

**SEVENTEENTH  
ANNUAL REPORT  
2010-2011**



**A. K. SPINTEX LIMITED**

**A.K. SPINTEX LIMITED, BHILWARA**

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# **A.K. SPINTEX LIMITED.**

**2010-2011**

## ***BOARD OF DIRECTORS***

- SHRI PRAKASH CHAND CHHABRA	MANAGING DIRECTOR
- SHRI TILOK CHAND CHHABRA-	DIRECTOR
- SHRI SAURABH CHHABRA	DIRECTOR
- SHRI MANOJ KOTHARI	DIRECTOR
- SHRI BHAG CHAND JAIN	DIRECTOR
- SHRI GYAN CHAND JAIN	DIRECTOR

## ***SENIOR EXECUTIVES***

SHRI L.D. SHARMA	- GENERAL MANAGER (TECH.)
SHRI DINESH PORWAL	- FINANCE MANAGER

## ***AUDITORS***

**O.P.DAD & CO.  
CHARTERED ACCOUNTANTS  
BALAJI COMPLEX, 1ST FLOOR,  
OPP. BADAL TALKIES  
PUR ROAD,  
BHILWARA-311 001**

## ***BANKERS***

**AXIS BANK LTD.  
HEERA PANNA MARKET,  
PUR ROAD, BHILWARA**

***REGISTERED OFFICE & WORKS*  
14 KM. STONE, CHITTORGARH ROAD,  
BILIA KALAN,  
BHILWARA-311 001  
[RAJASTHAN]**

## NOTICE TO THE MEMBERS

NOTICE is hereby given that the **SEVENTEENTH ANNUAL GENERAL MEETING** of **A.K. SPINTEX LIMITED**, will be held at its registered office at **14 K.M. Stone, Chittorgarh Road, Bilia Kalan, BHILWARA-311001** on Friday, 30th September, 2011 at 11.00 A.M. to transact the following business.

### ORDINARY BUSINESS

1. To receive considers and adopts the audited statement of accounts of the Company for the year ended 31st March, 2011, together with reports of the Directors and Auditor's thereon.
2. To appoint a director in place of Shri BHAG CHAND JAIN who retires by rotation and being eligible offer himself for reappointment.
3. To appoint a director in place of Shri GYAN CHAND JAIN who retires by rotation and being eligible offer himself for reappointment.
4. To appoint auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provision of section 224 and other applicable provision, if any, of the Companies Act, 1956 Messrs O.P Dad & Company, Chartered Accountants, be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed between the Board of Directors of the Company and Auditors."

Registered Office :  
14<sup>th</sup> Km. Stone, Chittorgarh Road,  
Bilia Kalan, Bilwara - 311 001.

BY ORDER OF THE BOARD OF DIRECTORS

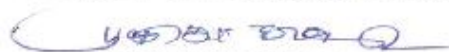
  
( PRAKASH CHAND CHHABRA )  
MANAGING DIRECTOR

PLACE: BHILWARA  
DATED: 30<sup>th</sup> MAY, 2011

### Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 22.09.2011 to 30.09.2011 (both days inclusive).
3. Members/Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the Meeting and also the Attendance Slips duly filled in for attending the meeting.
4. Corporate members intending to send their authorized representative to attend Meeting are requested to send their a certified true copy of Board Resolution authorizing their representative to attend and to vote on their behalf in the Meeting.
5. Shareholders seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the meeting so as to enable the management to keep the information ready.
6. Members are requested that
  - (a) Quote their folio number in all correspondence with the company
  - (b) Notify immediately to the company any change in their address at the Registered Office of the Company

BY ORDER OF THE BOARD OF DIRECTOR

  
( PRAKASH CHAND CHHABRA )  
MANAGING DIRECTOR

PLACE: BHILWARA  
DATED: 30<sup>th</sup> MAY, 2011



## DIRECTORS' REPORT

To,  
The Members,

The Directors of the Company have pleasure in presenting their 17<sup>th</sup> ANNUAL REPORT along with audited statement of accounts for the year ended 31st March, 2011.

[Rs. in Lacs]

Financial Results	2010-2011	2009-2010
Turnover	3022.38	2876.25
Operating Profit before interest, depreciation & tax	436.84	386.01
Less: Interest	66.48	58.16
Profit Before Depreciation & Tax	370.36	327.85
Less : Depreciation	189.92	146.24
Profit Before tax	180.43	181.61
Less: Income Tax (Current)	35.96	30.89
Profit after tax	144.47	150.72
Less: Deferred Tax (Current)	22.85	24.64
Profit after provision for deferred tax	121.62	126.08
Add: Balance brought forward	272.49	146.41
Balance carried to Balance Sheet	349.11	272.49

### OPERATIONS

In view of the result for the financial year under consideration the performance of the company is highly appreciable & remarkable. During the year, although the processing turnover has increased marginally (5%) but showing an impressive increase in profit before Interest, depreciation & tax (PBITD) which has risen to Rs.436.84 Lacs as compared to Rs.386.01 Lacs of previous year showing impressive increase of 13.17 %.

The Board of Directors are continuously watching the performance of the company and trying their best to maximize the profitability of the company and are succeeding gradually towards this direction. The directors are fully hopeful to achieve better results in future years.

### DIVIDEND

In view of marginal profits and expansion, the Board of Directors does not recommend payment of dividend for the year under review.

### POLLUTION CONTROL

Your directors have pleasure to report that they going to install three stage R.O. System of 1500 KLD which is very important for pollution control measures. And at present in water crisis problem it is very helpful and necessary for us. Our new ETP and to be installed R.O. System is a complete solution of water pollution.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The prescribed details as required under section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure I forming part of this report.

### PARTICULARS OF EMPLOYEES

The prescribed details as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are nil, hence not applicable.

### LISTING OF SHARES

The Shares of the Company are listed in the following Stock Exchanges:-

Jaipur Stock Exchange Ltd., Jaipur.

Delhi Stock Exchange Association Ltd, New Delhi.

Listing fee has already been paid to both the Stock Exchange for the year 2011-2012 in time.

### DIRECTORS

There are no changes in the Board of Directors during the year under review. Pursuant to Section 256 of the Companies Act, 1956 read with Clause 89 of the Article of Association of the Company, Shri BHAG CHAND JAIN & SHRI GYAN CHAND JAIN, Directors are retiring by rotation and being eligible and have offered himself for re-appointment at the ensuing Annual General Meeting.

**FIXED DEPOSIT**

The Company has not accepted any fixed deposit from the public within the meaning of Section 58A of the Companies Act, 1956.

**APPOINTMENT OF SHARE TRANSFER AGENT**

Company has been appointed SEBI Registered Beetal Financial & Computer Services (P) Ltd. New Delhi, as Transfer agent For transfer of shares.

**DEMAT OF SHARES**

Company has been made an arrangement with NSDL to convert physical shares into Demat form. So member can convert his/her Shares in to Demat form.

**APPOINTMENT OF COST AUDITOR**

As per the direction given by the Central Government, the Company has, based on an application made, received the Government's approval for re-appointment of M/s V.K. Goyal & Co. a firm Cost Accountants as the Cost Auditor of the Company for the year ending 31<sup>st</sup> March, 2012.

**SUBSIDIARY COMPANY**

The Company has no Subsidiary Company

**DIRECTOR RESPONSIBILITY STATEMENT**

Director's responsibility statement pursuant to section 217 (2AA) of the Companies Act, 1956.

**Accounting Standards:-**

While preparing the annual accounts of the company for the year ended 31<sup>st</sup> March 2011 the applicable accounting standards had been followed along with proper explanations relating to material departures, if any:

**Accounting Policies:-**

The directors had selected such accounting policies and applied them consistently and reasonable and prudent judgment and estimates were made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.

**Directors' Responsibility:-**

The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

**Preparation of accounts on a going concern basis:-**

The Annual accounts had been prepared on a going concern basis.

**AUDITORS**

M/s. O. P. DAD & CO., CHARTERED ACCOUNTANTS shall be retiring at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The company has obtained a certificate as required U/s. 224 of the Companies Act, 1956, from the auditors to the effect that their re-appointment, if made, would be in the conformity with the limits specified in the said section.

**COMMENT U/S 217(3) REGARDING AUDITORS QUALIFICATION**

The company is consistently following its accounting policy with regard to gratuity; leave encashment and other retirement benefits of employees. However, the company is taking steps to ascertain the above liabilities and the same would be provided in the subsequent year. Other observations in the Auditor's report are dealt within the notes to the accounts at appropriate place and are self-explanatory.

**INDUSTRIAL RELATION**

Industrial relation remained cordial and peaceful during the year. Your Directors wish to place on record the appreciation for the devoted services rendered by the workers, staff and executives of the Company at all levels which have in no small way contributed to the efficient management of the Company's affairs and assistance.



## **CORPORATE GOVERNANCE**

Pursuant to clause 49 of the listing agreements with the stock exchanges, Corporate Governance Report and Auditor's Certificate regarding compliance of conditions of Corporate Governance are made a part of the annual Report.

## **ACKNOWLEDGEMENT**

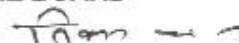
The Directors would like to express their grateful appreciation for the assistance and co-operation received from customers, vendors, stakeholders, Central and State government Authorities and other business associates and bankers of the Company. Your Directors take this opportunity to thank all the employees for rendering high quality service to every constituent of the Company's customers. The employees have worked on principals of honesty, integrity, fair play and this has helped to ensure a sustained excellence in performance. Finally Directors would like to convey their gratitude to the members and look forward to their continued support.

### **FOR AND ON BEHALF OF THE BOARD**

PLACE: BHILWARA  
DATED: 30<sup>th</sup> MAY, 2011



[P. C. CHHABRA]  
MANAGING DIRECTOR



[T.C. CHHABRA]  
DIRECTOR

## AUDITOR'S REPORT ON CORPORATE GOVERNANCE

The Board of Directors  
A.K. Spintex Limited  
Bhilwara

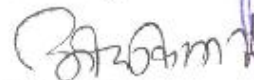
We have reviewed the implementation of Corporate Governance procedures by the company during the year ended 31<sup>st</sup> March 2011, with the records and documents maintained by the company furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Companies of conditions of Corporate Governance is the responsibility of the Management. Our examination is neither an audit nor an expression of opinion on the financial statement of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clauses 49 of the Listing Agreement with the Stock Exchange.

We further state that our examination of such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has concluded the affairs of the Company.

FOR: O.P. DAD & COMPANY  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 002330C



[O.P. DAD]  
PARTNER  
M.No: 35373



PLACE: BHILWARA  
DATED: 30<sup>th</sup> MAY, 2011



**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-11**  
(As required under Clause 49 of the Listing Agreement entered into with Stock Exchange)

**1. Company's Philosophy on Code of Governance**

The Company's philosophy has always been to attain the highest levels of transparency, fairness, commitment to values, accountability and equity, in all facts of its operations, and in all its inter-action with its stakeholders, including shareholders, employees, government agencies and lenders. It always believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time. In addition to complying with the statutory requirement, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work-place have been institutionalized. Hence, adapting to the SEBI recommended Corporate Governance practices were mostly an exercise on re-confirming existing practices of the Company except for some specific changes to meet the SEBI recommendations.

**2. Board Composition and Particulars of Director**

- (i) The Board of Directors of the company as on March 31, 2010 consisted of
- Executive                      Shri Prakash Chand Chhabra
  - Non Executives              Shri Tilok Chand Chhabra  
   Shri Sourabh Chhabra  
   Shri Manoj Kothari
  - Independent                 Shri Bhag Chand Jain  
   Shri Gyan Chand Jain

- (ii) Attendance at Board Meetings during the year and last Annual General Meeting

5 Board Meeting of the Board were held during the year.

The dates on which the meeting held were as follows: 29<sup>th</sup> May 2010, 30<sup>th</sup> July 2010, 21<sup>st</sup> Sept 2010, 30<sup>th</sup> Oct. 2010, 29<sup>th</sup> Jan. 2011.

The last Annual General Meeting was held on 30<sup>th</sup> September 2010

Name of Director	No. of Board Meeting attended	Whether attended Last AGM
Shri P. C. Chhabra	5	Yes
Shri T. C. Chhabra	5	Yes
Shri Saurabh Chhabra	5	Yes
Shri Manoj Kothari	3	Yes
Shri B.C. Jain	4	Yes
Shri G. C. Jain	2	Yes

**(iii) DISCLOSURE REGARDING REAPPOINTMENT OF DIRECTOR**

Director retiring by rotation and seeking re-appointment

Shri BHAG CHAND JAIN S/o Shri Gulab Chand Jain aged 56 years, an Indian National, residing at S-4 Geej Garh Vihar, Nandipuri Market, Hawa Sarak Jaipur (Rajasthan). He is a Independent Director of the company. He is a Practicing Chartered Accountant and having 25 or more years experience in field of Practicing of Textile & other Business.

Director retiring by rotation and seeking re-appointment

Shri GYAN CHAND JAIN S/o Shri CHOTH MAL JAIN aged 55 years, an Indian National, residing at E-90, Sidharath Nagar, Maliviya Nagar, Jaipur (Rajasthan). He is a Independent Director of the company. He is a Practicing Chartered Accountant and having 25 or more years experience in field of Practicing of Textile & other Business.

### 3. Audit Committee

- (i) The Audit Committee of the Company has been constituted in line with provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.
- (ii) The terms of reference of the Audit Committee are broadly as under:
- To oversee the Company financial reporting process and the disclosure of its financial information and to ensure that the financial statement is correct, sufficient and credible;
  - To hold periodic discussion with the Statutory Auditors of the company concerning the accounts of the company, Internal Control system, scope of audit and observation of the Auditors;
  - To review compliance with internal control system;
  - To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
  - To make recommendations to the Board on any matter relating to the financial management of the company, including the Audit Report.
  - Recommending the appointment of statutory auditors fixation of their remuneration
  - To Review with the management the annual financial statements before submission to the board, focusing primarily on:
    - (a) Any changes in accounting policies and practices;
    - (b) Major accounting entries based on exercise of judgment by management;
    - (c) Qualifications in draft audit report;
    - (d) Significant adjustments arising out of audit;
    - (e) Compliance with accounting standard;
    - (f) Compliance with stock exchange and legal requirements concerning financial statements;
    - (g) Disclosure of any related party transactions.
  - To conduct 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 concern;
  - To conduct management discussion and analysis of financial condition and results of operations.
- (iii) The Audit Committee are usually held at the Corporate Office of the Company and are usually attended by the Managing director, Financial Manager and representatives of Statutory Auditory. The Operations Heads are invited to the meetings.
- (iv) The previous Annual General Meeting of the Company was held on 30<sup>th</sup> September, 2010 and it was attended by Mr. B.C. Jain, Chairman of the Audit Committee.
- (v) The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are as below:

Name of Member	Category	No. of Meetings attended during the year 2010-2011
Shri B.C. Jain	Independent, Non Executive	4
Shri G.C. Jain	Independent, Non Executive	2
Shri T.C. Chhabra	Non-Independent, Non Executive	4

- (vi) Four Audit committees meetings were held during 2010-2011. The dates on which the said meetings were held are as follows: 19<sup>th</sup> May 2010, 19<sup>th</sup> July 2010, 19<sup>th</sup> October 2010, 19<sup>th</sup> January 2011.

### 4. Remuneration Committee

- (i) Remuneration Committee is there to formulate and recommend to the Board a compensation / remuneration structure for managing/whole time directors. Non-Executive directors are at present not paid commission.
- (ii) The following is the constitution of the committee:

Name of the Member	Designation	Category
Shri B.C. Jain	Chairman	Non Executive Director
Shri T.C. Chhabra	Member	Non Executive Director
Shri Manoj Kothari	Member	Non Executive Director



Details of Remuneration paid to Managing Directors: -  
(a) Executive / Whole - time Director

Details	Managing Director Shri Prakash Chand Chhabra
Basic Salary	1,00,000 P.M.
Perquisite	NIL
Total	1,00,000 P.M.

- (iii) The company currently does not have any stock option scheme.  
(iv) None of the non-executive directors has any pecuniary relationship or transaction with the company.

5. **Shareholders/Investors' Grievances Committee**

- (i) The Company has constituted a Shareholders/Investor Grievance Committee of Directors to look into transfer and transmission of shares, issue of duplicate share certificate consolidation and subdivision of shares and investors grievances. This committee particularly looks into the investor's grievances and oversees the performance of in-house share department and to ensure prompt and efficient investors' services.

- (ii) The following is the constitution of the committee:

Name of the Member	Designation	Category
Shri Saurabh Chhabra	Chairman	Non Executive Director
Shri Gyan Chand Jain	Member	Non Executive Director
Shri Manoj Kothari	Member	Non Executive Director
Shri Prakash Chhabra	Member	Executive Director

- (iii) There was no request pending for transfer of shares with transfer agent as on 31<sup>st</sup> March 2011.  
(iv) Five Shareholders Grievance Committees meetings were held during 2010-2011. The dates on which the said meetings were held are as follows: 30<sup>th</sup> May 2010, 31<sup>st</sup> July 2010, 31<sup>st</sup> August 2010, 30<sup>th</sup> October 10, 28<sup>th</sup> January 11. Attended the meeting as follows: -

Name of Member	Category	No. of Meetings attended during the year 2010-2011
Shri Saurabh Chhabra	Non Executive Director	5
Shri Gyan Chand Jain	Non Executive Director	5
Shri Manoj Kothari	Non Executive Director	2
Shri Prakash Chhabra	Executive Director	5

6. **GENERAL BODY MEETINGS**

- (i) Details of location and time of holding the last three AGMs.

Detail of Meeting	Date of Meeting	Time of Meeting	Venue of the Meeting
14 <sup>th</sup> AGM-2008	30.09.2008	11 A.M	<b>A.K. SPINTEX LIMITED</b> 14 K.M. Stone, Chittorgarh Road, Bilia Kalan, Bhiwara- 311001 ( RAJ.)
15 <sup>th</sup> AGM-2009	30.09.2009		
16 <sup>th</sup> AGM-2010	30.09.2010		

- (ii) During the financial year under review, no resolution have been passed by postal ballot

7. **DISCLOSURE**

- (i) During the under review, there were no materially significant related party transaction with your Company's, promoter's, the director or the management, their subsidiaries or relatives etc, that may have potential conflict with the interest of your Company at large.  
(ii) Your company has complied with all the statutory requirements comprised in the Listing Agreement/Regulation/Guidelines/Rules of the Stock Exchange/SEBI/other statutory authorities.  
(iii) There were no instances of non-compliance by your Company nor have any penalties, strictures been imposed by Stock Exchanges or SEBI or any statutory authority during the last four year.



## 8. MEANS OF COMMUNICATION

The unaudited quarterly and half-yearly are sent to all the Stock Exchange, where the shares of your Company are listed. The result are normally published in the "Dainik Bhaskar/ Rajasthan Patrikain Hindi. The annual results are posted to all the shareholders.

## 9. GENERAL SHAREHOLDER INFORMATION

### (viii) Distribution of Shareholding as on 31<sup>st</sup> March, 2012

(ix) Sharehold ing Pattern as on 31 <sup>st</sup> March, 2011	(i) Annual General Meeting Date & Time Venue	30.09.2011 & 11.00 A.M. 14 K.M. Stone, Chittorgarh Road, Bilia Kalan, Bhilwara-311001 ( Rajasthan)
	(ii) Financial Period	1 <sup>st</sup> April 2011 to 31 <sup>st</sup> March 2012
	(iii) Date of Book Closure	22 <sup>nd</sup> September 2011 to 30 <sup>th</sup> September 2011
	(iv) Listing Fees	The listing fees for the financial year 2011-12 have been paid to both the Stock Exchange, where Your Company equity shares are listed.
	(v) Listing on Stock Exchange in India	(i) Delhi Stock Exchange Limited (ii) Jaipur Stock Exchange Limited
	(vi) Financial Calendar for the period April 1, 2011 to March 31, 2012	First Quarterly Results By July 2011 Second Quarterly Results By October 2011 Third Quarterly Results By January 2012 Audited Results By May 2012
	(vii) Registered Office	14 K.M. Stone, Chittorgarh Road, Bilia Kalan, Bhilwara-311001 ( Rajasthan)

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Share holding
Up to 5000	589	77.60	171150	3.401
5001 to 10000	67	8.83	46550	0.925
10001 to 20000	43	5.67	60200	1.996
20001 to 30000	15	1.98	39950	0.794
30001 to 40000	8	1.05	29250	0.581
40001 to 50000	3	0.40	13200	0.262
50001 to 100000	11	1.45	74850	1.487
100001 to above	23	3.03	4596600	91.352
<b>Total</b>	<b>759</b>	<b>100.00</b>	<b>5031750</b>	<b>100.00</b>

Categories	No. of Shares	% of Issued Share Capital
Promoters	3286800	65.321
Foreign Institutional Investors	-	-
Financial Institution	-	-
Mutual Funds and UTI	-	-
Bodies Corporate	68650	1.364
Foreign Companies	-	-
Nationalized and other banks	-	-
Public	1676300	33.314
<b>Total</b>	<b>5031750</b>	<b>100.00</b>

## ANNEXURE : 1 TO THE DIRECTORS' REPORT

Statement containing particulars pursuant to the companies (disclosure of particulars in the reports of board of directors) rules, 1988.

### 1. CONSERVATION OF ENERGY

Conservation of energy is very high priority area for the company. The efforts are continuing to examine and implement fresh proposals for conservation of energy and minimise its use by regularly monitoring consumption and improved maintenance of the existing system.

#### FORM "A"

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

<b>A <u>POWER &amp; FUEL CONSUMPTION</u></b>		<b>31.03.2011</b>	<b>31.03.2010</b>
<b>1 <u>ELECTRICITY</u></b>			
a Purchase Units [In KWH]		5,542,832.00	5,381,796.00
Total Amount [In Rupees]		25,026,544.00	23,879,637.00
Rate/Unit [In per KWH]		4.52	4.44
<b>b <u>Own Generation</u></b>			
Through Diesel Generator [In KWH]		338,334.00	631,525.00
unit/ltrs in diesel oil		2.96	2.90
Cost [Rs/ unit]		11.87	10.72
<b>2 <u>Coal, Lignite, Fire wood &amp; Wooden Coal</u></b>			
Qty. [MT]		7,626.43	8,399.55
TOTAL COST [Rs]		62,336,065.00	47,835,156.00
Average Rate		8,173.68	5,694.97
<b>B <u>CONSUMPTION PER UNIT OF PRODUCTION</u></b>			
Fabric production [Mtrs]		31,281,898.00	30,800,206.00
Electricity [in Kwh]		0.188	0.195
Coal [in Kg]		0.243	0.270

#### FORM "B"

A Research & Development	NIL	NIL
B Technology Absorption	NIL	NIL
C Foreign Exchange Earning and Outgo	NIL	NIL

By order of the board



P.C. CHHABRA

[MANAGING DIRECTOR]

PLACE : BHILWARA.

Date: 30<sup>th</sup> May, 2011



## AUDITORS REPORT

To,  
The Members of **A. K. SPINTEX LIMITED**

We have audited the attached Balance Sheet of **A. K. SPINTEX LIMITED** as at 31st March, 2011, the Profit & Loss Account and cash flow statement of the company 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 this financial statement 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the management, principles used and significant estimates made by management, 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:-

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books of those books..
- c) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the Books of Accounts.
- d) In our opinion, the accounting policies of the company are in conformity with accounting standards referred to in sub-section (3c) of section 211 of the companies act, 1956 to the extent applicable.
- e) In our opinion and to the best of our information and read with other notes thereon, the said accounts give the information as required by the Companies Act, 1956, in the manner so required and give true and fair view.
  1. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
  2. In the case of Profit & Loss Account, of the profit for the year ended on that date.
  3. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

On the basis of the written representation taken on record by the Board of Directors, we report that none of the said directors are disqualified as on 31<sup>st</sup> March 2011 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956.

FOR: **O.P. DAD & COMPANY**  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No. 002330C

  
[O.P. DAD]  
PARTNER  
M.No: 35373



PLACE: **BHILWARA**  
DATED: 30<sup>th</sup> MAY, 2011



## ANNEXURE – I TO THE AUDITOR'S REPORT

On the basis of such checks of the books and records as we consider appropriate and as per the information and explanations given to us during the course of our audit, we further report that:-

1. In respect of fixed assets:

- (A) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- (B) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodic manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (C) The company during the year has disposed off old machineries and the same have been replaced by new machineries and the going concern status of the Company is not affected.

2. In respect of its inventories:

- (A) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year.
- (B) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the Company and nature of its business.
- (C) The Company has maintained proper records of inventories. As explained to us, no material discrepancies were noticed on physical verification of inventory as compared to the book record.

3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

- (A) The Company has not taken unsecured loans from any party covered in the register maintained u/s 301 of the Act. It has been taken in view of stipulation by financial Institution and repayable subject to their approval. The loan so taken is not prima facie prejudicial to the interest of the company. The amount borrowed on current account, the rate of interest wherever applicable and other terms and condition are not prime facie prejudicial to the interest of the Company.
- (B) As per the explanation and information given to us the Company has not granted any loans, secured or Unsecured to the Companies, firms or other parties listed in the register maintained Under Section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.

5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 that are exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.

6. The Company has not accepted any deposit from public. In our opinion and according to the information and explanation given to us the provisions of Section 58A of the Companies Act, 1956 and the Rules framed there under, wherever applicable, are being complied with

7. In our opinion and according to the information and explanation given to us we report that the company is having proper internal audit system, which is commensurate with its size and nature of its business.





8. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and record have been made maintained. We have not however, made detailed examinations of such records.

9. In respect of statutory dues:

A) According to the records of the Company, undisputed statutory dues including Provident Fund Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Custom Duty, Sales Tax, Excise Duty, Cess and other statutory dues have been regularly deposited with the appropriate authorities. Accordingly to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March 2011 for a period of more than six months from the date they have become payable.

B) The disputed statutory dues aggregating to Rs 105.53 Lac that have not been deposited on account of matters pending before appropriate authorities are as under :

Name of the Statute	Financial year to which the matter pertains	Nature of the dues	Forum where dispute is pending	Amount (Rs. In Lac)
Textiles Cess Act	1997-2007	TC Cess	Textile Cess Tribunal,	46.26
Central Excise Act, 1944	2002-2003	Excise Duty	Commissioner (Appeals)	5.44
Entry Tax Act	2008-2011	Entry Tax	H'nble High Court, Jodhpur (Rajasthan)	53.83

10. The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit report in the immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institution, Banks or debenture holders.

12. According to the information and explanation given to us, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(13) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

14. In our opinion and as per information and explanation given to us, we report that the company has not given any guarantee for loans taken by others from bank or financial institutions.

15. As per information and explanation given to us, the company has utilized term loans for the purpose for which the loans were obtained.

16. As per information and explanation given to us and over all examination of balance sheet of the company, we are of opinion that funds raised on short term basis were not used for long term investment and vice-versa.

17. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s. 301 of the Act.

18. The Company has not raised any amount by issue of debentures.

19. The Company has not raised any amount by way of public issue during the year.



20. In our opinion and as per information and explanation given to us, no fraud on or by the company has been noticed or reported during the year, which causes the financial statements to be materially misstated.

FOR: O.P. DAD & COMPANY  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 002330C

*[Signature]*

[O.P. DAD]  
PARTNER

M.No: 35373

PLACE: BHILWARA

DATED: 30<sup>th</sup> MAY, 2011





**BALANCE SHEET AS AT 31<sup>ST</sup> March, 2011**

PARTICULARS	SCHE DULE	AS AT 31.03.2011	AS AT 31.03.2010
<b><u>SOURCE OF FUNDS</u></b>			
<b><u>SHARE HOLDERS FUND</u></b>			
SHARE CAPITAL	[A]	50,317,500.00	50,317,500.00
RESERVE & SURPLUS	[B]	40,911,566.40	28,749,214.18
<b><u>DEFERRED TAX</u></b>		14,350,644.25	12,065,732.00
<b><u>LOANS FUND</u></b>			
SECURED LOAN	[C]	129,842,458.66	113,331,861.30
<b>TOTAL</b>		<b>235,422,169.31</b>	<b>204,464,307.49</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>FIXED ASSETS</u></b>	[D]		
GROSS BLOCK		299,457,706.99	231,573,713.99
LESS: DEPRECIATION		115,234,202.27	96,241,891.53
NET BLOCK		184,223,505.30	135,331,822.66
CAPITAL WORK-IN-PROGRESS		0.00	301,992.00
		184,223,505.30	135,633,814.66
<b><u>INVESTMENT</u></b>	[E]	3,000.00	3,000.00
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
INVENTORY	[F]	34,984,960.69	19,776,351.06
SUNDRY DEBTORS	[G]	44,217,779.99	46,848,235.98
CASH & BANK BALANCE	[H]	145,975.33	446,570.33
LOANS & ADVANCES	[I]	15,784,988.19	19,876,690.94
		95,133,704.20	86,947,848.31
LESS: CURRENT LIABILITIES & PROVISIONS	[J]	43,938,040.18	18,120,355.48
<b>NET CURRENT ASSETS</b>		<b>51,195,664.02</b>	<b>68,827,492.83</b>
<b>TOTAL</b>		<b>235,422,169.31</b>	<b>204,464,307.49</b>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>	[R]		

As per our report of even date attached

FOR: O.P. DAD & COMPANY  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 002330C

*[Signature]*  
[O.P. DAD]  
PARTNER  
M.No: 35373  
PLACE: BHILWARA  
DATED: 30<sup>th</sup> MAY, 2011



FOR AND ON BEHALF OF THE BOARD

*[Signature]*  
P.C.Chhabra  
(Managing Director)

*[Signature]*  
T.C. Chhabra  
(Director)

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

PARTICULARS	SCHE DULE	YAER ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b><u>INCOME</u></b>			
TURN OVER		302,238,078.01	287,624,948.99
OTHER INCOME	[K]	263,091.00	680,850.00
INCREASE / (DECREASE IN STOCK)	[L]	7,016,002.21	854,004.76
<b>TOTAL</b>		<b>309,517,171.22</b>	<b>289,159,803.75</b>
<b><u>EXPENDITURE</u></b>			
MANUFACTURING EXPENSES	[M]	218,699,382.59	211,014,440.68
PAYMENT TO AND PROVISION FOR EMPLOYEES	[N]	37,980,103.00	31,903,930.00
ADMINISTRATIVE EXPENSES	[O]	4,663,577.00	3,648,700.90
FINANCIAL EXPENSES	[P]	6,648,325.06	5,816,241.00
SELLING & DISTRIBUTION CHARGES	[Q]	4,490,073.00	3,991,646.00
<b>TOTAL</b>		<b>272,481,460.65</b>	<b>256,374,958.58</b>
PROFIT BEFORE DEPRECIATION		37,035,710.57	32,784,845.17
DEPRECIATION FOR THE YEAR		18,992,310.35	14,624,278.29
<b>NET PROFIT BEFORE TAXES</b>		<b>18,043,400.22</b>	<b>18,160,566.88</b>
LESS: TAX EXPENSES			
CURRENT TAX		3,596,135.75	3,088,856.00
DEFERRED TAX LIABILITIES /ASSETS		2,284,912.25	2,463,633.86
<b>PROFIT AFTER TAXES</b>		<b>12,162,352.22</b>	<b>12,608,077.02</b>
BALANCE B/F FROM PREVIOUS YEAR		27,249,214.18	14,641,137.16
		39,411,566.40	27,249,214.18
<b>BALANCE CARRIED TO B/S</b>		<b>39,411,566.40</b>	<b>27,249,214.18</b>

As per our report of even date attached  
FOR: O.P. DAD & COMPANY  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 0023306

FOR AND ON BEHALF OF THE BOARD

[O.P. DAD]  
PARTNER  
M.No: 35373



*[Signature]*  
P.C.Chhabra  
(Managing Director)

*[Signature]*  
T.C. Chhabra  
(Director)

PLACE: BHILWARA  
DATED: 30<sup>th</sup> MAY, 2011



**SCHEDULES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDING 31ST MARCH, 2011**

	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
<b><u>SCHEDULE [A] SHARE CAPITAL</u></b>		
AUTHORISED SHARE CAPITAL 1,00,00,000 SHARES @ RS.10/- EACH	100,000,000.00	100,000,000.00
	100,000,000.00	100,000,000.00
ISSUED, SUBSCRIBED & PAID UP CAPITAL 50,31,750 SHARES @ RS.10/- EACH FULLY PAID UP	50,317,500.00	50,317,500.00
	50,317,500.00	50,317,500.00
<b><u>SCHEDULE [B] RESERVE &amp; SURPLUS</u></b>		
STATE CAPITAL INVESTMENT SUBSIDY	1,500,000.00	1,500,000.00
PROFIT & LOSS ACCOUNT	39,411,566.40	27,249,214.18
	40,911,566.40	28,749,214.18
<b><u>SCHEDULE [C] SECURED LOANS</u></b>		
(A) BORROWING FROM BANK:		
RUPEE TERM LOAN	57,018,092.00	64,299,557.00
CASH CREDIT ACCOUNT/OD LIMIT	72,521,010.66	48,514,729.30
(B) VEHICLE LOAN ICICI BANK LTD.	303,356.00	517,575.00
	129,842,458.66	113,331,861.30
<b>Notes:</b>		
1. The term loans from AXIS BANK LTD. is secured by first mortgage/charge of existing and future fixed assets of the company.		
2. Cash Credit account is secured by hypothecation of stocks and book debts both present and future of the company and also by extension of charge over fixed assets of the company.		
<b><u>SCHEDULE [E] INVESTMENT</u></b>		
NSC	3,000.00	3,000.00
	3,000.00	3,000.00





# A.K.SPINTEX LIMITED, BHILWARA

## SCHEDULE "D" FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS AT 01.04.2010	ADDITION	DEDUCTION/ TRANSFER/	AS AT 31.03.2011	UPTO 31.03.2010	FOR THE YEAR	DEDUCTION	UP TO 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
LAND	4,540,392.25	21,295,376.00	0.00	25,835,768.25	0.00	0.00	0.00	0.00	25,835,768.25	4,540,392.25
BUILDING	38,823,675.18	2,683,565.00	0.00	41,507,240.18	8,634,924.15	1,186,534.62	0.00	9,821,458.77	31,685,781.41	30,188,751.03
PLANT & MACHINERY	176,912,998.46	42,851,587.00	552,900.00	219,211,685.46	83,738,436.71	16,865,495.79	0.00	100,603,932.50	118,607,752.96	93,174,561.75
OFFICE EQUIPMENTS	1,358,121.80	561,447.00	0.00	1,919,568.80	1,112,419.93	88,642.70	0.00	1,201,062.63	718,506.17	245,701.87
FURNITURE & FIXTURES	3,330,626.30	1,044,918.00	0.00	4,375,544.30	1,049,139.19	223,886.75	0.00	1,273,025.94	3,102,518.36	2,281,487.11
VEHICLE	6,607,900.00	0.00	0.00	6,607,900.00	1,706,971.94	627,750.50	0.00	2,334,722.44	4,273,177.56	4,900,928.06
SUB TOTAL (A)	231,573,713.99	68,436,893.00	552,900.00	299,457,706.99	96,241,891.92	18,992,310.35	0.00	115,234,202.27	184,223,504.72	135,331,822.07
PREVIOUS YEAR	190,514,221.29	52,428,995.00	110,675,10.30	231,875,705.99	89,566,648.53	14,624,278.29	794,9034.91	96,241,891.92	135,331,822.07	100,734,551.75



	AS AT 31.03.2011	AS AT 31.03.2010
<b><u>SCHEDULE [F] INVENTORY</u></b>		
[AS TAKEN, VALUED & CERTIFIED BY THE MANAGEMENT]		
1. RAW MATERIALS	5,061,944.01	2,124,858.93
2. STORES, SPARES & FUEL	9,009,743.06	3,754,220.73
3. FINISHED FABRICS	19,948,732.73	13,284,015.06
4. WORK IN PROGRESS	964,540.89	613,256.34
	34,984,960.69	19,776,351.06
<b><u>SCHEDULE [G] SUNDRY DEBTORS</u></b>		
[UNSECURED BUT CONSIDERED GOOD]		
<b>SUNDRY DEBTORS (JOB)</b>		
MORE THAN 6 MONTHS	9,457.00	148,731.00
WITHIN SIX MONTHS	44,208,322.99	46,699,504.98
	44,217,779.99	46,848,235.98
<b><u>SCHEDULE [H] CASH &amp; BANK BALANCE</u></b>		
CASH IN HAND	145,975.33	446,570.33
	145,975.33	446,570.33
<b><u>SCHEDULE [I] LOANS &amp; ADVANCES</u></b>		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	773,922.00	74,147.00
CENVAT RECEIVABLE ON CAPITAL GOODS	1,638,296.00	596,647.00
BALANCES WITH GOVT. DEPARTMENTS	9,303,562.36	7,068,619.36
TAX DEDUCTED AT SOURCE [NET OF TAX PROVISION]	1,670,555.35	(673,352.90)
ADVANCE AGAINST CAPITAL GOODS	0.00	10,449,488.00
SECURITY DEPOSIT	2,398,652.48	2,361,142.48
	15,784,988.19	19,876,690.94
<b><u>SCHEDULE [J] CURRENT LIABILITIES AND PROVISION</u></b>		
SUNDRY CREDITORS	27,604,741.18	10,855,453.00
SUNDRY CREDITORS OF CAPITAL GOODS	7,218,132.00	0.00
OTHER LIABILITIES	8,766,344.00	7,011,039.48
TAX DEDUCTED AT SOURCE	178,300.00	123,286.00
E.S.I. & P.F. CONTRIBUTION	170,523.00	130,577.00
	43,938,040.18	18,120,355.48





	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b><u>SCHEDULE [K] OTHER INCOME</u></b>		
INTEREST INCOME	139,091.00	555,900.00
SCRAP SALE	124,000.00	124,950.00
	263,091.00	680,850.00
<b><u>SCHEDULE [L] INCREASE /( DECREASE) IN STOCK</u></b>		
<b><u>OPENING STOCK</u></b>		
WORK IN PROCESS	613,256.34	966,936.15
FINISHED GOODS	13,284,015.06	12,076,330.49
	13,897,271.40	13,043,266.64
<b><u>CLOSING STOCK</u></b>		
WORK IN PROCESS	954,540.89	613,256.34
FINISHED GOODS	19,948,732.73	13,284,015.06
	20,913,273.62	13,897,271.40
<b><u>NET DECREASE</u></b>	7,016,002.21	854,004.76
<b><u>SCHEDULE [M] MANUFACTURING EXPENSES</u></b>		
DYES & CHEMICALS	66,428,192.92	66,575,804.06
COAL	62,336,064.93	47,853,598.49
STORES & SPARES	33,678,651.52	36,106,690.60
POWER & FUEL	29,043,256.12	33,244,330.53
OTHER MANUFACTURING EXPENSES	18,101,113.00	17,101,419.00
WATER CHARGES	2,674,016.00	3,018,049.00
ENTRY TAX	1,902,678.00	0.00
SERVICE TAX	210,204.00	215,507.00
<b><u>REPAIRS &amp; MAINTENANCES</u></b>		
PLANT & MACHINERY	4,325,206.00	6,899,042.00
	218,699,382.59	211,014,440.68





	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b><u>SCHEDULE [N] PAYMENT TO &amp; PROVISION FOR EMPLOYEES</u></b>		
SALARY, WAGES & OTHER ALLOWANCES	34,604,875.00	29,299,544.00
E.S.I. & P.F. CONTRIBUTION	1,719,430.00	1,262,990.00
GRATUITY & P.L. ENCASHMENT	564,868.00	461,205.00
STAFF & LABOUR WELFARE	690,389.00	554,556.00
BONUS & EXGRATIA	400,541.00	325,635.00
	37,980,103.00	31,903,930.00
<b><u>SCHEDULE [O] ADMINISTRATIVE EXPENSES</u></b>		
RENT, RATES & TAXES	135,660.00	192,800.00
M.D. REMUNERATION	1,200,000.00	336,000.00
AUDIT EXPENSES	3,935.00	7,625.00
AUDITOR'S REMUNERATION	50,000.00	50,000.00
COST AUDIT FEES	20,000.00	20,000.00
PRINTING & STATIONARY	330,497.00	310,122.00
CHARITY & DONATION	50,001.00	9,451.00
CONVEYANCE EXP.	277,985.00	240,074.00
LEGAL & PROFESSIONAL	467,482.00	567,405.00
TRAVELLING EXPENSES	875,765.00	449,708.00
INSURANCE PREMIUM	406,549.00	247,179.00
POSTAGE	21,731.00	8,558.00
TELEPHONE & TRUNKCALL	180,547.00	177,354.00
FEES & SUBSCRIPTION	146,997.00	236,936.00
LISTING FEES	34,193.00	34,193.00
WATER CESS	135,800.00	168,707.00
MISCELLANEOUS EXPENSES	117,450.00	95,149.90
PUBLIC WELFARE EXP.	128,950.00	0.00
REPAIRS & MAINTENANCES (VEHICLE)	80,035.00	55,831.00
LOSS ON SALE OF FIXED ASSETS	0.00	441,608.00
	4,663,577.00	3,648,700.90
<b><u>SCHEDULE [P] FINANCIAL EXPENSES</u></b>		
INTEREST ON TERM LOAN	2,236,207.00	1,523,393.00
INTEREST ON WORKING CAPITAL	4,337,599.00	4,131,847.00
INTEREST ON OTHERS	51,242.00	58,397.00
BANK CHARGES	23,277.06	102,604.00
	6,648,325.06	5,816,241.00
<b><u>SCHEDULE [Q] SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
FREIGHT, CHECKING, LOADING & UNLOADING CHARGES	4,381,515.00	3,847,089.00
ADVERTISEMENT EXP.	108,558.00	144,557.00
	4,490,073.00	3,991,646.00



## **SCHEDULE " R " SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS**

### **I. SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Method of Accounting**

The accounts have been prepared as per historical cost convention and on an accrual basis. Accounting policies not specifically referred to otherwise be consistent and in consonance with generally accepted accounting principles followed by the company.

#### **2. Fixed Assets**

- a) Fixed assets are stated at their original cost (net of CENVAT) including incidental expenditure related to acquisition and Installation less accumulated depreciation.
- b) Capital assets under erection / installation are reflected in the balance sheet as capital work-in-progress.

#### **3. Depreciation**

Depreciation has been calculated on plant and machinery as continuous process plant (as per technical opinion obtained by the management) by applying written down value rates prescribed in schedule XIV to the companies act, 1956.

Depreciation on all other fixed assets including miscellaneous plant & machinery has been provided under straight line method at the rate prescribed as per schedule XIV to the companies act.

Depreciation on fixed assets acquired during the year has been calculated on pro-rata basis with reference to the date on which the assets are put to use.

Depreciation on assets where actual cost does not exceed Five Thousand Rupees, being provided at the rate of Hundred percent in the year of acquisition.

#### **4. Investment.**

Investments are stated at cost.

#### **5. Revenue Recognition / Basis of accounting**

The company follows the accrual system of accounting except certain items like interest, rebates, discounts & claims on sales, insurance claims etc are admitted as and when there is reasonable certainty.

#### **6. Inventories**

Inventories are valued as under.

Finished Goods	: At Cost or market realisable value, whichever is lower.
Work in Progress	: At Cost inclusive of allocable overheads
Dyes & Chemical, Stores & Spares etc	: At lower of cost or net realisable value.

#### **7. Job Processing Income**

Job Processing Income is stated at net of discount.

#### **8. Retirement Benefits**

Company's contribution accruing during the year in respect of Provident Fund and Employee State Insurance Scheme has been charged to Profit & Loss Account.

Encashment of leave is accounted on Accrual Basis

Liability in respect of employees gratuity is valued on actuarial basis made by the Life Insurance Corporation of India under employees' group gratuity scheme. Any shortfall or excess based on such valuation is accounted for.

#### **9. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of the qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

#### **10. Segment Reporting**

The company's main operation relates to the processing of man made fabrics and has only one unit i.e. process house which is located at Bhilwara (Raj) and most of the customers are local. Hence the company does not have any other segment to disclose separately.





### 11. Related Party

Related party transactions as required under AS-18 issued by the ICAI are disclosed by way of notes to the accounts.

### 12. Earning Per Share (EPS)

EPS is calculated as per AS-20 issued by the Institute Of Chartered Accountants Of India.

### 13. Deferred tax

Provision for current tax is made after taking into consideration admissible benefits under the provisions of the Income Tax Act, 1961. Deferred tax resulting from timing difference between book profits and taxable profits is accounted for using the tax laws and rates that have been or substantively enacted as on the Balance-Sheet date. Deferred tax asset is recognized and carried forward to the extent there is a reasonable certainty that the assets will be realised in future.

### 14. Impairment of Assets

Factors giving rise to any indication of any impairment of the carrying amount of the company's assets are appraised at each balance sheet date to determine and provide/revert an impairment loss following accounting standard AS-28 for impairment of assets.

### 15. Contingent Liabilities.

Contingent Liabilities disclosed by way of notes.

## II NOTES TO THE ACCOUNTS

1. The Textile Cess Committee has raised a demand of Rs.46.26 Lacs against the company. The Company has filed various appeal against it before Hon'ble TC Appellate Tribunal, Mumbai. The Company has not received any communication from the tribunal and as per our information and belief the matter is still pending with TC Cess Appellant Tribunal, Mumbai and consequently, liability, if any arises will be accounted for as and when the case will be decided. The management being confident of winning the case, no provision of the above has been made.
2. The Company has deposited Rs.82246/- under protest towards demand confirmed by the order of Commissioner of Excise in Case No IV(55)4/45/BHL/R-IV/04/6587 Dated 18.08.2004. Company has filed the appeal in CESTAT.
3. Hon'ble CESTAT Vide its Final Order No. 493-495/08 CEx. Dated 18.07.2008 reduced the penalty and accordingly we have filed the refund of excess penalty deposited by us. The department has sanctioned a sum of Rs. 114093 /- on 27.02.2009 towards excess penalty deposited by us. The department preferred an appeal with the Rajasthan High Court and matter is pending with High Court.
4. Hon'ble Rajasthan High Court in Central Excise Appeal No. 34/2007 " Union of India Vs. A.K.Spintex Ltd. & Anr." Has decided the case in our favour. The Department has filed SLP with Hon'ble Supreme Court of India vide SLP (Civil) No. 25055 of 2009.
5. A writ petition regarding livability of Rajasthan entry tax on the processing units was pending before the Hon. Rajasthan High Court, Jodhpur in which a modified interim order was passed on 21.01.2011. In compliance with the order, the company had to deposit 50 % of the entry tax for the years of which assessment is done i.e. FY 2007-08 and for the balance 50% amount, a surety bond was given. As the final order on the aforesaid writ petition has not been yet passed, the company on conservative basis has accounted for the entry tax upto FY 2007-08 in the books of accounts. In view of the management, there being a fair chance of winning the case, no further provision is necessary for period after FY 2007-08. Thus, the total amount of disputed liability for the period 01.04.2008 to 31.03.2011 is Rs. 53.83 lacs for which no provision is made being contingent in nature.
6. In the opinion of Board of directors the Current Assets, Loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated except as expressly stated otherwise and all known liabilities have been provided in the accounts.





7. As the company's significant business activity falls within a single primary business segment viz. "Processing of Fabrics", the disclosure requirement of accounting Standard-17 "Segment reporting", issued by Institute of Chartered Accountants of India, is not applicable.
8. There is no expenditure incurred on employees who were in receipt of remuneration in the aggregate of not less than Rs.24,00,000/- p.a. if employed through out the year and Rs.2,00,000/- per month for a part of the year.
9. In the opinion of the management, there is no impairment of assets in accordance with Accounting Standard, AS-28 as on Balance Sheet date.

**10. Auditor's Remuneration:**

	<u>2010-2011</u>	<u>2009-2010</u>
Audit fees & consultancy	30000	30000
Tax audit fees	10000	10000
Certification & Consultancy	10000	10000
Reimbursement of expenses	3935	7625
<b>Total</b>	<b>53935</b>	<b>57625</b>

**11. Managerial Remuneration**

Salary	12,00,000	3,36,000
--------	-----------	----------

12. The company is accounting leave encashment on mercantile/ actual basis. However gratuity has been accounted by way of actuarial valuation and due provision has been made in the books in current year.
13. The company does not possess information as to which of its suppliers is a SSI holding permanent registration certificate. Consequently, the liability, if any, of interest which would be payable on delayed payment made under Small Scale Ancillary Industrial Undertaking Act, 1993 can not be ascertained. However, the company has not received any claim in respect of interest so far.

**14. Deferred Tax Calculation Liability**

	<u>2010-2011</u>	<u>2009-2010</u>
Opening balance	144.47	150.71
Add: Tax Arising on account of Current Year Depreciation	22.85	24.63
<b>Closing Balance</b>	<b>121.62</b>	<b>126.08</b>

[Rs.in Lacs]

**15. Related Party Disclosure**

A. The Co. is dealing with following related parties as defined under AS-18 issued by the ICAI.

Key Management Personnel : Shri Prakash Chand Chhabra (Managing Director)

Sister/ Associate concerns : Chhabra Syncotex Pvt. Ltd.  
Fashion Suitings Pvt. Ltd

B. Detail of transactions made with above parties during the year 2009-2010

Particulars	[Rs. In Lacs]					
	Key Management Personnel		Promoters		Associate / Sister Concerns	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Income from services (Processing charges received)	0.00	0.00	0.00	0.00	454.68	406.62
Balance Outstanding as on 31 <sup>st</sup> March Debtors a/c	0.00	0.00	0.00	0.00	15.64	101.99
Payment :- Salary	12.00	3.36	0.00	0.00	0.00	0.00



16. Calculation of EPS:

Particulars	Current Year	Previous Year
Profit After current tax	Rs.121.62	Rs 126.08 Lac
Weighted average no. of ordinary shares for EPS	5031750	5031750
Basic/ Diluted EPS	2.42	2.51

17. Information pursuant to the provisions of paragraph 3 & 4 of Part II of Schedule VI of the companies act, 1956 is annexed herewith.

18. Details as required under Part IV of Schedule VI of the companies act, 1956 is also annexed herewith.

Information pursuant to the provision of paragraph 3, 4 (C) & 4 (d) of part II of schedule VI to the Companies Act, 1956.

(a) Particulars in respect of Production, Sales & Stock of finished goods.

Fabric Processing	2010-2011		2009-2010	
	Qty.	Value	Qty.	Value
Opening Stock	1978695.00	13284015.06	1670127.75	12076330.49
Production	31281898.00	-----	30800299.00	-----
Clearance	31080107.20	302238078.01	30491731.75	287624948.99
Closing Stock	2180485.80	19948732.73	1978695.00	13284015.06

(b) Value of Raw material, stores & Spares consumed.

Value of Raw Material Consumed

	%	2010-2011	%	2009-2010
Imported	-	-----	-	-----
Indigenous	100	66428192.92	100	66575804.06
Total		66428192.92		66575804.06

Value of Stores & Spares Consumed

	%	2010-2011	%	2009-2010
Imported	-	-----	-	-----
Indigenous	100	33678651.62	100	36106690.60
Total		33678651.62		36106690.60

(c) There is no earnings, remittances in foreign exchange.

19. Figures for the previous year has been regrouped and rearranged wherever considered necessary.

FOR: O.P. DAD & COMPANY  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 0023300

[O.P. DAD]  
PARTNER  
M.No: 35373



PLACE: BHILWARA  
DATED: 30<sup>th</sup> MAY, 2011



# CASH FLOW STATEMENT

	AMOUNT IN (RS.) For the year ended 31.03.2011	AMOUNT IN (RS.) For the year ended 31.03.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit After Tax	12,162,352	12,608,077
<b>Adjustment for:</b>		
Depreciation	18,992,310	14,624,278
Deferred Taxation	2,284,912	2,463,634
Interest	6,625,048	5,713,637
Other Income	(263,091)	(680,850)
Income from sale of investment	-	-
Loss on sale of fixed assets	-	441,608
<b>Operating profit before working capital changes</b>	<b>39,801,532</b>	<b>35,170,384</b>
<b>Adjustment for:</b>		
Inventories	(15,208,610)	(3,784,189)
trade & other receivable	6,722,159	(3,829,654)
trade & other payable	25,817,685	2,219,365
cash generated from operations	57,132,766	29,775,906
other income	124,000	124,950
<b>Net Cash From operating activities</b>	<b>57,256,766</b>	<b>29,900,856</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed Assets	(68,134,901)	(52,215,974)
Sale of fixed assets	552,900	2,463,846
Interest Received	139,091	555,900
<b>Net Cash Used in Investing Activities</b>	<b>(67,442,910)</b>	<b>(49,196,228)</b>





	AMOUNT IN (RS.) For the year ended 31.03.2011	AMOUNT IN (RS.) For the year ended 31.03.2010
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings		-
Proceeds from Term loan	(7,495,884)	32,025,005
Increase In Cash Credit Account	24,006,281	(6,966,536)
interest paid	(6,625,048)	(5,713,637)
<b>Net Cash From Financing Activities</b>	<b>9,885,549</b>	<b>19,344,832</b>
<b>D. Net Increase In Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(300,595)</b>	<b>49,460</b>
<b>E. Opening Cash &amp; Cash Equivalents</b>	<b>446,571</b>	<b>397,111</b>
<b>F. Closing Cash &amp; Cash Equivalents</b>	<b>145,976</b>	<b>446,571</b>

As per our report of even date attached  
FOR: O.P. DAD & COMPANY  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 002330C

[O.P. DAD]  
PARTNER  
M.No: 35373



BY ORDER OF THE BOARD

P.C. CHHABRA  
Managing Director

T.C. Chhabra  
Director

PLACE: BHILWARA  
DATED: 30<sup>th</sup> MAY, 2011

#### AUDITORS' REPORT

We have examined the above Cash Flow Statement of A.K. SPINTEX LIMITED for the year ended on 31st March 2011 which is based on and in agreement with the audited accounts for the relevant financial year. According to the information and explanations given to us, the aforesaid Cash Flow Statement prepared by the Company is in accordance with the requirement of Clause 32 of the Listing Agreement with the Stock Exchanges(s).

FOR: O.P. DAD & COMPANY  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 002330C

[O.P. DAD]  
PARTNER  
M.No: 35373



PLACE: BHILWARA  
DATED: 30<sup>th</sup> MAY, 2011

**DETAILS AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956  
BALANCE-SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.**

**1 Registration Details**

Certificate Identification Number	L17117RJ1994PLC008916		
Registration No.	008916	State code	17
Balance-Sheet Date	31	3	2011
	Date	Month	Year

**2 Capital raised during the year[amount in thousand]**

**Public Issue**

**Bonus Issue**

Nil

NIL

**Promoter**

**Private Placement**

Nil

Nil

**3 Position of mobilisation & deployment of funds  
[Amount in Thousand]  
Sources Of Funds**

**Total Liabilities**

**Total Assets**

235422

235422

**Paid up Capital**

**Reserve & Surplus**

50,317.50

40912

**Secured Loans**

**Deferred Tax**

**Unsecured Loans**

129842

14351

-

**Application of Funds**

**Net Fixed Assets**

**Capital WIP**

**Investments**

184224

0

3

**Net Current Assets**

**Misc. Expenditure**

51196

0

**4 Performance of Co. [Amount in Thousand Rupees]**

**Turnover**

**Total Expenditure**

309517

268628

**Profit before tax**

**Profit after tax**

18043

12162

**EPS [In Rs.]**

**Dividend rate**

2.42

Nil

**5 Generic Names of three principal products/services of company [as per monetary terms]**

Item Code No. 551211

[ITC Code]

Product Description

Processing of man made fabrics

As per our report of even date attached

FOR: O.P. DAD & COMPANY

CHARTERED ACCOUNTANTS

Firm Reg. No. 0023300

[Signature]

[O.P. DAD]

PARTNER

M.No: 35373

PLACE: BHILWARA

DATED: 30<sup>th</sup> MAY, 2011



FOR AND ON BEHALF OF THE BOARD

A.K.SPINTEX LIMITED

[Signature]

P.C. Chhabra  
(Managing Director)

[Signature]

T.C. Chhabra  
(Director)



**PROXY FORM**

Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

We \_\_\_\_\_ of \_\_\_\_\_ being a member/ members  
of the above named Company, hereby appoint Shri/ Mrs./ Miss \_\_\_\_\_ of  
\_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/ her Shri/ Mrs./ Miss  
\_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_

as my/ our proxy to vote for me/ us on my/ our behalf at the 17<sup>th</sup> Annual General Meeting of the Company to be  
held on 30<sup>th</sup> September, 2011 at 11.00 a.m. or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Note: This proxy form in order to be effective should be duly stamped, completed and signed and must be  
deposited with the Company's Registered Office not less than 48 hours before the meeting.

----- Cut here -----

**A. K. SPINTEX LIMITED**

Registered Office : 14<sup>th</sup> Km. Stone, Chittor Road,  
Bilia Kalan, Bhilwara 311 001.

**ATTENDANCE SLIP**

I hereby record my presence at the 17<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> September, 2011 at  
11.00 a.m. at 14<sup>th</sup> K.M. Mile Stone Chittor Garh Road, Bilia Kalan, Bhilwara.

Full Name of the Shareholder (in Block Letters) \_\_\_\_\_  
Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_ Name of Proxy (if the Proxy attends, instead of the  
shareholder) \_\_\_\_\_

Signature of Shareholder / Proxy

Members attending the meeting must fill in this attendance slip and hand it over at the entrance of the meeting hall.  
Members are requested to bring their copy of the annual report at the meeting.