ACT is as under:-

Sl. No.	Particulars	As at 31st March, 2011
1.	Principal Amount remaining unpaid*	44.11
2.	Interest due on above	NIL
3.	Total of (1) and (2)	44.11
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.

Schedules annexed to and forming part of the accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

10. 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.

11. In view of legal opinion and various reliefs available under Income Tax Act, 1961, provision for taxation has been considered adequate.

12. Adjustment relating to previous year includes Expenses ₹4.38 lac and Income ₹NIL lac (Previous Year Expenses ₹10.16 lac and Income ₹0.40 lac).

13. 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 & on the basis of assessment of the risk and return differential in terms of AS-17, the Company has identified Yarn and Fabric & Denim 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

Particulars	Yarn*		Fabric & Denim		Other Items		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
Gross Segment Revenue	169650	134730	31678	24,625	863	316	202191	159671
Less: Inter Segment Transfers	5758	5,505	3	-			5761	5,505
External Sales / Other Income	163892	129225	31675	24625	863	316	196430	154166
Segment Result Earning before Tax and Interest	23724	11,831	3,298	(350)			27,022	11481
Less: Interest (net)							(7,257)	(5,673)
Un allocable expenses							(1169)	(1,615)
Un allocable Income							968	658
Corporate Guarantee Devolvement Expenses							(1,442)	-
Profit Before Tax							18,122	4,851
Less: Taxation							(5,826)	(1,248)
Net profit for the year							12,296	3,603
Other Information								
Segment Assets	124756	98,213	33,605	32,387	7711	8716	166072	139316
Segment Liabilities	7620	7,047	2,794	2,581	6300	1233	16714	10,861
Capital Employed	117136	91,166	30,811	29,806	1411	7,483	149358	128,455
Capital Expenditure incurred during the year	10,838	2,571	984	1,157	167	116	11,989	3,844
Depreciation	5,994	5,545	1,869	3,062	152	157	8,015	8,764
Other Non Cash Expenses	-	-	13	38	-	11	13	49

Schedules annexed to and forming part of the accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

B. Geographical segment

(₹ in Lacs)

Particulars		India	Europe	Middle East	Africa, South East & Far East Asia	America	Total
Segments Revenue							
Based on location of the customers	This Year	118347	37,213	5,792	31,531	3,547	196430
	Previous Year	97650	21,116	4,956	18,750	11,694	154166
Segment Assets							
Based on location of the assets	This Year	158863	2,663	1,144	3,160	242	166072
	Previous Year	133251	1,634	572	1,051	808	139316

* 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 31st March, 2011 @32.445%	Changes during the year	As at 31st March, 2010 @33.99%
Deferred Tax Liability for			
Depreciation	7810	21	7789
Deferred Revenue Expenses	0	(12)	12
Total	7810	9	7801
Deferred Tax Assets on account of			
Disallowance U/s 43B	522	(22)	544
Unabsorbed Depreciation	0	(3883)	3883
Provision for Doubt Full Debts	133	(270)	403
Total	655	(4175)	4830
Deferred Tax Liability	7155	4184	2971
Less: MAT available	2977	1798	1179
Net Deferred Tax Liability	4178	2386	1792

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: -

Particulars	Unit	This year	Previous year
I) Calculation of Basic EPS			
a) Net Profit after Tax	₹ in Lac	12296.46	3603.04
b) Dividend on OCPS / Redeemable Preference Shares	₹ in Lac	9.59	203.98
c) Net Profit available to Equity Shares (a-b)	₹ in Lac	12286.87	3399.06
d) Weighted Average Equity Shares outstanding during the year	Nos.	23148689	23148689
e) Basic Earning per share	Rupees	53.08	14.68
II) Calculation of Diluted EPS			
a) Warrants & OCPS / Redeemable Preference Shares	₹ in Lac	-	-
b) Payment Received	₹ in Lac	-	-
c) Diluted potential equity shares	Nos.	-	-
d) Total number of diluted weighted average shares	Nos.	23148689	23148689
e) Diluted earning per share	Rupees	53.08	14.68

Schedules annexed to and forming part of the accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

4. Related party

a) Enterprises that directly or indirectly through one or more intermediaries, control or were 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. (Since liquidated on 04/02/2011)
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) Shri L.N. Jhunjunwala 2) Shri Ravi Jhunjunwala 3) Shri Shekhar Agarwal 4) Shri Arun Churiwal 5) Shri J. C. 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
01.	A.D. Hydro Power Ltd	17.	Indo Canadian Consultancy Services Ltd
02.	Agarwal Finestate Pvt. Ltd	18.	Investors India Ltd
03.	Bagrodia Investment & Finlease Pvt. Ltd.	19.	Jagur Finvest Pvt. Ltd.
04.	Bhilwara Energy Ltd	20.	Jyoti Knits Pvt. Ltd.
05.	Bhilwara Scribe Pvt. Ltd	21.	Kalati Holding Private Ltd.
06.	Bhilwara Software Pvt. Ltd	22.	LNJ Financial Services Ltd.
07.	Bhilwara Technical Textiles Ltd.	23.	Malana Power Company Ltd
08.	BMD Private Ltd	24.	Maral Overseas Ltd
09.	BSL Ltd	25.	Mayur Knits Pvt. Ltd
10.	Deepak Knits Private Ltd	26.	Raghav Commercial Ltd
11.	Diplomat Leasing Pvt. Ltd.	27.	Raghav Knits & Textiles Private Ltd.
12.	Essay Marketing Co. Ltd	28.	Ramkant Sales & Services Pvt. Ltd
13.	Expert Fabric & Textiles Pvt. Ltd.	29.	Shashi Commercial Co. Ltd.
14.	Ganga Yamuna Auto Pvt. Ltd.	30.	Shree Vardhman Stock Holding Pvt. Ltd
15.	Giltedged India Securities Ltd	31.	Sudiva Spinners Pvt. Ltd
16.	HEG Limited	32.	USS Investment & Finlease Pvt. Ltd

Schedules annexed to and forming part of the accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

f) Transaction with Related Parties

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

	This year	Previous year
I) For the parties referred to in item (a) above.		
Sale of Finished Goods & Raw Material	409.84	-
Purchase of Raw Material	80.44	55.04
Loan Given	208.13	540.49
Loan Recovered	139.79	-
Sale of Stores	5.48	-
Purchase of stores	0.89	-
Purchase of Fixed Assets	-	4.53
Rent Received	0.24	0.48
Reimbursement received on Revenue Expenditure	5.82	50.30
Reimbursement made on revenue expenditure	0.03	-
Commission on sale of IEX Power	2.03	-
Management Consultancy Charges	138.98	-
Interest received	75.18	68.46
Trade Payable	11.78	-
Trade receivables	1.33	64.33
Outstanding loans	1200.00	1771.82
II) For the persons referred to in item (d) above		
Remuneration and other perquisites	428.19	204.36
Directors Sitting fees	4.00	3.80
iii) For the parties referred in (e) above		
Sale of Finished Goods	2665.60	2316.86
Sale of Stores & Consumable	17.86	34.78
Purchase of Store & Consumable	2.84	17.69
Commission on sale of IEX Power	4.74	4.71
Rent received	502.19	467.01
Rent Paid	78.15	78.61
Purchase of Raw material	876.49	892.10
Sale of Raw Material	53.58	104.38
Purchase of Finished goods	-	89.21
Sale of Land*	41.50	8.90
Purchase of Land*	25.20	1303.60
Interest received	1.06	31.80
Reimbursement made of revenue expenditure	58.53	136.41
Interest paid	0.25	-
Reimbursement received of revenue expenditure	506.94	235.36
Sale of Shares	-	229.82
Job charges received	89.90	370.73
Job charges paid	5.93	22.85
Consultancy charges paid	33.09	2.25
Trade receivable	442.68	224.12
Trade payable	1.11	0.37

* Pending registration of Sale/Purchase

5. Jointly controlled assets

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

Schedules annexed to and forming part of the accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

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)

	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	1707.44	469.63	1520.20	417.74
b) Current Service Cost	245.51	96.31	217.84	87.91
c) Interest Cost	136.60	37.40	106.41	29.24
d) Actuarial (Gain/Loss)	145.35	(30.04)	79.98	(5.73)
e) Benefits paid	(165.02)	(47.58)	(216.99)	(59.53)
f) Settlement Cost	-	-	-	-
g) Defined Benefits Obligation at year end	2069.88	525.72	1707.44	469.63
ii) Reconciliation of opening and closing balances of fair value of plan assets				
a) At the beginning of the year	1507.41	386.39	1070.50	310.06
b) Expected Return on plan assets	150.96	30.92	107.05	24.80
c) Actuarial Gain / (Loss)	(48.46)	6.35	97.15	3.32
d) Employer Contributions	200.14	84.39	449.70	107.74
e) Benefits paid	(165.02)	(47.58)	(216.99)	(59.53)
f) Fair Value of the plan assets at the year end	1645.03	460.47	1507.41	386.39
iii) Reconciliation of fair value of obligation and Assets				
a) Present value of obligation as at 31.3.2011	2069.88	525.72	1707.44	469.63
b) Fair value of plan assets as at 31.3.2011	1645.03	460.47	1507.41	386.39
c) Amount recognised in Balance Sheet (a - b)	424.85	65.25	200.03	83.24
iv) Expense recognised during the year.				
a) Current Service Cost	245.51	96.31	217.84	87.91
b) Interest cost	136.60	37.40	106.41	29.24
c) Expected return on plan assets	(150.96)	(30.92)	(107.05)	(24.80)
d) Actuarial (gain) / loss	196.02	(34.14)	(17.17)	(9.11)
e) Others	(2.32)	(3.40)	-	-
Net Cost (a+b+c+d+e)	424.85	65.25	200.03	83.24

v) Investment Details of Plan Assets

Name of Retirement Benefit	Name of Trust	Policy No.	Investment with	Sharing of Investment
1) Gratuity	Rajasthan Spinning Staff Gratuity Fund Trust	0000036	ICICI Prudential Life Insurance Co. Ltd	100%
2) Earned Leave		GLES 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	8% p.a.	8% 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

Schedules annexed to and forming part of the accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

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 - ₹424.85 lac
- b) Earned Leave - ₹65.25 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

Particulars	31st March, 2011		31st March, 2010		31st March, 2009		31st March, 2008	
	Gratuity	Earned Leave	Gratuity	Earned Leave	Gratuity	Earned Leave	Gratuity	Earned Leave
Defined benefit obligation	2069.88	525.72	1707.44	469.63	1520.25	417.74	1262.81	323.67
Plan assets	1645.03	460.47	1507.41	386.39	1070.5	310.00	1027.82	230.94
Surplus/deficit	(424.85)	(65.25)	(200.03)	(83.24)	(449.75)	(107.74)	(234.99)	(92.73)
Experience adjustment on plan assets	(107.83)	5.45	139.96	3.32	(119.07)	(1.54)	*	*
Experience adjustment on plan liabilities	(127.80)	26.49	(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 recognised the following amount as an expense and included in the Schedule 16 - "Contribution to Provident and Other Funds":

	This year		Previous year	
i) Employers Contribution to Provident Fund	890.58		765.72	
ii) Employers Contribution to Superannuation	109.00		114.28	

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: -

	This year		Previous year	
Lease rental charges for the year	37.17		22.59	
Future Lease rental obligation payable				
- Not later than one year	26.08		24.37	
- Later than one year and not later than five years	-		23.79	

Schedules annexed to and forming part of the accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

D. ADDITIONAL INFORMATION PURSUANT TO SCHEDULE VI OF THE COMPANIES ACT, 1956

1. Installed Capacity :

Particulars	Unit	This year	Previous year
Yarn			
A Spindles	(Nos.)	336608	298208
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	38

2. Sales, Production & Stocks

Particulars	Production		Opening Stock		Closing Stock		Sales	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
A) Own Manufacturing								
Yarn :-								
Qty. (Kgs in Lac)	940.77	859.51	14.56	16.53	28.77	14.56	926.56	861.48
Value (₹ in Lac)				1875.76	1755.02	4884.73	1875.76	168814.91
								133956.70
Cloth								
Qty. (Mtrs in Lac)	231.56	214.40	29.31	28.79	22.35	29.31	238.52	213.88
Value (₹ in Lac)				2326.11	2207.95	1896.87	2326.11	29442.50
								22108.95
Garments								
Qty. (Pcs. in lacs)	0.13	0.31	0.12	0.05	0.10	0.12	0.15	0.24
Value (₹ in Lac)				15.24	6.42	10.73	15.24	38.77
								47.33
Waste:-								
Qty. (Kgs in Lac)	59.15	57.71	5.17	2.73	1.43	5.17	62.89	55.27
Value (₹ in Lac)				141.67	52.41	35.64	141.67	1574.32
								1350.24
B) Job Work for others								
Processing								
Yarn :-								
Qty. (Kgs in Lac)	-	-	-	-	-	-	-	-
Value (₹ in Lac)				-	-	-	-	-
Cloth :-								
Qty. (Mtrs in Lac)	135.75	152.20	5.63	7.01	8.03	5.63	133.35	153.58
Value (₹ in Lac)				52.40	71.90	73.55	52.40	1,833.09
								1,597.59
Weaving								
Cloth :-								
Qty. (Mtrs in Lac)	6.54	17.68	-	-	-	-	6.54	17.68
Value (₹ in Lac)				-	-	-	-	100.74
								232.99
Yarn Spinning								
Yarn :-								
Qty. (Kgs in Lac)	2.53	0.94	-	-	-	-	2.53	0.94
Value (₹ in Lac)				-	-	-	-	172.93
								60.24
Yarn Doubling								
Qty. (Kgs in Lac)	0.00	-	-	-	-	-	-	-
Value (₹ in Lac)				-	-	-	-	-
Garments								
Qty. (Pcs in Lac)	0.00	-	-	-	-	-	-	-
Value (₹ in Lac)				-	-	-	-	-

Schedules annexed to and forming part of the accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

Note :-

			2010-11	2009-10
a. Production and sales includes Inter segment/ division transfers for Captive Consumption	YARN	(Kgs. in Lac) (₹ in Lac)	15.67 5456.49	17.45 5268.87
Inter segment job charges	YARN	(Kgs. in Lac) (₹ in Lac)	0.08 10.27	- -
Inter segment Waste sales	YARN	(Kgs. in Lac) (₹ in Lac)	5.51 294.21	5.39 236.06
b. Production and Sales excludes Inter Unit transfers	YARN	(Kgs. in Lac) (₹ in Lac)	5.65 887.90	3.91 461.81
	FABRIC	(Mtrs. in Lac) (₹ in Lac)	- -	- -
Inter unit Job charges	YARN	(Kgs. in Lac) (₹ in Lac)	92.97 1197.33	85.57 1,074.91
c. Production and Sales includes followings :				
i) Purchases of finished goods	YARN	(Kgs in Lac)	1.64	1.67
	FABRIC	(Mtrs. in Lac)	0.00	0.00
ii) Manufacturing on job work from outside	YARN	(Kgs in Lac)	-	-
	FABRIC	(Mtrs.in Lac)	15.99	19.18
d. Production excludes followings :				
Issues to department for reprocessing	YARN	(Kgs in Lac)	100.15	96.72
e. Production includes Trial Run Production :	YARN	(Kgs in Lac)	-	-
	FABRIC	(Mtrs.in Lac)	-	-

3. Raw Material Consumed :-

Particulars	Unit	This year		Previous year	
		Amount	Qty. (₹ in lacs)	Amount	(₹ in lacs)
i) Viscose	Tones	22,607	29,162.48	22953	24707.00
ii) Polyester & Other Synthetics Fibre	Tones	51,859	43,447.14	43477	28186.20
iii) Cotton	Tones	30,569	27,648.20	30077	19377.55
iv) Synthetics Yarn	Tones	6,664	11,006.56	5742	7367.87
v) Grey Fabric	In,000 Mtr	136	83.42	263	143.39
vi) Coal	Tones	50080	1,763.54	205429	7343.86
vii) Dyes & Chemicals	Tones	4668	3022.13	4832	2836.83
Total			116133.46		89962.67
Less :Inter Segment	Tones	2,118	3235.70	2283	2936.84
Less: Inter Units transfers (YARN)	Tones	565	887.40	390	459.59
Less: Inter Units transfers (FABRIC)	In,000 Mtr		0.49	2	2.23
Total			112009.87		86564.06

4. Value of Imports calculated on CIF basis in respect of :

(₹ in Lacs)

Particulars	This year	Previous year
i) Raw Materials	2832.33	1485.85
ii) Components and Spare Parts	1143.64	1051.46
iii) Capital Goods	2074.57	70.80
Total	6050.54	2608.11

Schedules annexed to and forming part of the accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Contd...)

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

Particulars	This year		Previous year	
	(₹ in lacs)	Percentage	(₹ in lacs)	Percentage
I) Raw materials :				
A) Imported	2738.17	2.44	1729.36	2.00
B) Indigenous	109271.70	97.56	84834.70	98.00
Total	112009.87	100.00	86564.06	100.00
II) Components and spare parts				
A) Imported	1230.45	26.39	1214.81	30.72
B) Indigenous	3432.81	73.61	2740.11	69.28
Total	4663.26	100.00	3954.92	100.00

6. Expenditure in Foreign Currency

(₹ in Lacs)

Particulars	This year	Previous year
I) Traveling Expenses	122.17	120.52
ii) Commission/Claims/Ocean Freight		
a) Commission	905.16	863.95
b) Claims	247.67	76.46
c) Ocean Freight	2087.51	1426.79
Total	3240.35	2367.20
iii) Others	1746.52	104.66
Total	5109.04	2592.38

7. Earning in Foreign Currency

(₹ in Lacs)

Particulars	This year	Previous year
Earning in Foreign Currency		
FOB Value of Export	74845.97	53912.02

8. Remittance in Foreign Currency on account of Dividend/Interim Dividend.

Year to which Dividend relates	This year	Previous year
Number of non-resident shareholders to whom dividend remitted.	5	5
a) Number of shares on which remittance was made (in lac)	5352670	5352670
b) Account remitted (₹ in lac)	802.90	133.82

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A.L.Chechani & Co.
Chartered Accountants
Firm Regn.No.005341C

Sunil Bhargava
Partner
Membership No. 70964

Sunil Surana
Partner
Membership No. 36093

Place : Noida
Dated : 28th April, 2011

Ravi Jhunjunwala
Chairman
Arun Churiwal
Managing Director & CEO
J.C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Cash Flow Statement For the year ended 31st March, 2011

	(₹ in Lacs)	
	2010-11	2009-10
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax & Extra Ordinary item	19,564.23	4912.85
Add:		
Depreciation and Amortisation	8,014.68	8763.98
Dividend received	(148.53)	(64.55)
Interest cost	7,257.17	5682.04
Exchange Fluctuation	(16.74)	28.91
Profit/ Loss on sale of Fixed Assets	(35.10)	(10.19)
Investment Loss on Liquidation	275.17	—
Profit/ Loss on sale of Investments	-	(78.82)
Loss on cancellation of sale contract	-	804.58
Loan and Advances W/off	640.17	—
Provision for Bad & Doubtful Debts	86.19	268.64
Provision for Bad & Doubtful Advances	(571.82)	571.82
Provision for Diminution in Value of Investment	(277.30)	277.30
Provision for Entry Tax	33.19	620.24
Liabilities no longer required w/back	(120.24)	(98.15)
Miscellaneous Expenses written off	48.42	41.85
Operating Profit Before Working Capital Changes	34749.49	21720.50
Inventories	(18,785.98)	(8062.95)
Trade Receivables	(4,879.52)	(1348.66)
Export Incentives Receivable	(1,371.49)	(888.85)
Other Current Assets	1,196.12	(529.31)
Loans and Advances	(2,727.36)	3202.79
Trade payables	8,899.31	1715.26
Cash Generated from operations	17080.57	15808.78
Direct Taxes	(3439.72)	(1002.36)
Extraordinary item	(1442.05)	(61.45)
Net cash from operating activities	12198.80	14744.97
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets	(11,989.43)	(3844.30)
Sales of Fixed Assets	270.20	650.95
Proceeds from /Sale of Investments (Shares)	2.13	229.92
Dividend received	148.53	64.55
Net cash used in investing activities	(11568.57)	(2898.88)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings	2,200.00	1250.00
Repayment of Long Term Borrowings	(10,368.15)	(7571.30)
Increase/Decrease in Short Term Borrowings	19030.15	2597.45
Exchange Fluctuation	16.74	(28.91)
Dividend/Interim Dividend paid	(3,587.74)	(98.05)
Interest cost	(7,257.17)	(5682.04)
Redemption of RPS	(500.10)	(1999.80)
Net cash from financing activities	(466.27)	(11532.65)
Net Increase in Cash and Cash equivalents	163.96	313.44
Opening Cash and Cash equivalents	481.84	168.40
Closing Cash and Cash equivalents	645.80	481.84

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

Sunil Bhargava
Partner
Membership No. 70964

Place : Noida
Dated : 28th April, 2011

For A.L.Chechani & Co.
Chartered Accountants
Firm Reg.No.005341C

Sunil Surana
Partner
Membership No. 36093

Ravi Jhunjunhuala
Chairman
Arun Churiwal
Managing Director & CEO
J.C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Balance Sheet Abstract & Company's General Business Profile

Balance Sheet Abstract and Company's General Business Profile
(AS PER PART (IV) OF SCHEDULE VI OF THE COMPANIES ACT, 1956)

I. Registration Details

Balance Sheet Date

8	2	1	6	
---	---	---	---	--

Balance Sheet Date

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

State Code

1	7
---	---

II. Capital raised during the year (amount in ₹ Thousands)

Public issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Bonus issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Rights issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Private placement

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

III. Position of mobilisation and deployment of funds (amount in ₹ Thousands)

Sources of Funds

Paid-up capital

			2	3	1	4	8	7
--	--	--	---	---	---	---	---	---

Secured loans

		1	1	3	8	4	6	9	5
--	--	---	---	---	---	---	---	---	---

Deferred tax liability and deferred income

			4	4	3	4	8	2
--	--	--	---	---	---	---	---	---

Total liabilities

		1	4	9	3	5	8	4	1
--	--	---	---	---	---	---	---	---	---

Reserves and surplus

			2	8	5	0	6	8	6
--	--	--	---	---	---	---	---	---	---

Unsecured loans

				2	5	4	9	1
--	--	--	--	---	---	---	---	---

Warrants

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Application of Funds

Net fixed assets

		8	3	1	0	2	8	9
--	--	---	---	---	---	---	---	---

Net current assets

			6	0	2	4	0	0	8
--	--	--	---	---	---	---	---	---	---

Accumulated Losses

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Investments

				6	0	1	5	4	4
--	--	--	--	---	---	---	---	---	---

Miscellaneous expenditure

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Total assets

		1	4	9	3	5	8	4	1
--	--	---	---	---	---	---	---	---	---

IV. Performance of the Company (amount in ₹ Thousands)

Turnover (Gross revenue)

		1	9	8	5	5	5	2	0
--	--	---	---	---	---	---	---	---	---

Profit / loss before tax

(+/-)	+	1	8	1	2	2	1	8
-------	---	---	---	---	---	---	---	---

Earnings per share (₹)

				5	3	.	0	8
--	--	--	--	---	---	---	---	---

Total expenditure

		1	8	0	4	3	3	0	2
--	--	---	---	---	---	---	---	---	---

Profit / loss after tax

(+/-)	+	1	2	2	9	6	4	6
-------	---	---	---	---	---	---	---	---

Dividend rate (%)

							1	5	0
--	--	--	--	--	--	--	---	---	---

V. Generic Names of three principal products/services of Company (as per monetary terms)

Item Code No. (ITC code)	Product descriptions
5 5 1 1 0 0	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
5 5 1 5 0 0	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
5 2 0 5 0 0	C O T T O N Y A R N

S. Bhargava Associates
Chartered Accountants
Firm Reg.No.003191C

Sunil Bhargava
Partner
Membership No. 70964

Place : Noida
Dated : 28th April, 2011

For A.L.Chechani & Co.
Chartered Accountants
Firm Reg.No.005341C

Sunil Surana
Partner
Membership No. 36093

Ravi Jhunjunhuala
Chairman
Arun Churiwal
Managing Director & CEO
J.C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Statement pursuant to Section 212 (8) of the Companies Act

In terms of General approval granted by the Central Government under section 212(8) of the Companies Act, 1956, copies of Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies have not been attached with the Balance Sheet of the Company. However the consolidated Financial Statements of the Company, includes the results of the subsidiary Companies. The copies of the Annual accounts of the Company's subsidiary for the year ended 31st March, 2011 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 during business hours at the Company's registered office and at the concerned subsidiary's office.

(₹ in lacs)		
Name of subsidiary	Cheslind Textiles Limited	
	This year	Previous year
1 Capital	2309.39	2309.39
2 Reserves	(443.83)	(330.90)
3 Total Assets	15358.99	14845.12
4 Total liabilities	12207.91	12866.63
5 Details of Investment	-	-
6 Turnover	18497.26	13293.3
7 Profit/loss before taxation	1172.59	(279.95)
8 Provision before taxation & DTL written back	-	40.94
9 Profit/loss after taxation	1172.59	(320.89)
10 Proposed dividend	NIL	NIL

(₹ in lacs)		
Name of subsidiary	RSWM International B.V.	
	This year	Previous year
1 Capital	-	302.60
2 Reserves	-	331.13
3 Total Assets	-	2168.95
4 Total liabilities	-	2198.69
5 Details of Investment	-	2148.46
6 Turnover	-	61.29
7 Profit/loss before taxation	-	(7.02)
8 Provision before taxation & DTL written back and FBT	-	NIL
9 Profit/loss after taxation	-	(7.02)
10 Proposed dividend	-	NIL

Exchange rate as on 31.3.2011 1Euro = INR 62.24 (Previous year Rs.60.52)

* RSWM International B.V. has been liquidated on 04.02.2011. Therefore, no Balance Sheet has been drawn as at 31.03.2011.

Auditors' Report on the Consolidated Financial Statements

To the members of
RSWM Limited

- We have audited the attached Consolidated Balance Sheet of RSWM Limited and its Subsidiaries as at 31st March, 2011 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's 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.
- 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.
- We did not audit the financial statements of one of the Subsidiaries whose financial statements reflect the Group's share of total assets of ₹15359 lac as at 31st March, 2011, total revenue of ₹18533 lac and net Cash inflows amounting to ₹8 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.
 - We did not audit the financial statements of the another Subsidiary (since been liquidated on 04.02.2011 –Refer Note No.8 of Schedule 16) whose financial statements reflect the Group's share of total assets of ₹NIL as of 31.3.2011, total revenue of ₹NIL and net cash outflows amounting to ₹16.36 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.
- 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.
- 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.
- 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.
 - In the case of Consolidated Balance Sheet of the state of affairs of RSWM Limited Group as at 31.3.2011
 - In the case of Consolidated Profit and Loss Account, of the profit for the year ended on that date, and
 - 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
Firm Reg. No.: 003191C

For A. L. Chechani & Co.
Chartered Accountants
Firm Reg. No.:005341C

Sunil Bhargava
Partner
Membership No. : 70964

Place: Noida
Dated: 28th April, 2011

Sunil Surana
Partner
Membership No. : 36093

Consolidated Balance Sheet As at 31st March, 2011

(₹ in Lacs)

Schedules	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital 1	2,314.87	2,814.97
Reserves and surplus 2	26,804.44	17,482.93
Govt.Capital Grant	256.70	343.18
Minority Shareholders Interest	1,069.23	671.36
	30,445.24	21,312.44
Loan Funds 3		
Secured Loans	122,663.34	113,932.46
Unsecured Loans	254.91	179.32
	122,918.25	114,111.78
Deferred Tax Liability 4	4,178.12	1,792.12
Total	157,541.61	137,216.34
APPLICATION OF FUNDS		
Fixed Assets 5		
Gross Block	170,337.61	162,897.42
Less : Depreciation and Amortisation	81,414.66	73,631.65
Net Block	88,922.95	89,265.77
Capital Work in Progress	2,900.42	523.53
	91,823.37	89,789.30
Investments 6	1,805.92	3,954.38
Current Assets, Loans & Advances 7		
Inventories	48,436.25	27,518.05
Sundry Debtors	21,363.28	16,195.27
Cash and Bank Balances	854.25	700.98
Export Incentives Receivable	3,665.04	2,397.16
Other Current Assets	5,377.22	5,827.61
Loans and Advances	7,550.07	4,841.83
	87,246.11	57,480.90
Less: Current Liabilities and Provisions 8		
Liabilities	15,883.88	10,040.73
Provisions	7,449.91	4,017.14
	23,333.79	14,057.87
Net Current Assets	63,912.32	43,423.03
Miscellaneous Expenditure 9	-	49.63
(To the extent not written off or adjusted)		
Total	157,541.61	137,216.34
Accounting Policies and Notes on Accounts 16		

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A.L.Chechani & Co.
Chartered Accountants
Firm Regn.No.005341C

Sunil Bhargava
Partner
Membership No. 70964

Sunil Surana
Partner
Membership No. 36093

Place : Noida
Dated : 28th April, 2011

Ravi Jhunjhunwala
Chairman
Arun Churiwal
Managing Director & CEO
J.C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Consolidated Profit and Loss Account For the year ended 31st March, 2011

(₹ in Lacs)

Schedules	Year ended 31st March, 2011	Year ended 31st March, 2010
INCOME		
Turnover 10	214,693.23	167,087.37
Less : Excise Duty	1,157.58	772.94
	213,535.65	166,314.43
Other Income 11	2,249.10	1,823.03
	215,784.75	168,137.46
Increase/(Decrease) in Stocks 12	4,563.90	(436.10)
	220,348.65	167,701.36
EXPENDITURE		
Materials 13	124,147.47	93,909.33
Operating and Other Expenditure 14	59,338.98	52,795.81
Financial Expenses 15	8,311.94	6,763.12
	191,798.39	153,468.26
Profit/(loss) before depreciation and amortisation	28,550.26	14,233.10
Depreciation and Amortisation	8,951.04	9,668.67
Profit/(loss) before tax	19,599.22	4,564.43
Less : Tax Expenses - Current Tax	3439.72	1002.36
- Earliers years	-	40.94
- DTL	2,386.00	246.00
Net profit/(loss) before minority interest	13,773.50	3,275.13
Minority Interest	397.86	(108.88)
Net profit/(loss)	13,375.64	3,384.01
Balance brought forward from previous year (Excluding balance of Associates ₹2848.49 Lac) (Previous year Nil)	459.22	353.83
Profit available for appropriation	13,834.86	3,737.84
APPROPRIATIONS		
General Reserve	1,250.00	400.00
Preference Share Capital Redemption Reserve	500.10	1,999.80
Transfer From Other Reserve		(65.33)
Interim Dividend on Equity Shares	2,314.87	-
Proposed Dividend on Equity Shares	1,157.43	578.72
Dividend on Preference Shares	8.22	174.93
Tax on Dividend	573.60	125.17
	5,738.89	3,278.62
Balance Carried Forward	8,095.97	459.22
Earnings per share (₹)		
Basic	57.74	13.74
Diluted	57.74	13.74
Accounting policies and notes on accounts 16		

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A.L.Chechani & Co.
Chartered Accountants
Firm Regn.No.005341C

Sunil Bhargava
Partner
Membership No. 70964

Sunil Surana
Partner
Membership No. 36093

Place : Noida
Dated : 28th April, 2011

Ravi Jhunjhunwala
Chairman
Arun Churiwal
Managing Director & CEO
J.C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Schedules annexed to and forming part of the consolidated accounts

(₹ in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 1 SHARE CAPITAL		
Authorised		
4,75,00,000 Equity Shares of ₹10/- each	4,750.00	4,750.00
25,00,000 Optionally Convertible Redeemable Preference Shares of ₹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 ₹10/- each	2,314.87	2,314.87
3,33,400 10% Redeemable Preference Shares of ₹150/- each	-	500.10
	2,314.87	2,814.97

Of the above ;

Equity Share Capital includes 1,35,13,607 Equity Shares of ₹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 were redeemed on 30th May, 2010

	31st March, 2010	Additions	Deductions	31st March, 2011
Schedule 2 RESERVES AND SURPLUS				
Capital Reserve	727.64		26.67	700.97
Preference Share Capital Redemption Reserve	5,199.90	500.10		5,700.00
Share Premium	8,995.23			8,995.23
State Investment Subsidy	70.00			70.00
General Reserve	1,992.27	1,250.00		3,242.27
Exchange Fluctuation Reserve	38.66	-	38.66	-
Profit and Loss Account	459.23	13,469.05	5,832.31	8,095.97
	17,482.93	15,219.15	5,897.64	26,804.44

	As at 31st March, 2011	As at 31st March, 2010
Schedule 3 LOAN FUNDS		
Term Loans		
From Banks	58,843.54	61,683.30
From Financial Institutions	17,404.29	25,968.07
Working Capital Loans		
From Banks	38,144.48	23,581.09
From Financial Institutions	8,271.03	2,700.00
	122,663.34	113,932.46
Sales Tax Deferment Loans	254.91	179.32
	254.91	179.32
	122,918.25	114,111.78

Notes:

Term Loans (Except ₹3885 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.

Term Loan of ₹3885 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. Out of this, loans amounting ₹6500 lac (Previous year ₹Nil) granted by The Union Bank of India & IDBI Bank, out side the consortium are secured by Pledge and Possessive Lien on stocks of ₹8236 lac.

Term Loans repayable within one year ₹11533 lac (Previous year ₹11535 lac).

Schedules annexed to and forming part of the consolidated accounts

(₹ in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 4 DEFERRED TAX LIABILITY		
Opening Balance	1,792.12	1,546.12
Add:- Created during the year	2,386.00	246.00
Less:- Reversal during the Year	-	-
Closing Balance	4,178.12	1,792.12

Schedule	5	FIXED ASSETS									
Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
		As at 01.04.2010	Additions	Deductions	As at 31.3.2011	Up to 01.04.2010	Deductions	For the year	Total upto 31.3.2011	As at 31.3.2011	As at 31.3.2010
A	Tangible Assets										
	Land & Site Development	1,998.93	33.88	4.13	2,028.68	3.20	-	0.82	4.02	2,024.66	1,995.73
	Roads and Buildings	23,701.39	729.91	140.98	24,290.32	4,722.98	11.96	642.71	5,353.73	18,936.59	18,978.41
	Plant and Machinery	124,903.09	6,978.19	1,803.50	130,077.78	65,337.13	1,190.36	7,808.73	71,955.50	58,122.28	59,565.96
	Electric Fitting and Water Supply Installation	7,037.39	196.05	93.20	7,140.24	1,656.02	11.69	373.00	2,017.33	5,122.91	5,381.37
	Furniture Fixture and Other Equipments	2,982.26	1,560.04	103.41	4,438.89	1,372.22	81.29	243.50	1,534.43	2,904.46	1,610.04
	Vehicles	1,100.50	261.30	171.44	1,190.36	439.19	93.68	99.68	445.19	745.17	661.31
	Total (A)	161,723.56	9,759.37	2,316.66	169,166.27	73,530.74	1,388.99	9,168.44	81,310.20	87,856.07	88,192.82
B)	Intangible Assets										
	Computer Software	73.94	0.43	1.58	72.79	53.05	1.50	5.05	56.60	16.19	20.89
	Enabling Assets	673.30	-	-	673.30	47.86	-	-	47.86	625.44	625.44
	Goodwill on Consolidation	426.62	-	1.37	425.25	-	-	-	-	425.25	426.62
	Total (B)	1,173.86	0.43	2.95	1,171.34	100.91	1.50	5.05	104.46	1,066.88	1,072.95
	Total (A + B)	162,897.42	9,759.80	2,319.61	170,337.61	73,631.65	1,390.49	9,173.49	81,414.66	88,922.95	89,265.77
C)	Capital Work in Progress :										
	Building Under Construction	69.11	424.27	111.63	381.75	-	-	-	-	381.75	69.10
	Plant & Machinery Under Erection/Commissioning	285.73	1,167.47	1,293.00	160.20	-	-	-	-	160.20	285.73
	Pre-operative Expenses pending allocation	-	-	-	-	-	-	-	-	-	-
	Advances Against Capex (Unsecured Considered Good)	168.70	3,218.16	1,028.39	2,358.47	-	-	-	-	2,358.47	168.70
	Total (C)	523.54	4,809.90	2,433.02	2,900.42	-	-	-	-	2,900.42	523.53
	Total (A+B+C)	163,420.96	14,569.70	4,752.63	173,238.03	73,631.65	1,390.49	9,173.49	81,414.66	91,823.37	89,789.30
	Previous Year	163459.55	4929.52	4968.12	163420.95	66257.56	2666.88	10040.98	73631.66	89789.30	97202.08

Notes

- Land includes - ₹387.81 Lac for Lease hold Land and ₹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 ₹756.63 lac (Previous Year ₹944.53 lac) on account of decapitalisation of Cenvat which has now become recoverable after rationalisation of rates.
- Deduction in depreciation ₹1390.49 Lac (previous Year ₹2666.88 Lac) represents adjustment on account of Sale/Transfer/Discarding of fixed assets.
- Depreciation for the year is net of ₹133.94 (Previous Year ₹298.42 Lac) on account of reversal of capitalisation of Cenvat.
- Roads and Buildings includes value of irrevocable Licencing right to use of a flat in New Delhi ₹10.00 Lac.

Schedules annexed to and forming part of the consolidated accounts

(₹ in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 6 INVESTMENTS (LONG TERM)		
Other Investments		
In equity shares of ₹10/-each fully paid up (unless otherwise stated)		
Quoted - non trade investments		
Holding Name of the Company		
a) 9,78,000 HEG Limited	34.94	34.94
b) 372 Whirlpool India Limited	0.01	0.01
c) 30 Vardhman Holding Limited	-	0.00
d) 150 Tata Construction & Project Limited	0.02	0.02
e) 775 Graphite India Limited (of ₹2/- each)	0.03	0.03
f) 5600 State Bank of Bikaner & Jaipur (of ₹10/- each fully paid-up)	3.02	3.02
g) 943 Punjab National Bank	3.68	3.68
h) 180 Vardhman Textiles Ltd.	0.01	0.01
i) 31,396 BSL Limited (of ₹10/- each)	0.50	0.50
	42.21	42.21
Unquoted - non trade investments		
j) 2,64,55,650 Bhilwara Energy Limited	1,763.71	1,763.71
k) 2,03,589 India Insulators Ltd.	20.36	20.36
Less: Investment carrying Fund	(20.36)	(20.36)
l) 1,43,550 RSWM - SISA S.A-Spain	-	2,148.46
	1,763.71	3,912.17
	1,805.92	3,954.38
Add:- Increase In Value of Investment In Associates		
Opening Balance	-	8,658.20
Add:- During the Year	-	(8,658.20)
Closing Balance	-	-
	1,805.92	3,954.38
Aggregate Market Value of Quoted Investments	4,025.10	4,673.98

Note

1,43,550 Equity Shares of RSWM-SISA which were owned and pledged as collateral security, by RSWM International BV, wholly owned subsidiary have been sold out during the year at the value of Euro 250000.

Schedules annexed to and forming part of the consolidated accounts

(₹ in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 7 CURRENT ASSETS, LOANS AND ADVANCES		
A) Current Assets		
Inventories		
Raw Materials	32,453.96	15,617.31
Finished Goods	7,178.65	4,456.12
Waste	38.29	146.29
Stock in Process	6,245.38	4,296.01
Stores, Spares and Fuels (Including Transit ₹390.76 lac, Previous year ₹156.07 lac)	2,519.97	3,002.32
	48,436.25	27,518.05
Sundry Debtors (Unsecured)		
Within Six Months - Considered Good	21,322.65	15,506.61
Others - Considered Good	40.63	688.66
- Considered doubtful	411.37	336.89
Less: Provision for doubtful debts	(411.37)	(336.89)
	21,363.28	16,195.27
Cash and bank balances		
Cash in Hand	62.01	57.56
With scheduled banks in		
i) Savings Accounts	0.20	0.20
ii) Current Accounts, Margin Money deposits and Cheques/ Drafts in Hand/Collection and Remittance in Transit.	723.48	600.76
iii) Fixed Deposits (Pledged with Govt. & other Deptts. ₹1.87 lac, Previous year ₹1.87 Lac)	17.79	18.10
iv) Dividend Accounts	50.77	24.36
	854.25	700.98
Export incentives receivable		
i) DEPB, DDBK & Advance Licenses	1,581.31	1,026.54
ii) Export Growth Entitlements	120.51	70.47
iii) Excise Rebate Claim Receivables	1,963.22	1,300.15
	3,665.04	2,397.16
Other Current Assets		
i) Deposits	725.44	706.65
ii) Duties, Claims and other receivables	1,648.56	2,207.52
iii) Subsidies Receivables (TUFs)	3,003.22	2,913.44
	5,377.22	5,827.61
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.	5,228.29	1,744.04
Considered doubtful	-	61.45
Less : Provision for Doubtful loans & advances	-	(61.45)
ii) Advance against Supplies	2,321.78	3,097.79
	7,550.07	4,841.83
	87,246.11	57,480.90

Schedules annexed to and forming part of the consolidated accounts

(₹ in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 8 CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	7,908.29	3,216.37
Investor Education and Protection Fund (Unclaimed Dividend)	68.80	48.29
Interest accrued but not due on Loans	125.93	93.69
Security Deposits	863.87	764.47
Advance from Customers	956.84	931.58
Other Liabilities	5,960.15	4,986.33
	15,883.88	10,040.73
Provisions		
Proposed Dividend on Equity Shares	1,157.43	578.72
Provision for Dividend on Preference Shares	-	174.93
Tax on Dividend	187.76	125.17
Retirement Benefits	655.32	416.22
Provision for Taxation	5,449.40	1,872.98
Provision for Investment Carrying Fund & Others (Wholly Owned Subsidiary)	-	849.12
	7,449.91	4,017.14
	23,333.79	14,057.87

Schedule 9 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Premium on Resetting of interest / Prepayment Term Loans	42.15	42.15
Preference Shares Issue Expenses	-	78.75
Retrenchment Compensation on Shifting of Fabric Division	122.71	122.71
Preliminary Expenses	-	79.75
	164.86	323.36
Less : Amount Amortised	164.86	273.73
	-	49.63

	Year ended 31st March, 2011	Year ended 31st March, 2010
Schedule 10 TURNOVER		
Sales : Export	88,976.09	64,153.21
Domestic	123,341.84	100,888.92
Growth Incentives and Rebates	278.82	154.42
Job and Processing Charges	2,096.48	1,890.82
	214,693.23	167,087.37

Schedules annexed to and forming part of the consolidated accounts

(₹ in Lacs)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Schedule 11 OTHER INCOME		
Operating Income		
Rent (Tax Deducted ₹64.13 lac, Previous year ₹67.19 lac)	706.35	631.26
Dividends on Long Term Investments	148.53	64.55
Profit on Sale of Fixed Assets	95.75	97.26
Profit on Sale of Investments	-	78.82
Profit on Sale of Stores / Raw Materials	0.67	0.37
Insurance and Other Claims Received	5.10	453.62
Provision for Doubtful Loans & Advances Written Back	583.51	
Provision for Diminution in value of Investment Written Back	277.30	
Commission	-	61.29
Liabilities no Longer Required, Written Back	108.55	98.15
Miscellaneous Receipts	323.34	337.71
	2,249.10	1,823.03

Schedule 12 INCREASE(DECREASE) IN STOCKS		
Closing Stock		
Finished Goods	7,178.65	4,456.12
Waste	38.29	146.29
Stock in Process	6,245.38	4,296.01
	13,462.32	8,898.42
Opening 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
Increase/(Decrease) in Stocks	4,563.90	(436.10)

Schedule 13 MATERIALS		
A) Raw Materials		
Opening Stock	15,617.31	6,267.78
Add : Purchases	143,153.43	105,079.75
	158,770.74	111,347.53
Less: Sales, Returns and Adjustments	6,402.19	5,241.99
	152,368.55	106,105.54
Less: Closing stock	32,453.96	15,617.31
	119,914.59	90,488.23
Add: Dyes and Chemicals	3,022.12	2,836.83
	122,936.71	93,325.06
B) Finished Goods Purchases		
Fabric	1,044.54	451.90
Garment	3.45	4.16
Yarn	162.77	128.21
	1,210.76	584.27
	124,147.47	93,909.33

Schedules annexed to and forming part of the consolidated accounts

(₹ in Lacs)		
	Year ended 31st March, 2011	Year ended 31st March, 2010
Schedule 14 OPERATING & OTHER EXPENDITURE		
Payment to and provisions for employees		
Salaries, Wages and Bonus	13,661.41	11,148.62
Workmen and Staff Welfare	261.38	351.55
Contribution to Provident, Gratuity and Other Funds	2,041.57	1,516.24
	15,964.36	13,016.41
Manufacturing		
Stores and Spare parts Consumed (Net of scrap sales ₹367.59 lac, Previous year ₹398.50 lac)	4,771.68	4,040.57
Packing Expenses	2,798.10	2,257.02
Power and Fuel	19,223.07	19,325.21
Processing and Job Charges	503.40	430.40
Research and Development	91.50	117.02
Repairs, Maintenance and Renovations		
Plant and Machinery	1,007.89	682.95
Buildings	377.86	338.80
Others	202.38	187.03
	28,975.88	27,379.00
Administrative		
Rent	145.24	103.62
Lease Rent	38.77	104.56
Rates and Taxes	89.92	130.90
Directors' Remuneration & Fees	440.75	220.68
Directors' Travelling	18.01	28.71
Charity & Donations	3.47	1.71
Miscellaneous Expenses	2,214.28	1,493.64
Insurance (Net of Recovery ₹120.25 lac, Previous year ₹80.97 lac)	175.48	112.38
	3,125.92	2,196.20
Selling		
Commission	511.59	395.73
Brokerage	146.36	111.26
Incentives and Discounts	1,520.04	1,304.02
Claims and Rebates	83.60	182.61
Freight, Forwarding and Octroi (Net of Recovery ₹56.73 lac, Previous year ₹53.06 lac)	566.42	566.69
Expenses on Export Sales:		
Ocean Freight	3,421.84	2,594.88
Commission	1,461.25	1,110.07
Others	509.10	443.08
Advertisement	278.00	230.70
Foreign Travelling Expenses	128.83	134.86
Others	430.42	368.77
	9,057.45	7,442.67
Others		
Loss/(Gain) on Foreign Exchange Fluctuation	(158.03)	(0.81)
Bad Debts & Provision for Doubtful Debts & Advances	101.77	268.64
Investment Loss on Liquidation	2,053.92	-
Loss & Advances Written off	68.35	-
Provision for Diminution in Value of Investment	-	849.12
Deferred Revenue Expenses Written off	48.42	42.51
Provision for Entry Tax	33.19	620.24
Expenses Related to Previous Year	4.38	9.79
Fraud & Embezzlement loss	-	61.45
Loss on Cancellation of Land Sale Contract	-	804.58
Loss on Sale/Discarding on Fixed Assets	63.37	106.01
	2,215.37	2,761.53
	59,338.98	52,795.81

Schedules annexed to and forming part of the consolidated accounts

(₹ in Lacs)		
	Year ended 31st March, 2011	Year ended 31st March, 2010
Schedule 15 FINANCIAL EXPENSES		
Interest		
On Term Loans	4,921.92	4,782.19
On working Capital Loans	3,449.60	2,245.62
	8,371.52	7,027.81
Less: Receipt from Trade Debtors & Others (TDS ₹62.19 lac, Previous year ₹61.31 lac)	543.31	627.54
	7,828.21	6,400.27
Add : Other Financial Charges	483.73	362.85
	8,311.94	6,763.12

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 unrealised profits have been eliminated on consolidation and the figures have been recast, 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
Chesind Textiles Limited (CTL)	India	66.07%	01.04.2010 to 31.03.2011	Audited
RSWM International B.V.	Netherlands	100.00%	01.04.2010 to 04.02.2011	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:-

- 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.
- 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.

Schedules annexed to and forming part of the consolidated accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

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 recognised 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.

(₹ in Lacs)

	This year	Previous year
7. A. Contingent Liabilities not provided for :		
i) Excise & Customs Duties, Sales Tax and other Demands Disputed by the Company	387.45	409.30
ii) Claims not acknowledged by the Company	69.38	53.45
iii) Un-expired Letters of Credit for which Counter Guarantee given by the Company	4185.72	1385.90
v) Counter Guarantees given by the Company in respect of Guarantees given by the Company's Bankers.	979.40	996.92
vi) Guarantee in favour of International Finance Corporation with HEG on Joint and several basis on behalf of AD Hydro Power Limited.	600.00	600.00
B. Obligations and commitments outstanding:		
i) Estimated value of contracts remaining to be executed on Capital Account and not provided for	21809.88	832.14
ii) Bills Discounted with Banks	14960.97	8949.01

C. The export obligations against EPCG licenses have been timely fulfilled. The future additional export obligations against EPCG licences are of ₹231.16 lac (Previous Year ₹11770.32 lac) and are to be fulfilled within specified period.

8. The Company had a wholly owned overseas subsidiary viz RSWM International BV, incorporated as a Special Purpose Vehicle (SPV) in the year 2007 with an investment in the equity of ₹277.30 lac. Further, loans of ₹779.96 lac were advanced by the Company up to 30.09.2010 in normal course of business. As authorised by Company's Memorandum of Association, the Company had also given a Perpetual & Irrevocable Default Payment Guarantee to SPV's lender viz Exim Bank of India, against a term loan of USD3.80 million granted to RSWM International BV. The said SPV, 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.

Business with JV RSWM SISA was discontinued due to continued losses on 21.05.2009. Company's SPV RSWM International BV exited out of JV by selling its share to JV Partner in RSWM SISA on 23.11.2009. Consequently RSWM International BV was left with no Business activity and it applied for liquidation of Company.

Exim Bank devolved bank guarantee given by the Company for the balance amount of loan outstanding as on 28.10.2010 amounting to ₹1,442,05 lac, which as a normal business activity, was honoured by the Company on 29.10.2010. The same being a trading loss incidental to Company's business has been charged off during the year.

Further, in line with scheme of arrangement by RSWM International BV with its creditors, RSWM International BV remitted Euro 230,000 equivalent to ₹139.79 lac to the Company in full and final settlement of loans due and balance amount of ₹640.17 lac being irrecoverable has been written off as normal trading loss.

On approval of Liquidation of RSWM International BV by appropriate authority on 04.02.2011, the Company received Euro 3,419 equivalent to ₹2.13 lac against equity share capital held by it. Consequently, investment loss on liquidation of RSWM International, amounting to ₹275.17 lac also has been written off this year as normal business practice.

Consequently provision of ₹571.82 lac for doubtful loans and advances and ₹277.30 lac for diminution in the value of investment made in previous year have been written back as no longer required.

9. Jodhpur Bench of Hon Rajasthan High Court, which had earlier in its interim order stayed payment of Entry Tax on the grounds of constitutional validity, has vide order dated 21/01/2011 modified its earlier order following the judgement dated 12/01/2011 of The Hon'ble Supreme Court of India in the case of Binani Cement Ltd's Special Leave Petition and directed the Company to pay 50% of the assessed Entry Tax and provide solvent guarantee for the balance assessed and non-assessed Tax and interest thereon till the date of payment. Accordingly the Company has paid ₹192.16 Lac on 01/03/2011 being 50% of assessed Entry Tax and provided solvent guarantee to the State Government for the balance amount as on 31.03.2011 of ₹957.75 Lacs (Previous Year 808.33) including interest of ₹270.64 lac.

Schedules annexed to and forming part of the consolidated accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

10. The depreciation on Plant & Machinery of Chesind 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 ₹585 lac (Previous year ₹650 lac). (Up to this year ₹2426 lac)

11. The Company hedges its export realisations 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 as per Companies Accounting Policy, the Company has accounted for gains aggregating ₹16.74 lac (Previous year ₹37.78 lac loss) during the current year, computed on mark to market basis on the Foreign Exchange Derivative & Hedge Contracts, outstanding as on 31st March, 2011.

12. Under the Technology Up-gradation Fund Scheme (TUFS) established by Government of India for Textiles, the Company has incurred an expenditure of ₹95218.02 lac on various projects. The interest subsidy accrued for the year under this scheme is ₹3453.83 lac (Previous Year ₹3740.45 lac) which has been credited to Profit & Loss Account.

13. The capital subsidy under TUFS is accounted adopting Deferred Income Approach and is recognised in Profit & Loss Statement on a systematic and rational basis over useful life of the assets. A sum of ₹432.67 lac up to date is therefore considered as deferred income, out of which, a sum of ₹86.51 lac (including ₹39.69 lac of prior period to match with the revised useful life of the Denim Plant) has been recognised against depreciation during the year (up to year ₹175.99 lac).

14. 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

15. 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

(₹ in Lacs)

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
Segment Revenue										
Gross revenue	188147	134730	31678	24625	863	316	-		220688	159671
Less: Inter segment	5758	5505	3						5761	5505
External Sales	182389	129225	31675	24625	863	316			214927	154166
Segment Results										
Earning before Tax & Interest	25979	13198	3298	(350)					29277	12848
Less: Interest (Net)									(8340)	(6763)
Unallocable expenses (Net of Income)									(1169)	(2181)
Unallocable Income									968	658
Corporate Guarantee Devolvement Expenses									(1442)	-
Profit before Tax									19294	4564
Less: Taxation & FBT									(5826)	(1289)
Net Profit for the year									13468	(3275)

Schedules annexed to and forming part of the consolidated accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

A. Business segments (Contd...)

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
Other Information										
Segment Assets	135042	98213	33605	32387	7711	8716			176358	139316
Segment Liabilities	9722	7047	2794	2581	6300	1233			18816	10861
Capital Employed	125320	91166	30811	29806	1411	7483			157542	128455
Capital Expenditure incurred during the year	10985	2571	984	1157	167	116			12136	3844
Depreciation	6810	5545	1869	3062	152	157			8831	8764
Other Non Cash expenses	0	0	13	38	0	11			13	49

B. Geographical segment

Particulars		India*		Europe	Middle East	Africa, South East & Far East Asia	America	Total
		This Year	Previous Year					
Segments Revenue								
Based on the location of the customers	This Year	125951	38307	5792	41174	3703	214927	
	Previous Year	97650	21116	4956	18750	11694	154166	
Segment Assets								
Based on the location of the assets	This Year	169149	2663	1144	3160	242	176358	
	Previous Year	135251	1634	572	1051	808	139316	

* Includes captive & Standby Power

16. 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:

Particulars	Unit	This year	Previous year
I) Calculation of Basic EPS			
a) Net Profit after Minority Interest, Earning in Joint Ventures, Associates & Tax	₹ in lac	13375.64	3384.01
b) Dividends on OCPS/Redeemable Preference shares including tax	₹ in lac	(9.59)	(203.98)
c) Net Profit available to Equity Shares (a-b)	₹ in lac	13366.05	3180.03
d) Weighted Average Equity Shares Outstanding during the year	Nos.	2,31,48,689	2,31,48,689
e) Basic Earning per share	Rupees	57.74	13.74
II) Calculation of Diluted EPS			
a) Warrants & OCPS / Redeemable Preference shares	₹ in lac	-	500.10
b) Payment Received		-	-
c) Diluted potential equity shares	Nos.	-	0
d) Total no. of diluted weighted average Shares	Nos.	2,31,48,689	2,31,48,689
e) Diluted earning per share	Rupees	57.74	13.74

Schedules annexed to and forming part of the consolidated accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

17. Related party

a) Enterprises that directly or indirectly through one or more intermediaries, control or were 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) Shri L.N. Jhunjunwala 2) Shri Ravi Jhunjunwala 3) Shri Shekhar Agarwal 4) Shri Arun Churiwal 5) Shri J. C. 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
01.	A.D. Hydro Power Ltd	17.	Indo Canadian Consultancy Services Ltd
02.	Agarwal Finestate Pvt. Ltd	18.	Investors India Ltd
03.	Bagrodia Investment & Finlease Pvt. Ltd.	19.	Jagur Finvest Pvt. Ltd.
04.	Bhilwara Energy Ltd	20.	Jyoti Knits Pvt. Ltd.
05.	Bhilwara Scribe Pvt. Ltd	21.	Kalati Holding Private Ltd.
06.	Bhilwara Software Pvt. Ltd	22.	LNJ Financial Services Ltd.
07.	Bhilwara Technical Textiles Ltd.	23.	Malana Power Company Ltd
08.	BMD Private Ltd	24.	Maral Overseas Ltd
09.	BSL Ltd	25.	Mayur Knits Pvt. Ltd
10.	Deepak Knits Private Ltd	26.	Raghav Commercial Ltd
11.	Diplomat Leasing Pvt. Ltd.	27.	Raghav Knits & Textiles Private Ltd.
12.	Essay Marketing Co. Ltd	28.	Ramkant Sales & Services Pvt. Ltd
13.	Expert Fabric & Textiles Pvt. Ltd.	29.	Shashi Commercial Co. Ltd.
14.	Ganga Yamuna Auto Pvt. Ltd.	30.	Shree Vardhman Stock Holding Pvt. Ltd
15.	Giltedged India Securities Ltd	31.	Sudiva Spinners Pvt. Ltd
16.	HEG Limited	32.	USS Investment & Finlease Pvt. Ltd

Schedules annexed to and forming part of the consolidated accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

f) Transaction with Related Parties

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

Transactions	This year	Previous year
I) For the parties referred to in item (a) above.	Nil	Nil
II) For the person referred to in item (b) above.	Nil	Nil
III) For the person referred to in item (c) above.	Nil	Nil
IV) For the persons referred to in item (d) above		
Remuneration and other perquisites	428.32	204.35
Directors Sitting fees	4.00	3.80
V) For the parties referred to in (e) above		
Sale of Finished Goods	2665.60	2316.86
Sale of Raw Material	53.58	104.38
Purchase of Raw material	876.49	892.10
Purchase of Finished Goods		89.21
Sale of Stores & Consumable	17.86	34.78
Sale of Land / Plant & Machinery	41.50	8.90
Purchase of Store & Consumable	2.84	17.69
Purchase of Land / Plant & Machinery	25.20	1303.60
Commission on Sale of IEX Power	4.74	4.71
Rent received	502.19	467.01
Rent Paid	78.15	78.61
Interest Received	1.06	31.80
Interest Paid	0.25	
Sale of Share		229.82
Reimbursement received of revenue expenditure	506.94	235.36
Reimbursement made of revenue expenditure	58.53	136.41
Job charges received	89.90	370.73
Job charges paid	5.93	22.85
Consultancy Charges	33.09	2.25
Trade Receivable	442.68	224.12
Trade Payable	1.11	0.37

18. Taxes on income

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

Particulars	As at 31st March, 2011 @33.99%	Changes during the year	As at 31st March, 2010 @33.99%
Deferred Tax Liability for			
Depreciation	7871	82	7789
Deferred Revenue Expenses		(12)	12
Total	7871	70	7801
Deferred Tax Assets on account of			
Disallowance U/s 43B	522	(22)	544
Voluntary Retirement Scheme	61		61
Unabsorbed Depreciation	0	(3883)	3883
Provision for Doubtful Debts	133	(270)	403
Total	716	(4114)	4830
Deferred Tax Liability	7155	4184	2971
Less: MAT available	2977	1798	1179
Net Deferred Tax Liability	4178	2386	1792

Schedules annexed to and forming part of the consolidated accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

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

Installed Capacity :

(₹ in Lacs)

Sl No.	Description	2008-09			2009-10			2010-11		
		Qty.	Per Unit	Value	Qty.	Per Unit	Value	Qty.	Per Unit	Value
A.	Yarn Sales									
1	Domestic	49,361	143.06	*706.16	45,353	167.22	*758.40	48,532	185.27	*899.16
2	Export	29,753	122.68	365.00	39,050	135.34	528.48	42,555	172.58	734.43
	Total	79,114	135.39	1,071.16	84,402	152.47	1,286.88	91,088	179.34	1,633.59
B.	Fabric Sales									
1	Domestic	184.64	97.23	179.52	176.30	103.93	183.24	197.30	124.43	245.51
2	Export	25.46	97.84	24.91	37.38	101.25	37.85	41.22	118.68	48.92
	Total	210.10	97.30	204.43	213.68	103.46	221.08	238.52	123.44	294.43
C.	Garments Sales									
1	Domestic	0.03	166.67	0.05	0.06	178.19	0.10	0.05	258.29	0.12
2	Export	0.00	-	-	0.18	209.89	0.37	0.11	240.56	0.27
	Total	0.03	166.67	0.05	0.23	202.30	0.47	0.16	245.75	0.39
D	Waste Sales									
1	Domestic Sales	5,721	23.83	13.63	4,988	22.33	11.14	5,735	22.30	12.79
2	Export Sales	300	57.66	1.73	-	-	-	-	-	-
	Total	6,021	25.51	15.36	4,988	22.33	11.14	5,735	22.30	12.79
E.	Job & Processing Charges			11.24			18.91			20.96
	Grand Total			1,302.24			1,538.49			1,962.16

* Include Captive & Standby Power

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

Sunil Bhargava
Partner
Membership No. 70964

For A.L.Chechani & Co.
Chartered Accountants
Firm Regn.No.005341C

Sunil Surana
Partner
Membership No. 36093

Ravi Jhunjunwala
Chairman
Arun Churiwal
Managing Director & CEO
J.C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Place : Noida
Dated : 28th April, 2011

Consolidated Cash Flow Statement For the year ended 31st March, 2011

(₹ in Lacs)

	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax (Including Share in Associate)	19,599.22	4,564.43
Add:		
Depreciation and Amortisation	8,951.04	9,668.67
Dividend received	(148.53)	(64.55)
Interest cost	8,311.94	6,763.12
Exchange Fluctuation	(158.03)	252.16
Profit/ Loss on sale / Acquisition of Fixed Assets	(32.38)	8.75
Investment Loss on Liquidation	2,053.92	
Profit/ Loss on sale Investments	-	(78.82)
Loss on cancellation of sale contract	-	804.58
Provision for Bad & Doubtful Debts	101.77	268.64
Loans and Advances Written Off	68.35	
Provision for Bad & Doubtful Advances	(571.82)	571.82
Provision for Diminution in Value of Invest	(277.30)	277.30
Provision for Entry Tax	33.19	620.24
Liabilities no Longer Required written back	(120.24)	(98.15)
Miscellaneous Expenses written off	49.63	42.52
Operating Profit Before Working Capital Changes	37,860.76	23,600.71
Inventories	(20,918.20)	(8,725.86)
Trade Receivables	(5,269.78)	(1,022.60)
Export Incentives Receivable	(1,267.88)	(1,005.15)
Other Current Assets	1,207.39	(360.49)
Loans and Advances	(2,776.59)	3,698.30
Trade payables	9,745.72	(740.61)
Cash Generated from operations	18,581.42	15,444.30
Direct Taxes	(3,439.72)	(240.36)
Extraordinary items		0.00
Net cash from operating activities	15,141.70	15,203.94
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets	(12,136.68)	(3,857.61)
Sales of Fixed Assets	340.47	692.78
Sale of Investments (Shares)	94.54	229.94
Dividend received	148.53	64.55
Net cash used in investing activities	(11,553.14)	(2,870.34)

Consolidated Cash Flow Statement (Contd...)

(₹ in Lacs)

	2010-11	2009-10
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings	2,200.00	3,289.30
Repayment of Long Term Borrowings	(13,603.54)	(7,715.00)
Increase/Decrease in Short Term Borrowings	20,210.01	1,231.10
Exchange Fluctuation	158.03	-
Dividend paid	(3,587.75)	(98.05)
Interest cost	(8,311.94)	(6,763.12)
Redemption of OCPs	(500.10)	(1999.80)
Net cash from financing activities	(3,435.29)	(12,055.57)
Net Increase in Cash and Cash equivalents	153.27	278.03
Opening Cash and Cash Equivalent	700.98	532.47
Less Cash Balance of Joint Venture		109.52
Net Opening Cash & Cash Equivalent	700.98	422.95
Closing Cash and Cash Equivalent	854.25	700.98

As per our report of even date

For S. Bhargava Associates
Chartered Accountants
Firm Reg. No. 003191C

For A.L.Chechani & Co.
Chartered Accountants
Firm Regn.No.005341C

Sunil Bhargava
Partner
Membership No. 70964

Sunil Surana
Partner
Membership No. 36093

Place : Noida
Dated : 28th April, 2011

Ravi Jhunjhunwala
Chairman
Arun Churiwal
Managing Director & CEO
J.C. Laddha
Executive Director
B. M. Sharma
Chief Financial Officer
Surender Gupta
Company Secretary

Financial indicators

(₹ In Crores)

Description	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Gross Turnover	995.02	1,064.69	1,173.83	1,302.24	1,538.49	1,962.16
Net Turnover	959.60	1,042.00	1,167.83	1,292.55	1,530.76	1,950.59
PBIDT	100.99	116.26	121.55	76.97	192.88	333.94
Interest	17.95	20.71	43.75	67.99	56.73	72.57
PBDT	83.04	95.55	77.80	8.98	136.15	261.37
Depreciation (Net)	43.08	47.37	66.39	72.67	87.64	80.15
Surplus Depreciation Written Back		16.03				
(Loss) on disposal of Garments Business			(10.30)			
Gain/(Loss) from Foreign Exchange Fluctuations	(0.95)	0.51	0.31	(31.64)	-	
PBT	39.01	64.72	1.42	(95.33)	48.51	181.22
TAX	11.93	20.65	1.15	(31.48)	12.48	58.26
PAT	27.08	44.07	0.27	(63.85)	36.03	122.96
EPS (₹)	11.70	19.04	0.12	(28.00)	14.68	53.08
Total Capital Employed	746.99	1,227.32	1,419.76	1,312.40	1,284.55	1493.58
Net Worth	268.03	307.15	311.55	227.30	234.23	310.78
Deferred Tax Liability (DTL)	34.77	47.64	47.86	15.46	17.92	41.78
Net Worth and DTL	302.80	354.79	359.41	242.76	252.15	352.46
Long Term Loans	293.93	683.82	818.76	845.39	782.17	700.49
Working Capital Loans	150.12	188.66	241.53	233.30	248.43	437.98
Unsecured Loans	0.14	0.04	0.06	0.95	1.79	2.55
Total Borrowings (5+6+7)	444.19	872.52	1,060.35	1,079.64	1,032.39	1,141.02
Fixed Assets (Net)	430.67	840.62	910.53	866.03	802.07	831.03
Investments	26.78	46.46	73.59	64.44	60.15	60.15
Operating Profit Margin %	10.52%	11.16%	10.41%	5.95%	12.60%	17.12%
Return on Capital Employed % (PBIT/Capital Employed)	7.75%	5.61%	3.89%	0.33%	8.19%	16.84%
Return on Sales % (PAT/Turnover)	2.82%	4.23%	0.02%	-4.94%	2.35%	6.30%
Return on Net Worth %	10.10%	14.35%	0.09%	-28.09%	15.38%	37.92%
Debt Equity Ratio (x)	0.97	1.93	2.28	3.48	3.10	1.91
Interest Cover Ratio (x)	5.63	5.61	2.78	1.13	3.40	4.60
Fixed Assets Cover Ratio (x)	1.47	1.23	1.11	1.02	1.03	1.19



Regd. Office: Kharigram P.O. Gulabpura – 311 021
District Bhilwara (Rajasthan)

NOTICE

Notice is hereby given that the fiftieth Annual General Meeting of the members of the Company will be held on Friday, the 23rd day of September, 2011 at 11:30 A.M. at the Registered Office of the Company at Kharigram, P.O. Gulabpura -311 021, District Bhilwara, Rajasthan to transact the following business:

Ordinary business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the period ended on that date and the Report of Directors and Auditors thereon.
2. To note the payment of Interim Dividend on Equity and Preference Shares and declare the Final Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Arun Churiwal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Amarnath Choudhary, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Sushil Jhunjunwala, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and fix their remuneration.

Special business

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation of Second Charge subject to the First Charge of the Term Lenders on all the immovable and movable properties of the Company, wheresoever situated, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of :

- I. The consortium Banks viz. State Bank of Bikaner & Jaipur, Punjab National Bank, State Bank of India, Bank of Baroda, Export-Import Bank of India, State Bank of Mysore, Axis Bank Ltd., Union Bank of India and ICICI Bank Ltd. for granting to the Company Working Capital Facilities to the extent of ₹660.00 crore (Rupees Six Hundred and Sixty crore) or to any enhancements in the limits in future from time to time. ”

- II. Export-Import Bank of India for granting to the Company Pre/Post-shipment credit/WCTL limit to the extent of ₹30.00 crore (Rupees Thirty crore).”

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the lenders the documents for creating the aforesaid mortgage(s) and/or charges and to do all such acts and things as may be necessary for giving effect to the above resolution.”

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for creation of such mortgage(s) and charges in addition to the existing mortgages, charges and hypothecations created by the Company as the Board may direct on the assets of the Company, both present and future and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of:

- State Bank of Bikaner & Jaipur (SBBJ) in connection with Term Loan of ₹144 Crores under Technology Upgradation Fund Scheme (TUFS).
- Export-Import Bank of India (Exim Bank) in connection with Term Loan of ₹140 Crores under Technology Upgradation Fund Scheme (TUFS).

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and other monies payable by the Company to SBBJ and Exim Bank under the Loan Agreements entered into by the Company in respect of the said borrowings.”

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with SBBJ and Exim Bank the documents for creating the aforesaid mortgage(s) and/or charges and to do all such acts and things as may be necessary for giving effect to the above resolution.”

9. To consider and if deem fit to pass with or without modifications, the following resolutions as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies At, 1956, the Articles of Association of the Company be and are hereby altered in the manner set out below:

The existing Article 161 be substituted as under:

"The Company shall comply with the provisions of Section 53, 171, 172 and 190 of the Act for service of notices and documents to any member of the Company, either by post or through electronic mode or by personal delivery".

The existing Article 166 be substituted as under:

"Subject to the provisions of Article 164 any notice or document delivered or sent by post to or mailed through electronic mode or left at the registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the Company has notice of his demise, be deemed to have been

duly served in respect of any registered shares whether held solely or jointly with other persons by such member, until some other person be registered in his/her stead as the holder or joint-holders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators, and all persons, if any, jointly interested with him or her in any such shares".

By order of the Board
For **RSWM Limited**

Place: Noida
Date : 3rd August, 2011

Surender Gupta
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under item No.7, 8 & 9 and relevant details in respect of item Nos. 3, 4 & 5 pursuant to clause 49 of the Listing Agreement are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 17th September, 2011 to Friday, 23rd September, 2011 (both days inclusive)
4. Members are requested to:
 - (i) Quote their Folio number/client ID in all correspondence with the Company.
 - (ii) Notify immediately to the Company all changes with respect to their bank details, mandate, nomination, Power of Attorney and Change of Address. Members holding shares in electronic form should send their requests regarding the same to their respective Depository Participants.
5. Members who are holding Company's shares in electronic form are required to bring details of their Depository Account, such as Client ID and DPID numbers for identification.
6. Members seeking any information/clarification with regard to accounts and audit are requested to write to the Company in advance and their queries should reach the registered office of the Company at least seven days prior to the date of meeting, so as to enable the Management to keep the information/clarification ready.
7. In accordance with the provisions of Section 205A of the Companies Act, 1956, the dividend remaining unpaid/unclaimed for 7 years is required to be transferred to the Investor Education and Protection Fund. Accordingly, the share holders who have not encashed the dividend warrants so far for the financial year ended 31st March, 2004 and subsequent financial years are requested to make their claims to the Company.

Members may please note that the unclaimed dividends prior to year 2003-2004 have already been transferred to appropriate authorities.
8. Members holding shares in physical form are requested to furnish their email ID through e-mail at **rswm.investor@lnjbhilwara.com** and/or send letter to us quoting their Folio No. and e-mail ID for sending necessary communication / information in future. Members holding shares in demat form may get their email ID updated with their respective Depository Participants. The Annual Report of the Company will also be available on the website of the Company, **www.rswm.in**. Documents in physical form shall be sent to members upon request.

ANNEXURES TO NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 7

The Company is availing working capital facilities from the consortium of banks viz. State Bank of Bikaner & Jaipur, Punjab National Bank, State Bank of India, Bank of Baroda, Export-Import Bank of India, State Bank of Mysore, Axis Bank Ltd., Union Bank of India, and ICICI Bank Ltd. to the extent of ₹660.00 crore (Rupees Six Hundred and Sixty crore). The Company further availed Pre/Post-shipment/WCTL limit from Export-Import Bank of India to the extent of ₹30.00 crore (Rupees Thirty crore). The terms and conditions of the availment of the working capital limits and loan facilities from Banks stipulate a second charge on all the fixed assets of the Company in favour of the Banks. Accordingly the Company wishes to create a second charge in their favour.

Section 293(1)(a) of the Companies Act, 1956, provides inter-alia that the Board of Directors of the Company shall not, without the consent of members of the Company in general meeting sell, lease or otherwise dispose off the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole or substantially the whole, of any such undertaking. Since the creation of second charge by the Company on its fixed assets may be regarded as disposal of Company's properties/undertaking, it is necessary for the Company's members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copies of sanction letters received from these Banks and copies of relevant documents/correspondence are open for inspection at the Registered Office of the Company during the office hours on any working day prior to the date of meeting.

Your Directors recommend the resolution for approval.

None of the Directors is concerned or interested in the resolution except Shri N. Shankar, who being nominee of Export-Import Bank of India, may be deemed to be interested to the extent of working capital facilities granted by Export-Import Bank of India.

Item No. 8

The Company had approached State Bank of Bikaner & Jaipur (SBBJ) and Export-Import Bank of India (EXIM Bank) for financial assistance in the form of rupee term loans of ₹144 crore and ₹140 crore respectively under Technology Upgradation Fund Scheme (TUFFS) for part financing expansion project of the Company. The referred financial assistance(s) from the lenders are to be secured by mortgage/ charge of the assets of the Company, both present and future.

Section 293(1)(a) of the Companies Act, 1956, provides inter-alia that the Board of Directors of the Company shall not, without the consent of members of the Company in general meeting sell, lease or otherwise dispose off the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole or substantially the whole, of any such undertaking. Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of SBBJ and EXIM Bank may be regarded as disposal of Company's properties/undertaking, it is necessary for the Company's members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copies of sanction letters received from the lenders and copies of relevant documents/correspondence are open for inspection at the Registered Office of the Company during the office hours on any working day prior to the date of meeting.

Your Directors recommend the resolution for approval.

None of the Directors is concerned or interested in the resolution except Shri N. Shankar, who being nominee of Export-Import Bank of India, may be deemed to be interested to the extent of term Loan facilities granted by Export-Import Bank of India.

Item No.9

As the members are aware that Ministry of Corporate Affairs has vide its Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 introduced "Green Initiatives in the Corporate Governance" by allowing service of notice / documents by a Company to its shareholders through electronic mode.

Your Company has always initiated and supported environmental friendly practices. The Company proposes to amend its Articles of Association in line with the aforesaid circulars i.e. to enable the service of documents to the members by the Company also through the electronic mode.

Your Directors recommend the resolution as special resolution for your approval.

None of the Directors is concerned or interested in the resolution.

By order of the Board
For RSWM Limited

Place: Noida
Date : 3rd August, 2011

Surender Gupta
Company Secretary

Details of the Directors Seeking appointment/re-appointment in forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreements)

Name of Director	Shri Arun Churiwal	Shri Amarnath Choudhary	Shri Sushil Jhunjunwala
Category	Promoter-Executive	Independent- Non Executive	Independent- Non Executive
Interse relationship	N.A	N.A	N.A
Date of Birth	15th May, 1950	6th March, 1944	23rd August, 1950
Date of Appointment	23rd October, 2003	30th July, 2009	29th April, 2009
Qualification	B.A. (Hons)	B.Com, LLB, FCA, FCS	B.Com
Expertise in specific functional areas	Rich Experience of Textile Industry	Rich Experience of Textile Industry	Rich Experience of Textile Industry
List of other Public Companies in which Directorships held	1. BSL Limited 2. LNJ Financial Services Limited 3. Silktex Limited 4. La Opala RG Limited	1. Vitarich Agro Food (India) Limited 2. BSL Limited	1. La Opala RG Limited 2. BSL Limited 3. Genesis Exports Limited
Chairman/Member of the Committee of the Board of Directors of the Company	Nil	Nil	Nil
Chairman/Member of the Committees of Directors of other Companies :			
a) Audit Committee	Nil	BSL Limited-Member	BSL Limited-Member
b) Shareholders'/Investors' Grievance Committee	BSL Limited-Member	Nil	Nil
No. of Equity Shares held in Company	1610	Nil	Nil



RSWM Limited

Regd. Office: Kharigram P.O. Gulabpura – 311 021, District Bhilwara (Rajasthan)

PROXY FORM

DP Id*

Folio No

Client Id*

No. of Share(s) held

I/We of being a member/members of RSWM Limited, hereby appoint of failing him/her of or failing him of as my/our proxy in my/our absence to attend and vote on me/us on my/our behalf at the 50th Annual General Meeting of the Company to be held on Friday, the 23rd day of September, 2011 at 11.30 A.M. and at any adjournment thereof.

As WITNESS my/our hand/hands this day of 2011.

Signed by the said

Please affix
15 paise
Revenue
Stamp here

Note: The Proxy must be deposited at the Registered Office of the Company at Kharigram, P.O. Gulabpura - 311 021, District Bhilwara, Rajasthan not less than forty eight hours before the time of holding the meeting.

* Applicable for investors holding Shares in electronic form



RSWM Limited

Regd. Office: Kharigram P.O. Gulabpura – 311 021, District Bhilwara (Rajasthan)

ATTENDANCE SLIP

DP ID/CL ID/Folio No No. of Shares held

Full name of shareholder

Full name of Proxy / Representative

I hereby record my presence at the 50th Annual General Meeting of the Company being held on Friday, the 23rd day of September, 2011 at 11.30 A.M. at the Registered Office of the Company at Kharigram, P.O. Gulabpura - 311 021, District Bhilwara, Rajasthan.

Signature of the shareholder / proxy / representative*

Note: Please fill in this attendance slip and hand over at the entrance of the Meeting hall.

* Strike out whichever is not applicable

