Maharaja Shree UMAID MILLS LIMITED

72nd Annual Report 2011-12

Regd Office: 706, Krishna, 224, AJC Bose Road, Kolkata 700 017
Head Office : Jodhpur Road, Pali 306 401(Rajasthan) INDIA
visit us at : www.msumindia.com

Board of Directors :

Mr. LN BANGUR, *Chairman & Managing Director*

Mr. GOVIND SHARDA, *Executive Director*

Mr. YOGESH BANGUR, *Director (CA&S)*

Mrs. ALKA BANGUR, *Director*

Mr. SS KOTHARI, *Director*

Mr. CHANDRAVADAN DESAI, *Director*

Mr. AMITAV KOTHARI, *Director*

Mr. GR AGARWAL, *Director*

Auditors :

M/s BD GARGIEYA & CO., JAIPUR

Bankers :

BANK OF BARODA

ICICI BANK LTD.

IDBI BANK LTD.

STATE BANK OF BIKANER & JAIPUR

STATE BANK OF INDIA

Regd. Office :

706, ''KRISHNA''

224, AJC BOSE ROAD

KOLKATA – 700017 (W.B.)

Head Office and Works :

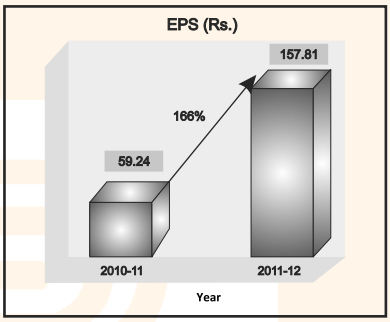
JODHPUR ROAD

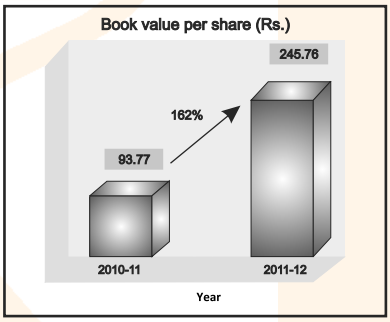
PALI – 306 401 (Rajasthan)

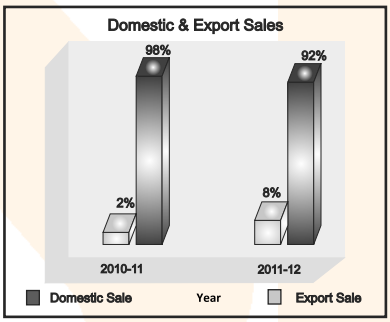
Important Communication to Members on Green Initiative

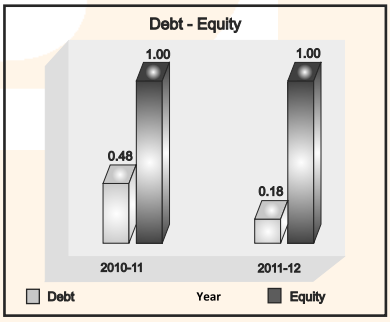
The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings, with their respective Depository Participants.

Members who hold shares in physical form are requested to download the "E- Communication Registration Form" from our website: *www.msumindia.com* under "financials" and send the duly filled-in and signed form to Company Secretary, Maharaja Shree Umaid Mills Limited, 706, Krishna, 224, AJC Bose Road, Kolkata-700 017 (W.B.)









BOARD OF DIRECTORS

NON INDEPENDENT DIRECTORS

Mr. L.N. Bangur
Chairman & Managing Director

Mrs. Alka Bangur

Mr. Yogesh Bangur
Director (Corporate Affairs & Strategy)

Mr. Govind Sharda
Executive Director

INDEPENDENT DIRECTORS

Mr. S. S. Kothari

Mr. C. V. Desai

Mr. Amitav Kothari

Mr. G. R. Agrawal

PRODUCTS

Umaid FABRICS
हिना HEENA
सुरभि SURBHI
२४ कैरट 24 CARAT
लिली LILLY

WISDOM
FORMALS

WISDOM

FACILITIES

ENVIRONMENT

CMD's Communiqué

Dear Fellow Shareholders,

The year that has gone by has tested the ability of the textile industry to withstand the adverse economic pressure. The largest segment of the organised Indian economy had the opportunity to face the best and the worst measures for the industry. The performance of the Company needs be reviewed keeping in mind the benchmarking performance by the industry.

The year was full of contrasts with too many swings in the commodity market, foreign exchange rates and economic sentiments. The GDP growth would be difficult to be maintained unless the same is delinked from the political motive.

During the year, your Company has commissioned 8.95 MW of wind energy turbines, as a significant diversification towards power securitisation. Further capacities would be added in the current financial year.

Your Company has already placed orders for all major capital items for the expansion cum modernisation of fabric and yarn business. Partly executed so far, the project would be commercially commissioned during the current financial year and would strengthen the growth engine for future.

Your Company has set out a detailed plan for the future growth and with the support of all our stakeholders, including shareholders, lenders, business associates and employees, the Company would be positioned to capture all the opportunities that are offered, particularly during the testing economic scenario.

Thanking you,

LN BANGUR
Chairman and Managing Director

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 72nd Annual General Meeting of the members of MAHARAJA SHREE UMAID MILLS LIMITED will be held at Club House, The Tollygunge Club Ltd., 120, Deshpran Sasmal Road, Kolkata 700033 on Saturday the 28th day of July, 2012 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1) To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 2012 and the Profit & loss Account for the year ended on that date.
2) To declare Dividend
3) To appoint a Director in place of Mr. C.V.Desai, who retires by rotation and being eligible, offers himself for reappointment.
4) To appoint a Director in place of Mr. S.S.Kothari who retires by rotation and being eligible, offers himself for reappointment.
5) To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

6) To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED that in supersession of the resolution passed by the members of the Company at the Annual General Meeting held on 31st Day of July, 2010 and pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any, the consent of the Company be and is hereby accorded for empowering the Board of directors of the Company for borrowing from the Company's Bankers or any other bank, financial institutions, bodies corporate(s), persons etc from time to time as the need be for the business of the Company, any sum or sums of money, on such terms and conditions and with or without security as the Board of Directors may think fit, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the company and its free reserves for the time being, that is to say, reserves not set apart for any specific purpose, provided that the total such borrowings by the Board at any time shall not exceed the limit of Rs.500 Crores (Rupees Five hundred crores only)".

By Order of the Board
For Maharaja Shree Umaid Mills Ltd.

(P.K.OJHA)
COMPANY SECRETARY

Kolkata
May 29, 2012

NOTES

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item no. 6 above is annexed hereto and form part of the Notice.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A Proxy Form in order to be effective, must reach the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 20th July, 2012 to 28th July, 2012 (both days inclusive).
4. Dividend, when declared, will be payable to those members whose names appear on the Register of Members as on 28th July, 2012.
5. Information to Shareholders as prescribed in clause 49 of Listing Agreement in respect of Appointment/ reappointment as directors, is given at Annexure-A attached to this Notice.

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

Item No. 6

Under section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Company cannot, except with the consent of the Company in general meeting, borrow money, apart from temporary loans obtained from the company's bankers in the ordinary course of business, including the borrowings for working capital, in excess of the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose. The shareholders at the Annual General Meeting of the Company held on 31st Day of July, 2010 had accorded their consent empowering the Board of Directors to borrow money subject to the condition that total such borrowings shall not exceed Rs.200 Crores .

Keeping in view that for meeting the cost of Capital Expenditure Programme/s of any unit/s and/ or for the purposes of business of the Company, and with the efflux of time it may in future be necessary to exceed the limit sanctioned in past by the shareholders at the Annual General Meeting held on 31st Day of July, 2010. The consent of the Shareholders is therefore, sought in accordance with the provisions of Section 293(1)(d) of the Companies Act,1956 to give authority to the Board of Directors enabling the Company to borrow sum or sums of money upto a revised total limit of Rs.500 Crores.

The proposed resolution being in the interest of business of the Company, the Board commends the resolution for approval by the members.

None of the Directors of the company are concerned with or interested in this Resolution.

By Order of the Board
For Maharaja Shree Umaid Mills Ltd.

Kolkata
May 29, 2012

(P.K.OJHA)
COMPANY SECRETARY

ANNEXURE – 'A' ATTACHED TO THE NOTICE DATED 29TH MAY, 2012
(as required under clause 49 of the Listing Agreement)
Information on appointment/re-appointment of Director

Name	Shri Chadravadan Desai	Mr. S.S. Kothari
Date of Birth	10.12.1949 61 Yrs.	15.06.1930 82 Yrs.
Qualification	B.Com	F.C.A.
Nature of Appointment	Retiring by Rotation and seeking reappointment as a Director	Retiring by Rotation and seeking reappointment as a Director
Expertisement in Specific functional areas	Financial Management	A Practicing Chartered Accountant having vast experience in Financial Consultancy as well as in corporate functioning
Directorship held in other public limited companies	None	1. Jay Shree Tea & Industries Ltd. 2. Kriti Industries (India) Ltd.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure to present the 72nd Annual Report together with the Audited Accounts of the Company for the year ended on 31st March 2012.

The Financial Results are given hereunder :

(Rs. in Lacs)

Particulars	**Year ended on 31.03.2012**	Year ended on 31.03.2011
Total Revenue	**42521.20**	43142.79
Gross Profit before Depreciation & Amortisation Expenses and Finance Cost	**2778.06**	5203.26
Finance Cost	**220.35**	536.40
Cash Profit before taxes	**2557.71**	4666.86
Depreciation	**1171.70**	1196.34
Profit before Extraordinary Items	**1386.01**	3470.52
Extraordinary Items	**50133.28**	15400.34
Profit before taxes	**51519.29**	18870.86
Provision for taxes	**10615.69**	3514.60
Profit after tax for the period	**40903.60**	15356.26
Balance brought forward from previous year	**14530.30**	1521.69
Tax adjustments for earlier years (net)	**(0.38)**	0.33
Provision for diminution in the value of investments w/back	**-**	155.77
Profit available for appropriation	**55433.52**	17034.05
Appropriations		
Proposed Dividend	**1296.00**	432.00
Tax on Proposed Dividend	**210.24**	71.75
Transferred to General Reserve	**5000.00**	2000.00
Balance carried to Balance Sheet	**48927.28**	14530.30

BUSINESS

Owing to contrasting policy decisions taken by the authorities the cotton textile sector had a lacklustre performance for the financial year ended 31st March 2012. The turnover was marginally impacted adversely due to uncertainties created by policy decisions.

During such testing time, your Company made a significant growth in value added products by introduction of multiple additions to the existing range of products / segments.

DIVIDEND

Your Directors are pleased to recommend payment of Rs.5.00 per equity share (previous year: Rs. 5.00) for the year ended on 31st March 2012 on the fully paid up shares of Rs 10 each. The total outgo would be to the tune of Rs. 1506.24 lacs (previous year: Rs. 503.75 lacs) including Corporate Dividend Tax.

NEW BUSINESS DEVELOPMENT

Your Company has already taken initiatives to move up in the textile value chain. Major capital items' orders and requisite infrastructure creation is under execution. The project is expected to be commissioned during the current financial year. The project is expected to cement Company's position in value added segment.

SALE OF SHAREHOLDING IN ERSTWHILE GROUP COMPANY

During the year, your Company disposed off whole of its investments in another Group Company, namely, The Andhra Pradesh Paper Mills Ltd., pursuant to the agreement entered into with the buyers on 29th March 2011. The amount so realised has been shown under the head of Extra Ordinary Items.

SCHEME OF RE-ARRANGEMENT

With the changes in the statutes over the period of time, and the opportunities offered by them, the Company is in the process of re-visiting the scheme for seeking requisite approvals. The scheme of arrangement filed with the Stock Exchange authorities have been withdrawn.

SUBSIDIARIES

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be

kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

During the year, your Company has acquired 100% equity of Kiran Vyapar (P) Ltd., a strategic investment.

MANAGEMENT DISCUSSION AND ANALYSIS

The detailed analysis is appended herewith and form part of the Directors' report.

CORPORATE GOVERNANCE

A compliance report on Corporate Governance has been annexed as part of the Annual Report along with Auditors' Certificate in compliance with Clause 49 of the Listing Agreement with the Stock Exchanges.

LISTING / DELISTING OF THE EQUITY SHARES

The equity shares of your Company are listed at the Bombay Stock Exchange and the Calcutta Stock Exchange. The annual listing fees have been paid to these Stock Exchanges and there is no intent of the management to delist the shares from either of the Stock Exchanges.

DIRECTORS

Shri SS Kothari and Shri CV Desai retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their appointment at the ensuing Annual General Meeting.

PUBLIC DEPOSITS

There are no public deposits with the Company.

PARTICULARS OF EMPLOYEES

Particulars of employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are required to be set out in Annexure to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the accounts are being sent to all the members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EARNING/OUTGO

The information required under the provision of section 217(1)(e) of the Companies Act is set out in the annexure to the Directors' Report.

AUDITORS

M/s BD Gargieya& Co., Chartered Accountants (Firm Regn. No.: 001072C) who are the Statutory Auditors of the Company, hold office, in accordance with the provisions of the Companies Act, 1956 upto the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received letter from them giving their consent to act as Auditors of the Company and stating that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based upon the representations received from the Operating Management, confirm that:

i. in the preparation of the Annual Accounts for the year ending on 31st March 2012, the applicable accounting standards have been followed and there has been no material departure;

ii. appropriate accounting policies have been selected by them and applied the same consistently and 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 as at 31st March 2012 and of its profits for the year ending on that date;

iii. proper and sufficient care has been taken by them 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; and

iv. the Annual Accounts for the period ended on 31st March 2012 have been prepared by them on a going concern basis.

ACKNOWLEDGEMENT

The Directors express their gratitude to Financial Institutions, Banks and various other agencies for the co-operation extended to the Company. The Directors also take this opportunity to thank all business associates for the confidence reposed by them in the Company. The employees of the Company have contributed significantly to achieve the financial performance. The Directors take this opportunity of thanking them and hope that they will maintain their commitment to excel in the time to come.

For and on behalf of the Board

Kolkata — LN Bangur

May 29, 2012 — Chairman and Mg. Director

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

			2011-12	2010-11
A.	**POWER & FUEL CONSUMPTION:**			
	(1) ELECTRICITY			
	a) Purchased from JVVNL			
	i) Units	('000 Units)	**50580**	62658
	Total Amount	('000 Rs)	**272410**	288880
	Cost/Unit	(Rs.)	**5.39**	4.61
	b) Purchased through Open Access			
	i) Units	('000 Units)	**32261**	19508
	Total Amount	('000 Rs)	**122741**	82457
	Cost/Unit	(Rs.)	**3.80**	4.23
	c) Own Generation			
	Through Furnace Oil Generator			
	Units	('000 Units)	**168**	829
	Total Amount	('000 Rs)	**1312**	5415
	Cost/Unit	(Rs.)	**7.82**	6.54
	(2) COAL/OTHERS			
	(Used in Boilers for generation of Steam)			
	Quantity	(Tonnes)	**8691**	13506
	Total Cost	('000 Rs.)	**61714**	77011
	Average Rate	(Rs.per Tonne)	**7101**	5702
	(3) FURNACE OIL			
	Quantity	(K. Ltrs.)	**46**	195
	Total Amount	('000 Rs.)	**1248**	5125
	Average Rate	(Rs./Ltr.)	**27.14**	26.23
B.	**CONSUMPTION PER UNIT OF PRODUCTION**			
	(1) Electricity (Units)	Fabrics (per 1000 Mtrs.)	**756.35**	705.18
		Yarn(per Metric Tonne)	**3188.75**	3080.61
	(2) Coal (Tonnes)	Fabrics (per 1000 Mtrs.)	**0.35**	0.49
		Yarn (per Metric Tonne)	**0.07**	0.10

The figures given in Entry 'B' above with regard to consumption of different types of energy/fuel per unit of production are only gross averages and are not comparable from year to year on account of the inherent factors about the denominators used in the prescribed format of the Annexure; and because of such vast number of variables that go into computations as above, variations are inescapable.

FORM 'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT (R & D) :

1. Specific areas in which R & D carried out by the Company and benefits derived as a result thereof : Process control and improving quality standards of the existing products.
2. Future plan of action : Diversifying into yarns/fabrics better value has been in process.
3. Expenditure on R & D : Not accounted for separately.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
2. Benefits derived as a result of the above efforts.
3. Information regarding Technology imported during last 5 years.

The Company is having plans to update the technology of the equipment by continuous modernisation.

C. FOREIGN EXCHANGE EARNINGS & OUTGO :

1. Activities relating to exports; initiatives taken to increase exports; developments of new export markets for products and services, and export plan: Management endeavour for selective product quality upgradation continues.
2. Total foreign exchange earnings & outgo
   (i) Foreign exchange earnings Rs. 3429.63 Lacs
   (ii) Foreign exchange outgo Rs. 565.59 Lacs

MANAGEMENT DISCUSSION AND ANALYSIS

The theory of economic decoupling is again in vogue with the slowing down of GDP growth and repetitive monthly negative IIP data. The looming inflationary pressure and widening trade deficit for the national economy coupled with dried up inflow of investments in the economy is reflected in pessimism prevalent in all sectors of economy. The tightening of monetary policy coupled with a contrasting inflationary pressure has set in a negative tone in economy notwithstanding the fact that economic growth in vicinity of 7% is not dismal.

Fiscal 2012 began with booming shades of growth for the textile industry but shadows of pressurised profits for the textile industry were visible quite early due to indecisive and momentary actions of the chosen departments of the Government of India that are responsible for having friendly policies for the general well being of economy and industry. While India remains the second largest importer of textile machinery from EU, no significant expansion in the industry was executed in time to convey the sentiments of the industry.

During the year, the Indian Rupee initially strengthened followed by a significant depreciation against USD to bring even more uncertainty in the export and import market. Strengthening of USD generally helps enhance exports, yet in the peculiar economic journey that we are into, the depreciation of the national currency is considered a benefit to the buyer resulting in continuous pressure on the otherwise weaker textile segment. Frequent intervention from the Apex bank is being ruled out to bring stability to the national currency to pose further challenges for facilitating export potential.

During the previous cotton season, the prices of cotton reached historic highs before registering a historic fall. The stock built-up by cotton yarn manufacturers during the crop season led to value erosion after multiple adverse interventions by the policy makers. The decisions of the policy makers created international impact, India being the second largest producer and consumer of cotton that had cascading effect on the entire cotton value chain. With textile being a discretionary expenditure, any adverse policy decision has got higher multiplication on the financial outcome of the business.

The trend of frequent changes in the decision for the cotton sectors continue even during the current crop season. With cotton crop largely dependent upon monsoon in India, frequent interventions through prudent and unpredictable, unindicative policy measures only worsen the outlook for the industry.

With the national economy having grown in the vicinity of 7%, the domestic demand remains robust whereas the export market may continue lacklustre performance.

We need to review performance of the Company in this backdrop. The comprehensive report hereunder should be read in conjunction with the audited financial statements and notes appended thereto for the periods under reference.

The financial reporting has been aligned to revised pronouncement having changes in schedule VI to the Companies Act. The previous year financial figures have undergone a change due to re-grouping requirement.

The discussion contains some forward looking statements based upon the intent and perception of the management of the Company. However, the actual outcome may be influenced by the external factors.

OPERATIONAL PERFORMANCE FOR THE YEAR

During the year, the Company commissioned its wind power project in the western part of Rajasthan adding up 8.95 MW capacity. The Company firmed up its plan for modernisation of its spinning production capacity and expansion of fabric business that is expected to go in productions towards the later half of the following financial year.

INCOME

The Company derives its operating revenues from Yarn (cotton / synthetic) and fabric businesses. During the year, the revenues had a minor set-back owing to poor market off-take led by volatility in the cotton market caused due to political interventions.

(Rs. in lacs)

Segment	2011-12	2010-11	Change
Yarn (Domestic / exports / Trading)	33174	34767	(4.6%)
Fabric And Value Add (Domestic / Trading)	9347	8376	11.6%

The Company derives 21% (Previous Year:22%) of its product revenues by way of export of its products, of which 40% (Previous year 8%) is in terms of Foreign exchange. Direct exports registered growth of 384% on FOB value basis, year-on-year.

The bottomweight range was strengthened during the year while value added yarn capacities have been added looking to the market response. With upward move in textile value chain, the Company expects to fetch a better realisation per unit in the coming periods.

The Company has made entry into the apparel business during the year. In the following years, a larger share of revenues is expected from the new line of business.

Capitalising upon its competence and detailed understanding about the textile processes, the Company is building upon its outsourcing model to provide larger basket of products for the dynamic requirements of customers.

The Company continues to build volumes in institutional segment of customers as part of its long term strategy.

Widespread customer base ensures that no single customer accounts for significant part of sales of its chosen product portfolio to have any adverse impact in case of any downslide.

Towards the end of the fiscal, the Company commissioned its Wind Power project in western Rajathan with initial capacities of 8.95 MW. The revenues from the full year operations would be visible in the following financial year.

“Other Income” represents the Returns earned on parking of the surplus cash available with the Company subsequent to monetisation of its shareholding in the Andhra Pradesh Paper Mills Ltd.

MAJOR COSTS

Raw Materials Costs

The cotton crop size at the national level has been the highest in the last two seasons. However, due to imperfect policy measures, the prices of major raw material, i.e. cotton registered historic dips after registering a historic high in the initial part of the crop season, the stocks whereof were carried forward and consumed during the current financial year. All through the later half of the previous crop season, the prices of cotton struggled to stablise whereas, following a prudent stocking policy, the Company, like all other established cotton textile players, continued to consume higher cost cotton with the prices of the finished goods aligned to the beaten down crop prices. Whereas the average cost of clean cotton increased by 18%, the prices of cotton yarn registered marginal growth of 1% resulting in higher raw material cost as percentage to sales revenue.

Increase in the cost of traded goods is in line with the increase in the volume.

Overall input costs after considering change in the processed inventory accounted for 76% of sales as compared to 67% in the previous year.

The policy measures remain unpredictable, more often than not, reversible after damaging, but the Company has taken corrective measures to align the stocking norms in view of unpredictable political compulsions that may lead to erosion of value in otherwise pessimistic industrial view.

Manufacturing Costs

The Company has got adequate back up power facilities to facilitate manufacturing in the event of a grid supply failure. The total power and fuel costs were at Rs. 4560 lacs, down by 2% from the previous year Rs. 4662 lacs after absorbing 25% increase in coal costs and 17% increase in grid power costs. The per unit consumption parameters, however, do not convey the efforts made to rationalise the consumption in view of unequal variation in the product mix.

The strategic decision of sourcing a part of its power requirement from the group captive usage generation facilities has enabled the Company to maintain lower cost of procuring power.

As part of its Social Measures, the Company had commissioned its water re-cycling plant with the dual intent of conserving natural resources as well as ensuring abundant availability of water for all future expansion. The higher costs of operating pollution control measures at Rs. 81 lacs (PY Rs. 52 lacs) has got its indirect benefits in operating costs of manufacturing operations.

Manpower Costs

The entire manufacturing operations are manpower intensive. The year under review witnessed a

significant migration of work forces to various infrastructure projects run by the government. However, abundance of skilled officers / engineers ensures the optimal operating outcome. During the year, the manpower costs have gone up by 8.4% from Rs.2554 lacs to Rs. 2769 lacs. The costs as percentage to sales have increased from 5.9% to 6.5% largely due to strategic business decisions aligned to long term growth plan of business that would have visibility over the period of time.

Selling and General Administration Costs

The selling costs have reduced by 6% year on year and account for 1.4% of sales as compared to 1.5% of sales in the previous year. Other administrative costs were almost unchanged at less than 1% of sales.

Financial Costs

With monetisation of its shareholding in one of erstwhile group company, the working capital limits were largely un-utilised during the time when the prices of borrowed funds were at peak level.

During the year, the Company got disbursement against term loan for expansion cum modernisation of its spinning and fabric business. The pre-construction borrowing costs, in accordance with the Accounting Standard has been capitalised, amounting to Rs. 47 lacs. Other continuing Term Loans' costs were down by 6% primarily due to repayment of loans.

Extraordinary Items

The Company had 21.65% stake in another group company, Andhra Pradesh Paper Mills Ltd. Pursuant to the agreement entered into with IP Holding Asia Singapore PTE, an affiliate of International Paper Company, USA on 29th March 2011, the Company, as part of the promoter group, had agreed to sale its entire shareholding on the date of agreement at a price of Rs. 523 per share apart from non-compete fees payable at Rs. 130.74 per share. The total receipts against the transaction amounted to Rs. 56282 lacs. The total amount was realised in the second half of the financial year.

A significant part of the funds so mobilised, has been parked in the long term investments.

PROFITS AND PROFITABILITY

Earnings before Depreciation, Interest and Taxes & Appropriations and "Other Income" stood at Rs. 808 lacs as compared to Rs. 4782 lacs in the previous year. The dip is primarily due to adverse business cycle triggered due to policy measures, explained herein above.

Profits after tax rose from Rs. 15356 lacs to Rs. 40903 lacs registering 166 % growth primarily due to extraordinary items.

FINANCIAL CONDITION AND CASH FLOW MANAGEMENT

Working capital management remains a key in textile industry where a slight mismatch in sourcing and applications can impact the business outcome.

During the year, the Company incurred capital expenditure of Rs. 7930 lacs, mainly wind power turbines. The term loans were reduced by Rs. 501 lacs primarily due to repayment with a minor additional disbursement of Rs. 744 lacs towards the modernisation cum expansion program, that is under execution.

Current ratio was maintained at a healthy level of 2.15.

During the year, the Company disposed off its shareholding in The Andhra Pradesh Paper Mills Ltd that yielded cash surplus from investing activities.

A part of the reserves available for appropriation was capitalised and the Company issued two bonus shares for one share held in it on the record date.

During the year, the Company generated positive cash flow for Rs. 2471 lacs (previous year: Rs. 779 lacs). With a cordial relation with the money market agencies, the Company foresees no adversary to its competence to mobilise funds.

SWOT ANALYSIS

Strengths and Opportunities

The manufacturing plant of the Company is upgraded and aligned to the best of the industrial standards with no significant technological obsolescence potential for the chosen products. The Company continues to invest in technology as a matter of routine upgradation to maintain its competitiveness.

The textile education facilities are wide spread across the country to ensure continuous availability of trained manpower in uninterrupted manner. The Company has regular skill development plans in place to facilitate regular development of members of the organisation. The Company is having well established network of distribution of its products across India. The Company

is well placed to perform in international market with its distribution channel in place.

The manufacturing facilities are situated in the cotton belt to ensure easier and economical sourcing of cotton, the primary raw material. The Company has competence, that is being expanded as well, to convert the yarn into value added products and enhance margin.

Stiff competition and pessimistic perception about the industry may force closure of inefficient and financially weaker manufacturers offering potential inorganic growth opportunities. With its strong financial base, the Company is prepared to avail such opportunities.

The Company is present in more than one market segment of textiles to insulate itself against the adverse movements in any one sector.

Challenges and Threats

The prolonged uncertainties in the EU with fear looming large on other Asian economies, the growth of textile sector across could be impacted. Short-sighted policy measures could compound the negative sentiments and therefore, credit rating of the sector.

Deepening crisis in the EU and a stronger USD vis-à-vis INR could lead to temporary gains in international market but a reversal of cycle can ultimately lead to margin erosion in international segment. With significant part of the textile machines being imported from the EU, capacity addition and consequent cost rationalisation / technological upgradation for the industry could become an expensive proposition. The Company follows a conservative hedging arrangement to protect against possible downslide while rationalising upside.

Sourcing of cotton, the major raw-material, depends upon the monsoon conditions. Total acreage of cotton plantation is expected to go up with populist measures targeted for the agricultural sector in select states.

The Company is having its entire operations at single location that could lead to irreparable losses in the event of any natural calamity. However, the Company has already initiated process of outsourcing a part of the product basket to maintain continuity of business and is also in the process of selecting other locations for future business expansion.

OUTLOOK

During the current financial year, most of the textile players suffered due to unpredictable and reversible policy announcements and timing of the same. The government policies have bearing on the international market impacting the off-take of the products, being the second largest player in the world. Coupling the negative international market sentiments led by economic crisis and slow recovery cycle, the domestic market is also expected to remain dull due to higher inflation rates and tighter monetary regime, that is expected to shrink the size of the operational industry in the country. The Company, however, has to consider it an opportunity to establish in-roads in the competitive segment.

During the year, the Company has initiated its fabric expansion plan. The project, when operational, is expected to bring sizable revenues from value added products that has potential to bring additional disproportionate value with minor capital expenditure. The scalable manufacturing competence is reflection of management commitment to build and strengthen its position in huge textile sector.

Towards the end of the current financial year, the Company could be looking at fetching benefits post-expansion of the intended project.

Cotton, notwithstanding increase in the acreage, is expected to remain firm, having bottomed out during the current financial year. Once the prices and trends are stablised and perceived so in the industry, the off-take is expected to take off with the past prolonged postponement of the discretionary spend. However, volatility in the international currency market could have some bearing on overall volume growth, Indian industry being dependent upon export business.

Overall, the Company remains optimistic for the upside in the industry with very limited scope in offing for the downside. Inclusion of Textile Upgradation Fund Scheme in the next five year plan has indicated the intent of the Government as well to continue to pursue expansion of the industry.

REPORT ON CORPORATE GOVERNANCE

The Directors are pleased to present the Company's Report on Corporate Governance.

Corporate governance is most often viewed as both the structure and the relationships that determine corporate direction and performance. The Board of Directors is typically central to Corporate Governance. Its relationship to the other primary participants, typically shareholders and management, is critical. Additional participants include employees, customers, suppliers, and creditors. The Corporate Governance framework also depends on the legal, regulatory, institutional and ethical environment of the community. Corporate Governance is about working ethically and finding a balance between economic and social goals. It includes the ability to function profitably while obeying laws, rules and regulations.

Corporate Governance is a reflection of our culture, policies, our relationship with stakeholders and society, and our commitment to values.

The Company has been adopting preeminent Corporate Governance policies; practices and ethical principle to ensure the transparency at all level.

Company's Governance Philosophy on Corporate Governance

The philosophy on Corporate Governance of the Company envisages a systemic process of direction and control to enhance its wealth-generating capacity. The Company believes that its operations and actions should meet stakeholders' aspirations as well as societal expectations and enhance the long-term shareholder value. Our governance practices endeavor to sustain trusteeship, transparency, empowerment and ethical corporate control.

Trusteeship believes to protect the right of the entire stakeholders whether large or small.

Transparency believes in appropriate and timely disclosures.

Empowerment believes that performance combined with accountability should improve effectiveness, thereby enhancing shareholder value.

Ethical corporate control believes in setting up perfect values of ethical behaviour, both in internal and external relationships.

The Company's Corporate Governance Framework is based on following principles:

- Constitution of the Board comprise with independent directors and expert professionals;
- Strengthening the Committees of the Board;
- Timely disclosers to all shareholders;
- Regular review of internal control system; and
- Review of the operations and actions to discharge the social responsibilities.

1. BOARD OF DIRECTORS

Board Composition

As at 31.03.2012, the Board consists of 8 Directors, out of which 4 are Independent Directors. The composition of Board and category of Directors are as under:

Name of the Director	Category	Directorship in other public limited companies and Committee Chairmanship/Membership		
		Other Directorship	Committee Chairmanship	Committee Membership
Mr. LN Bangur	Promoter–Executive	14	3	3
Mrs.Alka Bangur	Promoter–Non-Executive	1	–	–
Mr. Yogesh Bangur	Promoter–Executive	–	–	–
Mr. Chandravandan Desai	Independent–Non-Executive	–	–	–
Mr. Amitav Kothari	Independent–Non-Executive	3	1	2
Mr. SS Kothari	Independent–Non-Executive	2	–	–
Mr. Govind Sharda	Non-Promoter-Executive	1	–	–
Mr. GR Agarwal	Independent–Non-Executive	–	–	–

None of Director is related to any other Director except Mr. LN Bangur, Mrs. Alka Bangur and Mr. Yogesh Bangur.

2. BOARD MEETING AND PROCEDURE

The power of decision-making is vested in the body constituted by the shareholders comprises adequate number of Directors; however some powers can be exercised only after the requisite resolution(s) passed in Shareholders' Meeting in accordance with the provisions of Companies Act, 1956.

Board Meeting is a systematic process that makes the decision making process efficient. The following matters are regular Agenda items of the Board Meeting: -

- Working and Operations of the business
- Budget and plans
- Annual, half yearly and quarterly financial results
- Declaration of Dividend
- Appointment/Resignation of the managerial persons
- Proposal for borrowings, investments etc.
- Delegation of power and authority.

The Board meets at least once in a quarter. Eleven Board Meetings were held during the previous year.

Attendance of Directors at Board Meetings and last Annual General Meeting was as follows

Name of Director	No. of Board Meetings Attended	Attendance at the last AGM
Mr. LN Bangur	11	Yes
Mrs. Alka Bangur	10	Yes
Mr. Yogesh Bangur#	6	Yes
Mr. Chandravadan Desai	8	No
Mr. Amitav Kothari	10	No
Mr. SS Kothari	6	No
Mr. Govind Sharda	3	Yes
Mr. Amit Mehta*	1	No
Mr. GR Agarwal	4	No

Mr. Yogesh Bangur joined the Board as Director (Corporate Affairs & Strategy) w.e.f. 12.04.2011
* Mr. Amit Mehta resigned on 13-06-2011

3. DETAILS OF BOARD MEETINGS HELD DURING THE PERIOD

Eleven Board Meetings were held during the year 2011-12, as against minimum requirement of four meetings. The maximum time gap between any such two meetings was not more than four months. The details of the Board meetings are as under:

S.No	Date	Place	Board Strength	No. of Directors present
1.	09.04.2011	7, Munshi Premchand Sarani, Hastings, Kolkata – 700 022	8	4
2.	26.05.2011	-do-	9	8
3.	13.06.2011	-do-	8	3
4.	05.08.2011	-do-	8	7
5.	08.09.2011	-do-	8	5
6.	12.11.2011	-do-	8	7
7.	30.12.2011	-do-	8	5
8.	21.01.2012	-do-	8	6
9.	31.01.2012	-do-	8	4
10.	14.02.2012	-do-	8	6
11.	16.02.2012	-do-	8	4

4. BOARD COMMITTEES:

Board has constituted three functioning committees in accordance with provisions of Companies Act, 1956 and Listing agreement, namely: -

- Audit Committee
- Shareholders'/Investors' Grievance Committee
- Remuneration Committee

Details of each committee are provided as under:

(A) Audit Committee:

Composition: The Audit committee comprises two independent Directors and one Promoter non-executive Director, namely Mr. GR Agarwal, Mr. Amitav Kothari and Mrs. Alka Bangur.

Objective: The primary objective of the Committee is to monitor and provide effective supervision of the financial reporting process to ensure reliability and timeliness of disclosures while ensuring integrity and quality of the reports.

Terms of Reference: The Committee interacts with the audit agencies involved in the validation of the financial disclosures and assesses the adequacy of checks and controls in the business. The broader responsibilities of the Committee are as under:

1. Facilitate two-way communication between the auditors and the Board;
2. Assurance to the independence of the auditors by taking suitable steps including appointment, Fixation of compensation, removal and defining the audit charter, when required.
3. Review of the quarterly and annual financial statements, whether audited / unaudited or reviewed by the auditors including the approval of the management's discussion and analysis of financial performance and reports forming part of the Directors' report in the annual report of the Company. The following points would specifically be approved by the audit committee:

a. Review of related party transactions.

b. Review of contingent liabilities of the Company that may have significant implications on the financial health of the Company.

c. Review the change, if any, in the accounting policies / practices and relevant qualifications / disclosures by the auditors.

d. Compliances with the relevant accounting standards.

e. Compliances with the stock exchange and legal requirements concerning financial statements.

4. Review, approve and monitor the code of ethics that the senior management and financial personnel of the Company must adhere to.

5. Review and approval of the risk management policy of the Company.

6. Approval of the financial reports / results for consideration of the Board.

Meeting of Audit Committee

The Audit Committee met four times during the year on 26.05.2011, 05.08.2011, 12.11.2011 and 14.02.2012. The attendance of the committee members to these meetings was as follows:

Name of Director	Status of the Director	No. of Meetings Attended
Mr. GR Agarwal	Chairman	4
Mr. Amitav Kothari	Member	3
Mrs. Alka Bangur	Member	3

The Chief Financial Officer (CFO)/Executive Director is invited in the meeting of Audit Committee.

(B) Shareholders'/Investors' Grievance Committee:

Composition:

The Shareholders'/Investors' Grievance Committee comprises three Directors namely Mr. SS Kothari – Chairman, Mrs. Alka Bangur and Mr. Govind Sharda.

Terms of Reference:

The Shareholders'/Investors' Grievance Committee, inter alia, considers the matter relating to transfer/ transmission of Shares, issue of Duplicate Share Certificates, Dematerialization/ Rematerialisation of Shares, redressal of shareholders'/ investors' grievances etc. The committee regular reviews the services provided by Registrars and Transfer Agent to shareholders.

Meeting:

Four meetings of the Committee were held during the financial year 2011-12, i.e. on 26.05.2011, 05.08.2011, 12.11.2011 and 14.02.2012. The attendance of the committee members to these meetings was as follows:

Name of Director	Status of the Director	No. of Meetings Attended
Mr. SS Kothari	Chairman	3
Mrs. Alka Bangur	Member	3
Mr. Govind Sharda	Member	3

(C) Remuneration Committee:

Composition:

The Remuneration Committee comprises three Independent Directors, namely Mr. SS Kothari – Chairman, Mr. Chandravadan Desai and Mr. Amitav Kothari.

Terms of Reference:

Remuneration Committee recommends/reviews the remuneration of Executive members of the Board.

Meeting:
The Remuneration Committee met on 09.04.2011 and 26.05.2011. The attendance of the committee members to the meeting was as follows:

Name of Director	Status of the Director	No. of Meetings Attended
Mr. SS Kothari	Chairman	1
Mr. Chandravadan Desai	Member	1
Mr. Amitav Kothari	Member	2

Remuneration Policy:
The Company's remuneration policy is based upon the market phenomena, performance and qualitative appraisal.

Remuneration of Directors:
The Details of Remuneration paid to the Directors during the year are as under: (Rs. in Lacs)

Name of Director	Salary	Contribution to PF	Commission on profits	Perquisites & other benefits	Sitting Fees	Total
Mr. LN Bangur (CMD)	34.39	5.19	–	25.95	–	65.53
Mrs. Alka Bangur	–	–	2.50	–	0.48	2.98
Mr. Yogesh Bangur, Director (C&AS)	27.19	3.26	–	16.95	–	47.40
Mr. Chandravadan Desai	–	–	2.50	–	0.24	2.74
Mr. Amitav Kothari	–	–	2.50	–	0.39	2.89
Mr. SS Kothari	–	–	2.50	–	0.27	2.77
Mr. Govind Sharda (ED)	17.04	2.04	–	13.76	–	32.84
Mr. Amit Mehta	–	–	0.50	–	0.03	0.53
Mr. GR Agarwal	–	–	2.50	–	0.24	2.74

5. GENERAL BODY MEETING:

a) Annual General Meeting:
Venue, date and time of the Annual General Meetings held during last 3 years are as follow:

Year	Venue	Date	Time
2009	Sitaram Seksaria Auditorium of Bhartiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata 700 017 (WB)	19.09.2009	11.30 a.m.
2010	Club House, The Tollygunge Club Ltd. 120, Deshpran Sasmal Road, Kolkata 700 033	31.07.2010	11.00 a.m.
2011	– do –	30.09.2011	10.00 a.m.

Special Resolution(s) passed in previous 3 AGMs

Date	Matter
31.07.2010	Payment of Commission to the Directors (other than Managing/Whole-time Directors)
31.07.2010	Increase in remuneration of Whole-time Director- Mr. Govind Sharda
30.09.2011	Re-appointment of Chairman and Managing Director - Mr. LN Bangur
30.09.2011	Re-appointment of Whole-time Director- Mr. Govind Sharda
30.09.2011	Appointment of Whole-time Director - Mr. Yogesh Bangur

b) Extra-Ordinary General Meeting :

There was an Extraordinary General Meeting held during the year 2011-12.Venue, Date, Day and Time of the Extra-Ordinary General Meetings held during the year is as follow:

Year	Venue	Date	Time
2012	Club House,The Tollygunge Club Ltd120, Deshpran Sasmal Road Kolkata – 700 033	31.01.2012	10.00 AM

Special Resolution(s) passed in the EOGM

Date	Matter
31.01.2012	Alteration in Articles of Association for Increase in Authorised Capital
31.01.2012	Issue of bonus shares by capitalization of reserve

c) Resolution passed through Postal Ballot during the year:

There were two Special Resolutions passed through Postal Ballot in the year 2011-12:

Effective Date	Matter	Person who conducted the Postal Ballot Exercise
20.10.2011	Inter-corporate Loans, Investments etc. u/s 372A of the Companies Act, 1956.	Mr. Ashoke Kumar Maheswari, Chartered Accountant
12.03.2012	Alteration in Object Clause of Memorandum of Association	Mr. Ashoke Kumar Maheswari, Chartered Accountant

Mr. Ashoke Kumar Maheswari, Chartered Accountant, was appointed as Scrutinizer for conducting the Postal Ballot Process in fair and transparent manner and to receive and scrutinize the completed Ballot Forms from the members.

The Procedure for the postal ballot was as per Section 192A of the Companies Act, 1956 and Rules made there under, namely Companies (Passing of Resolution by Postal Ballot) Rules, 2011.

Further none of the businesses are proposed to be transacted at the ensuing Annual General Meeting which requires passing of a Special Resolution through Postal Ballot

6. DISCLOSURES :

a) Related Party Transaction:

During the year there were several related party transactions executed by the Company but none of the transaction was prejudicial to the interest of Company and investors. All the transactions were made on arms length price. The details of transactions are given under “Notes on Accounts – Note No. 36” forming part of the Annual Report.

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

No penalties have been levied or strictures have been passed by SEBI, any of the Stock Exchanges or any other Statutory Authority on any matters relating to capital markets, in the last three years.

c) Whistle Blower Policy:

The Company does not have Whistle Blower Policy. However any employee, if he/she so desires, would have free access to meet the senior level management and report any matter of concern.

d) Compliance with mandatory requirements and adoption of non mandatory requirements:

Mandatory requirements have been complied with and non-mandatory requirements constitution of Remuneration Committee have been adopted by the Company.

7. CEO/CFO CERTIFICATION:

As per the clause 49 of the Listing Agreement, the Chairman & Managing Director, Mr. LN Bangur being the CEO and the Executive Director, Mr. Govind Sharda being the CFO, have jointly furnished to the Board, the requisite certificate before the meeting of the Board of Directors held on 29th May 2012.

8. MEANS OF COMMUNICATION:

Financial Results

The quarterly and half yearly results are published in one English daily newspaper circulating in whole or substantially the whole of India and in one newspaper published in the language of the region, where the registered office of the Company is situated i.e. Kolkata. The results of the last quarter of the year are, however, published alongwith the Annual Audited Results.

Annual Report

Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Management Discussion &Analysis Report, and other relevant/important information is circulated to members and other entitles.

Website:

The company website *www.msumindia.com* displays adequate information and financial Results.

Corporate Filing

Pursuant to clause 52 of the Listing Agreement, Financial Results, and Shareholding Patterns etc. are also posted to *www.corpfiling.co.in.*

E-mail IDs for Shareholders/Investors

Investors may send their query/feedback to *kolkata@msumindia.com.*

9. GENERAL SHAREHOLDERS' INFORMATION :

a.	Company Registration Details	Corporate Identity Number (CIN) of the company is L17124WB1939PLC128650. Referencing this no., a person can obtain the details about the company with ROC at www.mca.gov.in
b.	Registrar and Transfer Agent (Physical/ Electronic Shares)	Maheshwari Datamatics Pvt. Ltd. 6 Mangoe Lane, Surendra Mohan Ghosh Sarani, 2nd Floor, Kolkata – 700 001. Phone: 033-2243-5809/5029 Fax: 033-2248-4787 E-mail ID : mdpl@cal.vsnl.net.in
c.	Date, Time and Venue of AGM	28th July, 2012 at 11.00 a.m. at Club House, The Tollygunge Club Ltd., 120, Deshpran Sasmal Road, Kolkata-700033
d.	Financial Calendar/Financial Year	1st April to 31st March every year
e.	Quarterly Financial reporting	Within 45 days from the end of each quarter except the fourth quarter when Audited Annual Results are published within 60 days from the end of the year.
f.	Date of Book Closure	20th July, 2012 to 28th July, 2012 (both days inclusive).
g.	Dividend Payment	Within 30 days from 28th July, 2012 (the date of the next AGM), if any, as may be approved by the members of the Company as recommended by the Board.
h.	Share Transfer System	Share transfer is normally affected within a period of 15 days from the date of receipt, if all required documents are submitted. All requests for dematerialization of shares are processed and confirmation is given to the depositories within 15 days. The Company obtains a certificate of compliance in respect of share transfer from a practicing company secretary pursuant to clause 47 (c) of the Listing Agreement.
i.	Stock Code	• BSE - 530059 • CSE - 10023019
j.	International Security Identification Number (ISIN)	INE087D01013
k.	Listing at Stock Exchanges	The Bombay Stock Exchange Ltd., Mumbai; The Calcutta Stock Exchange Ltd., Kolkata
l.	Market Price Data	The market price and volume of the Company's shares traded in The Bombay Stock Exchange Ltd. (BSE), Mumbai and The Calcutta Stock Exchange Ltd. (CSE), Kolkata during the year 2011-12 are as follows:

Year	BSE		CSE*		VOLUME	
2011-12	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	BSE (Nos.)	CSE (Nos.)
April	460.00	375.00	–	–	209764	–
May	511.00	380.05	–	–	73805	–
June	511.05	411.05	–	–	38777	–
July	460.00	425.00	–	–	24127	–
August	440.00	342.35	–	–	15802	–
September	424.95	342.00	–	–	8169	–
October	560.00	355.10	–	–	138363	–
November	589.95	505.00	–	–	232287	–
December	608.75	402.00	–	–	2278586	–
January	558.95	450.00	–	–	60752	–
February	485.00	126.30	–	–	284202	–
March	164.00	126.20	–	–	2641015	–

* There was no trading of shares at CSE during the year.

m. Distribution of Shareholding as on 31st March, 2012 :

No. of shares held	No. of share-holders	% of share-holders	No. of shares held	% of share-holding
Up to 500	1565	69.52	2,42,948	0.94
501 to 1000	271	12.04	1,81,216	0.70
1001 to 2000	219	9.73	3,00,365	1.16
2001 to 3000	66	2.93	1,72,792	0.67
3001 to 4000	18	0.80	65,219	0.25
4001 to 5000	17	0.76	77,683	0.30
5001 to 10000	22	0.98	1,44,753	0.56
10001 & above	73	3.24	24,735,024	95.42
Total	2251	100.00	25,920,000	100.00

n. Categories of share holding as on 31st March, 2012:

Share Holders' Category	No. of shares held	% of total shares held
Promoter & Promoter Group		
a) Indian	19395000	74.83
b) Foreign	NIL	NIL
Sub Total (A)	19395000	74.83
Public Shareholding		
1. Institutions	NIL	NIL
2. Non-Institutions		
a. Bodies Corporate	4893644	18.88
b. Individuals	1522310	5.87
c. Others		
NRI	78146	0.30
Clearing Member	30900	0.12
Sub Total (B)	6525000	25.17
Shares held by Custodian & against which Depository Receipts have been issued		
a. Promoter and Promoter Group	NIL	NIL
b. Public	NIL	NIL
Sub Total (C)	NIL	NIL
Grand Total(A)+(B)+(C)	**25920000**	**100.00**

o.	Dematerialisation of Shares	:	As on 31st March, 2012, 99.30% of the Company's equity shares have been dematerialised. As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in the dematerialised form with effect from 26.12.2000.
p.	Outstanding GDRs/ ADRs/ Warrants or conversion Instruments, conversion date and likely impact on equity	:	No GDRs/ ADRs/Warrants or conversion Instruments have been issued by the Company.
o.	Plant Location	:	Maharaja Shree Umaid Mills Ltd., Jodhpur Road, Pali - 306401 (Rajasthan) E-mail : pali@msumindia.com
p.	Address for Correspondence	:	Maharaja Shree Umaid Mills Ltd.Krishna, Room No. 706, 7th Floor,224 A.J.C Bose Road,Kolkata - 700017 (West Bengal) Email: kolkata@msumindia.com

CEO/CFO DECLARATION

This is to declare that as a measure of following sound Corporate Governance practices and the requirements of the Listing Agreements, the Company has framed a Code of Conduct to be observed by the members of the Board of Directors and the Functional Heads of the Company.

This is to state that all the members of the Board of Directors and the Functional Heads of the Company have furnished their affirmations for due observance and compliance on their part of the Code of Conduct laid down as above and there is no non-compliance thereof during the year ended 31st March, 2012.

	Govind Sharda	LN Bangur
Kolkata	Executive Director	Chairman & Managing Director
May 29, 2012	CFO	CEO

AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of **Maharaja Shree Umaid Mills Ltd.**

We have reviewed the compliance of conditions of Corporate Governance by Maharaja Shree Umaid Mills Ltd. for the year ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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.

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.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement with Stock Exchange have been complied with in all material respect of the Company.

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.

For BD Gargieya & Co.
Chartered Accountants
Firm Regn. No. 01072C
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

AUDITORS' REPORT TO THE MEMBERS OF MAHARAJA SHREE UMAID MILLS LIMITED

1. We have audited the attached Balance Sheet of MAHARAJA SHREE UMAID MILLS LIMITED as at 31st March, 2012 and the Statement of Profit & Loss for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

4. Further to our comments in the annexure referred to in para 3 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 purposes 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 those books;

c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in compliance with the mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956;

e) In our opinion and based on information and explanations given to us, none of the Directors of the Company are prima-facie, as at 31st March, 2012, disqualified from being appointed as Directors of the Company in terms of Section 274(1)(g) of the Companies Act, 1956 ;

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon, give the information as 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 ;

i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

ii) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and

iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For BD Gargieya & Co.
Chartered Accountants
(FRN : 001072C)
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF MAHARAJA SHREE UMAID MILLS LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31st MARCH, 2012

1. In respect of its Fixed Assets:
   a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b) The fixed assets have been physically verified wherever practicable on a phased manner by the management, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. As informed to us, no material discrepancies were notices on such physical verification.
   c) In our opinion there was no substantial disposal of fixed assets, during the year and the going concern status of the company is not affected.

2. In respect of its Inventories:
   a) As explained to us, the management has conducted physical verification of inventory at reasonable intervals during the year.
   b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) The Company is maintaining proper records of inventory and as explained to us no material discrepancies were noticed on physical verification of inventory as compared to the book records.

3. In respect of the 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 given deposit to a party covered in the register maintained under Section 301 of the Companies Act, 1956. The amount outstanding at the end of the year Rs. Nil and the maximum amount outstanding at any time during the year was Rs. 2950 lacs. The Company has also given interest free loan to one of its wholly-owned subsidiaries. In respect of the said loan, the maximum amount outstanding at any time during the year was Rs. 28710 lacs, and the year-end balance is Rs. 28710 lacs.
   b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of the loan and deposit given by the Company, are not prima-facie prejudicial to the interest of the Company.
   c) The payment of principal and interest in respect of the said loan and deposit is regular.
   d) In respect of the said loan and deposit given, there is no overdue amount outstanding at the balance sheet date.
   e) The company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act. Consequently, the requirements of clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in internal control system.

5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:

a) According to the information and explanations given to us, we are of the opinion that contracts or arrangements referred to in Section 301 of the Act have been entered in the register maintained under that section.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts/ arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and 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 prices at the relevant time.

6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the Company.

7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the 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. We have, however, not made a detailed examination of the same with a view to determine whether they are accurate or complete.

9. In respect of statutory dues:

a) According to the records of company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding at the year end for a period of more than six months from the date they became payable.

b) The disputed statutory dues aggregating Rs.488.49 Lacs that have not been deposited on account of disputed matters pending before appropriate authorities are given hereunder :

S. No.	Name of the statute	Nature of the Dues	Forum where dispute is pending	Amount (Rs. in Lacs)
Taxation :				
i.	Income Tax Act, 1961	Income-Tax	High Court	161.32
ii.	Central Excise Act, 1944	Excise Duty	High Court	89.79
iii.	Central Excise Act, 1944	Excise Duty	Supreme Court	11.50
iv.	Finance Act, 1994	Service Tax	High Court	68.09
v.	The Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax	Deputy Commi-ssioner	16.26
			High Court	107.79
vi.	RVAT, 2003	VAT	Raj. Tax Board	23.71
Others :				
i.	Payment of Wages Act, 1936	Wages	Relevant Authority	0.07
ii.	Payment of Gratuity Act, 1972	Gratuity	Relevant Authority	1.35
iii.	Industrial Dispute Act, 1947	Wages	High Court	7.78
iv.	ESI Act, 1948	ESI	High Court	0.83
TOTAL :				**488.49**

10. The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks. There are no debenture holders.

12. According to the information and explanations given to us and based on the documents and records produced to us, 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 (xiii) of paragraph 4 of the Order are not applicable to the Company.

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial Institutions.

16. Based on information and explanations given to us by the management, the term loans have been applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we are of the opinion that the company has not utilized the funds raised on short-term basis for long term investment.

18. During the year, the company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. The provisions of clause (xix) of paragraph 4 of the Order are not applicable to the Company.

20. The company has not raised any money by way of public issues during the year.

21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For B.D. GARGIEYA & CO.
Chartered Accountants
(FRN : 001072C)
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

BALANCE SHEET AS AT MARCH 31, 2012

(Rs. in Lacs)

	Note		As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	1	**2,592.00**		864.00
Reserves & Surplus	2	**67,766.09**		30,097.10
			70,358.09	30,961.10
Non-current Liabilities				
Long-term Borrowings	3	**3,630.99**		4,117.16
Deferred Tax Liability (Net)	4	**1,167.25**		433.34
Other Long term Liabilities	5	**392.65**		231.86
Long-term Provisions	6	**2,042.58**		2,119.54
			7,233.47	6,901.90
Current Liabilities				
Short-term Borrowings	7	**6,579.39**		6,217.30
Trade Payables	8	**537.54**		281.01
Other Current Liabilities	9	**5,159.08**		2,410.61
Short-term Provisions	10	**1,619.52**		632.00
			13,895.53	9,540.92
TOTAL			**91,487.09**	47,403.92
ASSETS				
Non-current Assets				
Fixed Assets				
Tangible Assets	11	**18,165.81**		13,221.71
Capital Work-in-Progress		**1,800.51**		19.25
		19,966.32		13,240.96
Non-current Investments	12	**10,757.51**		9,469.32
Long-term Loans and Advances	13	**30,857.23**		1,287.40
			61,581.06	23,997.68
Current Assets				
Current Investments	14	**9,275.62**		-
Inventories	15	**10,342.84**		12,608.69
Trade Receivable	16	**4,312.40**		4,530.57
Cash & Cash Equivalents	17	**3,602.90**		1,131.81
Short-term Loans and advances	18	**2,296.24**		5,093.39
Other Current Assets	19	**76.03**		41.78
			29,906.03	23,406.24
TOTAL			**91,487.09**	47,403.92
Significant Accounting Policies and Notes on Accounts	1 to 45			

The notes are an Integral part of the Financial Statements.
This is the Balance Sheet referred to in our report of even date.

For BD Gargieya & Co.
Chartered Accountants
(FRN : 001072C)
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

Pradip Kumar Ojha
Company Secretary

LN Bangur — *Chairman & Managing Director*
Govind Sharda — *Executive Director*
Yogesh Bangur — *Directors(CA&S)*
Alka Bangur, SS Kothari, C V Desai, Amitav Kothari, GR Agarwal — *Directors*

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON MARCH 31, 2012

(Rs. in Lacs)

	Note	2011-12	2010-11
INCOME			
Revenue from Operations	20	**42,521.20**	43,142.79
Other Income	21	**1,969.68**	421.46
Total Revenue		**44,490.88**	43,564.25
EXPENSES			
Cost of materials consumed	22	**31,874.90**	29,052.01
Purchase of Traded Goods		**1,107.20**	718.19
Changes in inventories of finished goods and work-in-progress	23	**(660.71)**	(784.33)
Manufacturing Expenses	24	**5,611.21**	5,782.81
Employee benefits expense	25	**2,769.37**	2,554.11
Finance costs	26	**220.35**	536.40
Depreciation and amortization expense	11	**1,171.70**	1,196.34
Administrative, Selling and Other Expenses	27	**1,010.85**	1,038.20
Total expenses		**43,104.87**	40,093.73
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX		**1,386.01**	3,470.52
Extraordinary Items	28	**50,133.28**	15,400.34
PROFIT BEFORE TAX		**51,519.29**	18,870.86
Current Tax Expense	29	**9,881.78**	3,567.77
Deferred Tax Expense/(Credit)		**733.91**	(53.17)
NET PROFIT		**40,903.60**	15,356.26
EARNINGS PER SHARE	30		
Basic and Diluted (before extraordinary items)		**2.64**	8.95
Basic and Diluted (after extraordinary items)		**157.81**	59.24
Significant Accounting Policies			
Notes on Accounts	1 to 45		

The notes are an Integral part of the Financial Statements.
This is the Profit & Loss account referred to in our report of even date.

For BD Gargieya & Co.
Chartered Accountants
(FRN : 001072C)
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

Pradip Kumar Ojha
Company Secretary

LN Bangur — *Chairman & Managing Director*
Govind Sharda — *Executive Director*
Yogesh Bangur — *Directors(CA&S)*
Alka Bangur, SS Kothari, C V Desai, Amitav Kothari, GR Agarwal — *Directors*

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2012

(Rs. in Lacs)

		2011-12		2010-11	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit before tax and extraordinary items		**1,386.01**		3,470.52
	Adjustments for :				
	Depreciation	**1,171.70**		1,196.34	
	Income from Investments	**(1,940.33)**		(385.57)	
	Interest paid (net)	**187.82**		512.08	
	Profit on sale of fixed assets	**(5.18)**		(9.38)	
	Extraordinary Items	**(70.36)**		(1,719.62)	
			(656.35)		(406.15)
	Operating Profit before Working Capital Changes		**729.66**		3,064.37
	Adjustments for :				
	Trade and other receivables	**1,555.48**		(5,037.43)	
	Inventories- Raw Materials	**3,160.87**		(3,784.07)	
	Inventories- Finished and Semi Finished Goods	**(895.02)**		(803.20)	
	Trade payables	**3,119.61**	**6,940.94**	2,450.55	(7,174.15)
	Cash Generated from Operations		**7,670.60**		(4,109.78)
	Interest Paid	**30.78**		(139.30)	
	Direct taxes paid	**-**	**30.78**	(1,507.89)	(1,647.19)
	Net Cash Flow from (used in) Operating Activities		**7,701.38**		(5,756.97)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets & other capital exp.	**(7,930.25)**		(1,025.77)	
	Sale of fixed assets	**38.35**		13,300.40	
	Purchase of Investments	**(16,642.20)**		(4,828.10)	
	Sale of Investments (net of tax)	**46,399.87**		638.73	
	Income from Investments	**1,906.09**		385.57	
	Loan/ Advance to Subsidiary	**(28,710.00)**		-	
	ICDs liquidated	**600.00**		-	
	Net cash used in investing activities		**(4,338.14)**		8,470.83
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Long-term borrowing	**744.07**		655.41	
	Proceeds from Short-term borrowing	**2,008.89**		2,367.53	
	Repayment of Long-term borrowing	**(1,245.00)**		(1,057.50)	
	Repayment of Short-term borrowing	**(1,646.79)**		(3,217.62)	
	Interest paid	**(248.96)**		(430.59)	
	Dividend and tax thereon paid	**(504.36)**		(252.39)	
	Net cash flow from (used in) financing activities		**(892.15)**		(1,935.16)
	Net increase in Cash and Cash Equivalents		**2,471.09**		778.70
	Cash and cash equivalents(Opening Balance)		**1,131.81**		353.11
	Cash and cash equivalents (Closing Balance)		**3,602.90**		1,131.81
	Note : Figures in bracket represent cash outflows				

This is the Cash Flow Statement referred to in our report of even date

For BD Gargieya & Co.
Chartered Accountants
(FRN : 001072C)
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

Pradip Kumar Ojha
Company Secretary

LN Bangur — *Chairman & Managing Director*
Govind Sharda — *Executive Director*
Yogesh Bangur — *Directors(CA&S)*
Alka Bangur, SS Kothari, C V Desai, Amitav Kothari, GR Agarwal — *Directors*

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.The Company has prepared these financial statements as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 issued by Ministry of Corporate Affairs. Previous year figures have been recast/ restated to conform to the classification required by the Revised Schedule VI.

B. Recognition of Income & Expenditure

Revenues/Incomes and Costs/Expenditures are generally accounted for on accrual basis, as these are earned or incurred. Cenvat as availed of is taken into account. Any subsidy, DEPB, Duty Drawback and Rebate etc. under any Government schemes is recognized and accounted for as and when received. Dividend income is recognized when right to receive is established.

C. Fixed Assets

Fixed Assets (except Land which is carried at revalued figure) are stated at cost (Net of CENVAT) of acquisition or construction less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses up to the date of installation/commissioning of assets.

D. Depreciation

Depreciation has been provided for at the rates in force from time to time as per the Schedule XIV of the Companies Act, 1956 as under-

a) on Plant & Machinery and Electric Installation added upto 31.12.1979 - on written down value method and on additions from 01.01.1980 onwards - on straight line method.

b) on all other items of Fixed Assets - on written down value method. No Depreciation is charged on freehold land.

c) Cost of leasehold land is amortized over the period of lease.

E. Investments

Investments are classified as Current and Long Term. Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. Current Investments are carried at lower of cost or fair value. Long Term investments are stated at cost, provision for diminution in the value is made to recognize a decline other than temporary in the value of such investments.

F. Inventories

Raw Materials and Finished Goods are valued at cost or net realizable value whichever is lower; Stock in Process is valued at cost depending upon the stage of completion ; Stores & Spare Parts and Fuel are valued at cost ; and scrap materials are valued at net realizable value. The cost is determined using specific identification cost method for Raw Materials and weighted average cost method for Stores & Spare Parts and Fuel.

G. Employee Benefits

(a) Defined Contribution Plans

The Company has Defined Contribution Plan for its employees comprising of Provident Fund, Superannuation Fund, Pension and Employee's State Insurance Fund. The Company and eligible employees make monthly contribution to the Provident Fund trust equal to specified percentage of the covered employees' salary. The Company recognised Rs.285.67 Lacs (previous year Rs. 264.06 Lacs) during the year as expense towards contribution to these plans.

(b) Defined Benefit Plans

The Company has Defined Benefit Plan comprising of Gratuity Fund, Leave Encashment and Long Term Service Award. The Company contributes to the Gratuity Fund, which is recognised by the Income Tax Authorities and administered thorough its trustees. The liability for Gratuity and Leave Encashment is determined on the basis of an independent actuarial valuation done at the year-end. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method

H. Foreign Currency Transactions

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction or that approximates the actual rate at the date of transaction.

b) Monetary items denominated in foreign currencies at the year-end are re-stated at the year-end rates. In case of items which are covered by forward exchange contracts, the difference between the year- end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

c) Non-monetary items denominated in foreign currencies are carried at cost.

d) Any income or expense on account of exchange difference is recognized in the Statement of Profit & Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case, they are adjusted to the carrying cost of such assets

I. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A Qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. The basis of working out the borrowing costs is weighted average rate applicable to the borrowing of the Company that are outstanding during the period except where specific identification exists. All other borrowing costs are recognized as expenses in the period in which they are incurred.

J. Taxes on Income

Provision for current tax is made in accordance with the provisions of the Income-tax Act, 1961, and after taking into consideration, benefits admissible therein. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal tax during the specified period. In the year in

which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit entitlement as a separate line item. The Company reviews the same at each Balance Sheet date and write down the carrying amount of MAT Credit entitlement to the extent there is no longer convincing evidence to the effect that the company will pay normal tax during the specified period.

K. Impairment of Assets

As asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The carrying value of asset is reviewed at each balance sheet date to determine if there is indication of any impairment. If any indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount, and is recognized in the Profit & Loss Account. An impairment loss is reversed if there has been a change in the estimate of recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

L. Provisions, Contingent Liabilities and Contingent Assets

A provision is made when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation, that may, but probably will not, require an outflow of resources. When there is a possible or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. The Company does not recognize assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the financial statements of the period in which the change occurs.

NOTES TO ACCOUNTS

(Rs. in Lacs)

NOTE 1 : SHARE CAPITAL		As at March 31, 2012	As at March 31, 2011
Authorised			
3,00,00,000	Equity Shares of Rs.10/- each	**3,000.00**	1,000.00
(March 31, 2011: 10000000)		**3,000.00**	1,000.00
Issued,Subscribed and Paid Up			
160000	Equity Shares of Rs.10/- each fully paid up in cash	**16.00**	16.00
(March 31, 2011: 160000)			
25760000	Equity Shares of Rs.10/- each issued as Bonus Shares out of Reserves	**2,576.00**	848.00
(March 31, 2011: 8480000)			
TOTAL		**2,592.00**	864.00

Notes:

Equity shareholders' holding more than 5% of equity shares along with the number of equity shares held is given hereunder :

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	%	No. of shares	%	No. of shares
Digvijay Investment Ltd.	**25.55**	**66,22,420**	12.20	10,54,140
M.B. Commercial Co. Ltd.	**10.88**	**28,20,000**	10.88	9,40,000
Shri Vithoba Investment Ltd.	**6.94**	**18,00,000**	6.94	6,00,000
Sh. Lakshmi Niwas Bangur	**6.79**	**17,60,457**	5.06	4,36,819
Amalgamated Development Ltd.	**6.37**	**16,52,000**	6.32	5,46,000
Smt. Alka Devi Bangur	**2.91**	**7,53,000**	6.53	5,64,000
Sh. Yogesh Bangur	**2.14**	**5,55,100**	5.78	4,99,700
Sh. Shreeyash Bangur	**2.13**	**5,53,000**	5.79	5,00,000
Sh. Lakshmi Niwas Bangur (HUF)	**1.79**	**4,64,623**	6.01	5,19,541

The reconciliation of the number of shares outstanding is set out below :

Particulars	As at March 31, 2012	As at March 31, 2011
	No. of shares	No. of shares
Equity Shares at the beginning of the year	**86,40,000**	86,40,000
Add: Bonus shares issued out of reserves during the year	**1,72,80,000**	-
Equity Shares at the end of the year	**2,59,20,000**	86,40,000

(Rs. in Lacs)

NOTE 2 : RESERVES & SURPLUS	As at March 31, 2012	As at March 31, 2011
Revaluation Reserve		
As per last Balance Sheet	**6,656.14**	6,656.14
Capital Reserve		
As per last Balance Sheet	**0.68**	0.68
General Reserve		
As per last Balance Sheet	**8,909.99**	6,909.99
Add: Transferred from Statement of Profit & Loss	**5,000.00**	2,000.00
Less: Bonus Share issued during the year	**1,728.00**	-
	12,181.99	8,909.99
Surplus as per Statement of Profit & Loss		
As per last Balance Sheet	**14,530.30**	1,521.69
Add: Profit for the year	**40,903.60**	15,356.26
Tax adjustment for earlier years (net)	**(0.38)**	0.33
Provision for diminution in value of investment w/back	**-**	155.77
Profit available for appropriation	**55,433.52**	17,034.05
Less: Appropriations:		
Proposed Dividend	**1,296.00**	432.00
Tax on distributed profits	**210.24**	71.75
Transfer to general reserve	**5,000.00**	2,000.00
Closing Balance	**48,927.28**	14,530.30
TOTAL	**67,766.09**	30,097.10

NOTE 3 : LONG TERM BORROWINGS		
Secured		
Term Loans- from Banks	**3,630.99**	4,117.16
TOTAL	**3,630.99**	4,117.16

Notes :

1. Term loans are secured by first pari passu charge on the entire fixed assets and second charge on the current assets of the Pali Establishment Unit i.e.the Textile Unit and the Power Generation Unit of the company situated at Pali, including equitable mortgage of Factory Land & Building situated at Pali.
2. Terms of repayment are given below:
   a) Loan taken from State Bank of India is repayable in quarterly installments of Rs. 130.00 Lacs each.
   b) Loan taken from IDBI Bank Ltd. is repayable in quarterly installments of Rs. 134.38 Lacs each.
   c) Loan taken from ICICI Bank Ltd. is repayable in quarterly installments of Rs. 62.50 Lacs each.
   d) Loan taken from State Bank of Bikaner & Jaipur is repayable in quarterly installments of Rs. 375.00 Lacs commencing from 30.06.2013.

(Rs. in Lacs)

NOTE 4 : DEFERRED TAX LAIBLITY (NET)	As at March 31, 2012	As at March 31, 2011
Deferred Tax Liability		
Related to Fixed Assets	**1,167.25**	433.34
TOTAL	**1,167.25**	433.34

NOTE 5 : OTHER LONG TERM LIABILITIES		
Other Long Term Liabilties	**392.65**	231.86
TOTAL	**392.65**	231.86

NOTE 6 : LONG TERM PROVISIONS		
Provisions related to Government and Other Levies	**2,042.58**	2,119.54
TOTAL	**2,042.58**	2,119.54

NOTE 7 : SHORT TERM BORROWINGS		
Working Capital Loans		
Secured		
From Banks		
Rupee Loans	**4,579.39**	5,217.30
Unsecured		
From Banks		
Rupee Loans	**2,000.00**	1,000.00
TOTAL	**6,579.39**	6,217.30

Notes :
Working Capital Loans are secured by first pari passu charge on present and future stock of raw materials, stock-in-process, finished goods, stores and spares, book debts, etc., and second pari passu charge on the Fixed Assets of the Pali Establishment i.e. the Textile Unit and the Power Generation Unit of the company situated at Pali.

NOTE 8 : TRADE PAYABLES		
Trade payables	**537.54**	281.01
TOTAL	**537.54**	281.01

Note :
Out of the above amount , Rs. 9.15 Lacs (March 31, 2011: 14.10 Lacs) pertain to the Micro, Small and Medium Enterprises (MSME) as defined under " Micro, Small and Medium Enterprises Development Act, 2006" based on the information available with the Company. There is no interest payable to such parties as at March 31, 2012 (March 31, 2011 : Rs. NIL)

(Rs. in Lacs)

NOTE 9 : OTHER CURRENT LIABILITIES	As at March 31, 2012	As at March 31, 2011
Current maturities of long-term debt (refer Note # 3)	**1,230.25**	1,245.00
Unpaid Dividends	**2.73**	3.34
Creditors for Capital Expenditure	**2,888.83**	35.22
Interst accrued but not due on borrowings	**6.98**	37.33
Other liabilities*	**1,030.29**	1,089.72
TOTAL	**5,159.08**	2,410.61

* includes statutory dues, security deposits and advance from customers.

NOTE 10: SHORT TERM PROVISIONS		
Proposed Dividend	**1,296.00**	432.00
Tax on Proposed Dividend	**210.24**	71.75
Provision for Gratuity & Leave Encashment	**113.28**	128.25
TOTAL	**1,619.52**	632.00

NOTE 11: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April,2011	Additions	Deductions/ Adjustments	**As at 31st March, 2012**	Up to 1st April, 2011	On Deductions/ Adjusments	**for the year**	Up to 31st March, 2012	**As at 31st March, 2012**	As at 31st March, 2011
Tangible										
Land (Free Hold)*	6661.07	-	-	**6661.07**	-	-	**-**	-	**6661.07**	6661.07
Land (Lease Hold)^	-	170.12	-	**170.12**	-	-	**0.03**	0.03	**170.09**	0.00
Buildings	1157.19	43.79	-	**1200.98**	408.07	-	**54.44**	462.51	**738.47**	749.14
Plant & Machinery	16418.62	5562.16	55.52	**21925.26**	10794.09	26.50	**1025.17**	11792.76	**10132.50**	5624.50
Electric Installation	106.56	0.69	-	**107.25**	52.70	-	**4.12**	56.82	**50.43**	53.86
Furniture & Fixtures	92.46	26.04	-	**118.50**	81.47	-	**1.86**	83.33	**35.17**	10.98
Equipments	35.56	4.74	-	**40.30**	26.20	-	**3.89**	30.09	**10.21**	9.37
Vehicles	187.40	341.45	17.74	**511.12**	74.65	13.59	**82.19**	143.25	**367.87**	112.79
SUB TOTAL	24658.86	6148.99	73.26	**30734.60**	11437.18	40.09	**1171.70**	12568.79	**18165.81**	13221.71
Previous Year	23482.06	1231.57	54.75	24658.88	10288.41	47.57	1196.34	11437.17	13221.71	13193.65
Capital Work-in-Progress #									**1800.51**	19.25
TOTAL									**19966.32**	13240.96

*includes Rs. 6656.14 Lacs added on revaluation of Land on the basis of the Valuation Report dated 12.03.2009 of an approved valuer

^pertains to the Wind Power Plant installed and commissioned at Jaisalmer, Rajasthan.

#Capital Work-in-Progress includes :

i) Rs.1425.02 Lacs (PY : Nil) pertaining to Wind Power Project situated at Jodhpur, Rajasthan

ii) Rs. 322.55 Lacs (PY : Nil) pertaining to undergoing Fabric Business Expansion Project at Pali, Rajasthan

iii) Rs. 47.40 Lacs (PY : Nil) on account of capitalisation of interest and other borrowing cost as stipulated under AS- 16 “Borrowing Cost”

(Rs. in Lacs)

NOTE 12 : NON CURRENT INVESTMENTS
(Long Term Investments)

Previous Year Nos.	Current Year Nos.			Face Value Rs.	**As at March 31, 2012**	As at March 31,2011
			At cost, unless otherwise specified			
			Non Trade Investments			
		a.	**In Equity Shares - Quoted, fully paid up**			
19186	19186	1.	Power Grid Corp. of India Ltd. #	10	**17.27**	17.27
1985150	1985150	2.	Emami Paper Mills Ltd. #	2	**1,011.89**	1,011.89
109411	109411	3.	RSR Mohta Spg. & Wvg. Mills Ltd. #	10	**147.71**	147.71
946	946	4.	MOIL #	10	**3.54**	3.54
140500	171176	5.	Jay Shree Tea & Industries Ltd. #	10	**268.59**	221.50
63477	100000	6.	Dhunseri Petrochem & Tea Ltd. #	10	**155.96**	98.00
8609164	40000	7.	The Andhra Pradesh Paper Mills Ltd.	10	**63.28**	6,078.39
1000	1400	8.	State Bank of Bikaner & Jaipur	10	**2.10**	0.54
303817	415462	9.	The Peria Karamalai Tea & Produce Co.Ltd.	10	**359.45**	177.03
-	50000	10.	Coal India Ltd.	10	**164.84**	-
-	5000	11.	Mahindra & Mahindra Ltd.	5	**36.85**	-
-	7500	12.	Bharti Airtel Ltd.	5	**26.05**	-
-	50000	13.	Sterlite Industries (I) Ltd.	1	**56.63**	-
-	50000	14.	Bajaj Hindustan Ltd.	1	**15.91**	-
-	274	15.	Bajaj Auto ltd.	10	**4.65**	-
-	750	16.	Hero Motocorp Ltd.	2	**14.58**	-
-	1000	17.	State Bank Of India	10	**21.35**	-
-	500	18.	Grasim Industries Ltd.	10	**13.93**	-
-	2000	19.	ICICI Bank Ltd.	10	**18.47**	-
-	30000	20.	Idea Cellular Ltd.	10	**28.45**	-
-	13064	21.	Vardhman Textile Ltd.	10	**26.27**	-
-	25000	22.	Thomas Cook (India) Ltd.	1	**15.48**	-
-	25000	23.	Hindustan Zinc Ltd.	2	**32.07**	-
-	25000	24.	Tata Motors Ltd.- DVR	2	**37.69**	-
-	50000	25.	Hindalco Ltd.	1	**67.13**	-
-	5000	26.	ITC Ltd.	1	**10.56**	-
-	5000	27.	Reliance Industries Ltd.	10	**37.90**	-
-	10000	28.	Tata Global Beverages Ltd.	1	**11.78**	-
				(a)	**2,670.38**	7755.87
		b.	**In Equity Shares - Unquoted, fully paid up**			
628100	638100	1.	Digvijay Investments Ltd.	100	**1,104.25**	1084.25
577778	577778	2.	VS Lignite Power (P) Ltd.	10	**57.78**	57.78

#Investment value aggregating Rs. 1499.91 Lacs are reclasiified as Non- Current Investments as decided by the Management at their meeting held on 09.04.2011. These investments were transferred at the lower of cost or fair value at the date of transfer as provided under AS-13 issued by the Institute of Chartered Accountants of India

(Rs. in Lacs)

Previous Year Nos.	Current Year Nos.			Face Value Rs.	As at March 31, 2012	As at March 31,2011
5	5	3.	The Jewel Crown Co-op. Housing Society Ltd.	50	*	*
400000	400000	4.	Usha Breco Ltd.	10	**200.00**	200.00
				(b)	**1,362.03**	1342.03
		c.	**In Equity Shares of Wholly Owned Subsidiary Companies Unquoted, fully paid up**			
50000	50000	1.	MSUM Texfab Ltd.	10	**5.00**	5.00
50000	50000	2.	Iota Mtech P. Ltd.	10	**5.00**	5.00
-	595200	3.	Kiran Vyapar (P) Ltd.	10	**101.44**	-
				(c)	**111.44**	10.00
		d.	**In Preference Shares Unquoted, fully paid up**			
1114222	1114222	1	0.01% Cumulative Redeemable Preference Share of VS Lignite Power (P) Ltd.	10	**111.42**	111.42
				(d)	**111.42**	111.42
		e.	**Investment in Bonds Quoted, Fully Paid up**			
1000	2000	1.	6 % REC Capital Gain Exemption Bonds	5000	**100.00**	50.00
-	108754	2.	8 % IRFC Tax Free Bonds	1000	**1087.54**	-
-	85437	3.	8.20 % PFC Tax Free Bonds	1000	**854.37**	-
-	86533	4.	8.20% NHAI Tax Free Bonds	1000	**865.33**	-
				(e)	**2907.24**	50.00
		f.	**Investment in Mutual Funds (Quoted)**			
2,000,000	2,000,000	1.	SBI Debt Fund		**200.00**	200.00
-	250,000	2.	SBI Capital Prot. Or. Fund-Series III		**25.00**	-
-	5,000,000	3.	Reliance Fixed Horizon Fund - xxi - Series 21-Growth		**500.00**	-
-	25,348,654	4.	HDFC Medium Term Opportunities Fund-Growth		**2,870.00**	-
				(f)	**3595.00**	200.00
			TOTAL investments	(a+b+c+d+e+f)	**10757.51**	9469.32
			Aggregate amount of quoted investments		**9172.62**	8005.87
			Aggregate amount of unquoted investments		**1584.89**	1463.45
			Aggregate market value of quoted investments		**9024.05**	26390.11

*The value of the item after rounding off, is below the reportable figures, hence ignored.

NOTE 13 : LONG TERM LOANS & ADVANCES

(Unsecured and Considered good)		
Capital advances	**502.21**	148.59
Loans and advances to related parties *	**28,710.00**	-
Other loans & advances		
Advance Income Tax (Net)	**845.26**	480.39
MAT Credit Entitlement	**294.24**	147.86
Security Deposits	**505.53**	510.56
TOTAL	**30,857.23**	1,287.40

* Interest Free Loan given to one of the wholly owned subsidiaries- Iota Mtech (P) Ltd.

(Rs. in Lacs)

NOTE 14 : CURRENT INVESTMENTS

Previous Year Nos.	Current Year Nos.			Face Value Rs.	As at March 31, 2012	As at March 31,2011
			Investment in mutual funds			
-	29,699	1.	SBI Premier Liquid Fund		**500.45**	-
-	14	2.	Reliance Money Manager Fund - Retail Option - Growth Plan		**0.20**	-
-	82,827	3.	Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan		**829.40**	-
	1,224	4.	Kotak Floater Long Term - Growth		**0.20**	-
	49,789,520	5.	IDFC Money Manager Fund - Investment Plan - Inst Plan B - Daily Dividend		**5,044.17**	-
	172	6.	ICICI Prudential Flexible Income Plan Regular Growth		**0.20**	-
	1,964,586	7.	ICICI Prudential Flexible Income Plan Premium - Daily Dividend		**2,077.26**	-
	900	8.	HDFC Cash Manager Fund - Tap- Retail - Growth		**0.20**	-
	8,206,541	9.	HDFC Cash Manager Fund - Tap - Wholesale - Daily Dividend (Reinvestment)		**823.24**	-
	53	10.	Birla Sunlife Saving Fund Retail - Growth		**0.10**	-
	59	11.	Birla Sunlife Floating Rate Fund - Short Term - Growth		**0.10**	-
	40	12.	Birla Sunlife Cash Manager Growth		**0.10**	-
			Total		**9,275.62**	-
			Aggregate amount of quoted investments		**9,275.62**	-
			Aggregate market value of quoted investments		**9,283.12**	-

NOTE 15 : INVENTORIES

(At lower of Cost or Net Realisable Value except Stores & Spares, which are valued at cost)		
Raw Materials	**7,470.70**	10,603.54
Raw Materials in Transit	**-**	28.03
Stock-in-Process	**1,291.51**	683.36
Finished Goods	**1,013.25**	960.69
Stores, Spare Parts & Fuel	**567.38**	333.07
TOTAL	**10,342.84**	12,608.69

NOTE 16 : TRADE RECEIVABLES

(Unsecured and Considered Good)		
Over Six months	**176.99**	24.84
Others	**4,135.41**	4,505.73
TOTAL	**4,312.40**	4,530.57

(Rs. in Lacs)

NOTE 17 : CASH & CASH EQUIVALENTS	As at March 31, 2012	As at March 31, 2011
Cash in hand	**12.82**	4.84
Balance with scheduled banks		
in current accounts	**675.49**	592.52
in deposit accounts *	**2,911.86**	531.11
in unpaid dividend account	**2.73**	3.34
TOTAL	**3,602.90**	1,131.81

* includes deposits of Rs. 2845.98 Lacs with maturity of more than 12 months.

NOTE 18 : SHORT TERM LOANS & ADVANCES		
(Unsecured and Considered good)		
Loans and advances to related party		
Inter Corporate Deposits	**-**	450.00
Other Loans & Advances		
Inter Corporate Deposits *	**550.00**	1,150.00
Balances with Customs, Central Excise Authorities, etc.	**95.69**	91.47
Prepaid Expenses	**22.60**	20.96
Deposit with government, public bodies and others	**1,226.80**	895.52
Others #	**401.15**	2,485.44
TOTAL	**2,296.24**	5,093.39

* repayable on demand and interest is charged at market rates.

includes primarily advance to sundry creditors, amount receivable from DISCOM and others.

NOTE 19 : OTHER CURRENT ASSETS		
Interest accrued on investments	**76.03**	41.78
TOTAL	**76.03**	41.78

NOTE 20 : REVENUE FROM OPERATIONS	2011-12	2010-11
Sale of Products		
Yarn	**32,729.77**	34,471.66
Fabrics	**9,339.06**	8,376.09
Others	**485.64**	312.10
	42,554.47	43,159.85
Less: Excise Duty	**33.33**	17.06
	42,521.14	43,142.79
Sale of Power (Wind)	**0.06**	-
TOTAL	**42,521.20**	43,142.79

(Rs. in Lacs)

NOTE 21 : OTHER INCOME	2011-12	2010-11
Profit on Sale of Fixed Assets	**5.18**	9.38
Dividend on Long Term Investments	**126.11**	71.59
Dividend on Short Term Investments	**1,287.42**	163.75
Interest Received on ICDs, FDRs, Bonds, etc.	**526.80**	150.22
Miscellaneous Income	**24.17**	26.52
TOTAL	**1,969.68**	421.46

NOTE 22 : COST OF MATERIALS CONSUMED		
Raw Materials Consumed	**30,572.05**	27,842.43
Other Materials Consumed	**1,302.85**	1,209.58
TOTAL	**31,874.90**	29,052.01

NOTE 23 : CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK -IN-PROCESS		
Stock at commencement		
Finished Goods/ Stock-in-Trade	**960.69**	311.82
Stock-in-Process	**683.36**	547.90
	1,644.05	859.72
Stock at Close		
Finished Goods/ Stock-in-Trade	**1,013.25**	960.69
Stock-in-Process	**1,291.51**	683.36
	2,304.76	1,644.05
TOTAL	**660.71**	784.33

NOTE 24 : MANUFACTURING EXPENSES		
Stores and Spare Parts Consumed	**784.64**	882.97
Power & Fuel	**4,560.12**	4,662.19
Processing Expenses	**62.14**	1.86
Repairs to : Plant & Machinery	**92.36**	93.36
: Buildings	**30.93**	90.32
Pollution Control Expenses	**81.02**	52.11
TOTAL	**5,611.21**	5,782.81

NOTE 25 : EMPLOYEE BENEFITS EXPENSE		
Salaries & Wages	**2,421.62**	2,245.80
Contribution to Provident and Other Funds	**285.67**	264.06
Staff Welfare Expenses	**62.08**	44.25
TOTAL	**2,769.37**	2,554.11

(Rs. in Lacs)

NOTE 26 : FINANCE COSTS	2011-12	2010-11
Interest Expense		
On Long Term Loans	**607.73**	648.14
On Other borrowings	**293.38**	294.33
	901.11	942.47
Less: Received (Gross)	**713.29**	430.38
	187.82	512.09
Other financing costs	**32.53**	24.31
TOTAL	**220.35**	536.40

NOTE 27 : ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Rent	**11.92**	3.56
Rates & Taxes	**8.19**	13.00
Insurance Charges	**17.40**	12.89
Loss on Sale of Fixed Assets	**-**	0.07
Other Repairs & Maintenance	**35.28**	51.70
Directors' Commission and Sitting Fees	**14.68**	20.67
Provision for Diminution in Value of Current Investment	**-**	6.91
Applicable Loss on Foreign Currency transactions	**(5.31)**	-
Legal & Professional Charges	**109.31**	147.65
Commission & Brokerage on sales	**276.99**	213.34
Selling & Distribution Expenses	**331.57**	431.48
Miscellaneous Expenses	**210.82**	136.93
TOTAL	**1,010.85**	1,038.20

NOTE 28 : EXTRAORDINARY ITEMS		
Profit on Sale of Immovable Property	**-**	15,648.05
Exclusivity Fees	**-**	1,825.09
Non-Compete Fees	**11,255.62**	-
Closure Compensation pertaining to Kota Unit	**(70.36)**	-
Profit/(Loss) on Sale of Investments	**38,948.02**	(353.17)
Provisions for Government Levies and other Obligations	**-**	(1,719.63)
TOTAL	**50,133.28**	15,400.34

NOTE 29 : CURRENT TAX EXPENSE		
Current tax	**10,026.16**	3713.78
Minimum alternate tax expense/(credit)	**(146.38)**	(147.86)
Wealth tax	**2.00**	1.85
TOTAL	**9,881.78**	3,567.77

(Rs. in Lacs)

NOTE 30 : EARNINGS PER SHARE (EPS)	2011-12	2010-11
Net profit as per Statement of Profit & Loss available for Equity Shareholders	**40,903.60**	15,356.26
Weighted average number of equity shares for EPS computation (Nos.)	**259.20**	259.20
Basic & Diluted Earnings per share before extraordinary items (Rs.)	**2.64**	8.95
Basic & Diluted Earnings per share after extraordinary items (Rs.)	**157.81**	59.24
Face value per share (Rs.)	**10.00**	10.00

31. Contingent Liabilities and Commitments	**As at March 31, 2012**	As at March 31, 2011
(i) Contingent Liabilities		
a. Letters of credit outstanding	**3898.08**	-
b. Claims against the Company (in dispute) not acknowledged as debts in respect of:		
(i) Labour & Industrial Matters	**10.03**	9.94
(ii) Income-tax matters	**161.32**	161.32
(iii) Entry Tax matters	**16.26**	16.26
(iv) Service Tax matters	**90.78**	90.78

All the above matters when concluded are unlikely, in the opinion of the management, to result in any material liability and consequent effect on the results of operations and/or financial position of the Company.

(ii) Commitments		
a. Estimated amount of contracts on Capital Accounts remaining to be executed and not provided for (net of advances)	**6032.60**	1136.07

b. The Company has export obligations of Rs. 1257.81 Lacs (USD 24.72 Lacs) [Previous Year: Rs. 434.23 Lacs) against Import Licences taken for import of capital goods under Export Promotion Capital Goods (EPCG) Scheme.

c. With respect to the divestment of the shares in The Andhra Pradesh Paper Mills Limited during the year, under the Share Purchase Agreement (SP Agreement) and Indemnity Escrow Agreement between all the sellers including the Company, IP Holding Asia Singapore Pte. Ltd. and International Paper Company, the sellers, including the Company, have agreed to indemnify and hold free and harmless to IP Holding Asia Singapore Pte. Ltd. and International Paper Company from losses incurred or suffered in terms of indemnification clause(s) of the said SP Agreement and Indemnity Escrow Agreement. Further, as per the aforesaid agreements, term deposits with Citi Bank have been made for an amount of Rs. 28,34,63,000/-.

(Rs. in Lacs)

32. Employee Benefits

(a) Defined Contribution Plans

The Company has Defined Contribution Plan for its employees comprising of Provident Fund, Superannuation Fund, Pension and Employee's State Insurance Fund. The Company recognised Rs.285.64 Lacs (previous year Rs. 264.06 Lacs) during the year as expense towards contribution to these plans.

Particulars	2011-12	2010-11
Company's contribution to Provident Fund	**184.44**	168.29
Company's contribution to Employees State Insurance and Group Insurance Scheme	**87.74**	82.39
Administration charges on above	**13.49**	13.38

(b) Defined Benefit Plans

The Company has Defined Benefit Plan comprising of Gratuity Fund, Leave Encashment and Long Term Service Award.

The following table set out the disclosures relating to Gratuity and Leave Encashment benefits as required by Revised Accounting Standard (AS)-15 "Employee Benefits" :

I.	**Actuarial Assumptions**		**2011-12**		2010-11
	Mortality Table (LIC)	**(1994-96)**	**Ultimate**	(1994-96)	Ultimate
	Discount Rate		**8.50%**		8.25%
	Rate of Increase in compensation		**4.00%**		4.00%
	Rate of return (expected) on Plan assets		**8.50%**		8.25%
	Expected average remaining service (years)		**21.32**		21.65
II.	**Reconciliation of opening and closing balances of Defined Benefit Obligation (DBO)**	**Gratuity (Funded) (Non-funded)**	**Leave Encashment**	Gratuity (Funded)	Leave Encashment (Non-funded)
	Defined Benefit obligation at beginning of year	**441.95**	**95.24**	434.66	79.11
	Interest Cost	**37.57**	**8.10**	35.86	6.53
	Current Service Cost	**30.84**	**9.34**	30.32	20.54
	Benefits paid	**(97.81)**	**(58.11)**	(82.99)	(42.42)
	Actuarial (gain)/loss	**8.54**	**45.24**	24.10	31.48
	Defined Benefit obligation at end of year	**421.09**	**99.81**	441.95	95.24
III.	**Reconciliation of opening and closing balances of fair value of plan assets**				
	Fair Value of Plan Assets at the beginning of year	**388.94**	**-**	383.39	-

(Rs. in Lacs)

		2011-12		2010-11
Expected return on plan assets	**32.09**	**-**	28.75	-
Actuarial gain/(loss)	**3.20**	**-**	8.51	-
Employer Contribution	**53.11**	**58.11**	51.28	42.42
Benefits paid	**(97.81)**	**(58.11)**	(82.99)	(42.42)
Fair value of plan assets at year end	**379.53**	**-**	388.94	-
Actual return on plan assets	**35.29**	**-**	37.26	-
IV. **Reconciliation of fair value of assets and obligations**				
Fair value of plan assets	**379.53**	**-**	388.94	-
Present value of obligation	**421.09**	**99.81**	441.95	95.24
Net asset/(liability) recognized in Balance Sheet	**(41.56)**	**99.81**	(53.01)	95.24
V. **Expenses recognized in the statement of P&L A/c**				
Current Service Cost	**30.84**	**9.34**	30.32	20.54
Interest Cost	**37.57**	**8.10**	35.86	6.53
Expected Return on Plan Assets	**(32.09)**	**-**	(28.75)	-
Net Actuarial (Gain)/Loss recognized for the period	**5.34**	**45.24**	15.59	31.48
Expenses recognized in the statement of P & L A/c	**41.66**	**62.68**	53.02	58.55

33. Payments to Auditors

	2011-12	2010-11
(i) Statutory Audit Fee (Incl. Service Tax)	**0.97**	0.83
(ii) In Other Capacity:		
(a) Certification of Statements	**0.08**	0.17
(b) Fee for Tax Audit	**0.17**	0.11
(iii) Reimbursement of Expenses	**-**	0.48

34. Employee benefit expense (Note # 25) excludes remuneration paid to the Chairman & Managing Director in excess of the limits specified under Schedule XIII to the Companies Act, 1956 to the tune of Rs. 8.86 Lacs. The Company has made an application seeking approval from the Central Government. The payment and provision would be made after obtaining approval of the competent authority.

35. Extraordinary Items

During the year, the Company disposed off its entire shareholding (8609164 shares) in the equity of The Andhra Pradesh Paper Mills Ltd. on 14.10.2011 for a consideration of Rs.523.00 per share plus a non-compete fees of Rs. 130.74 per share aggregating Rs.56282 Lacs pursuant to the agreement entered with IP Holding Asia Singapore PTE, an affiliate of International Paper Company, USA on 29.03.2011.

The Kota Establishment was closed u/s 25(O) of the Industrial Disputes Act, 1947 on 06.03.1985. Pursuant to the settlement arrived at with the respondent trade unions, the Supreme Court of India has upheld the decision of the closure of establishment and the Company has agreed to pay an amount of Rs.70.36 Lacs as closure compensation and ex-gratia to certain eligible workers employed at the establishment on the date of closure, i.e. 06.03.1985.

(Rs. in Lacs)

36. Related party Disclosures:

A. Name of related parties and description of relationship :

S.No.	Key Management Personnel (KMP)	Wholly Owned Subsidiaries	Control	Significant Influence
i.	Mr. LN Bangur, CMD #	MSUM Texfab Ltd.	Iota Mtech Power LLP Co. Ltd.	The Peria Karamalai Tea & Produce
ii.	Mr. Govind Sharda ED	Iota Mtech (P) Ltd.	Sidhidata Power LLP	Digvijay Investments Ltd.
iii.	Mr. Yogesh Bangur Director (CA&S) #	Kiran Vyapaar (P) Ltd.		

Mr. LN Bangur and Mr. Yogesh Bangur are related to each other

B. Related Party Transactions Details :

S.No.	Nature of Transaction/ Relationship	Key Management Personnel	Wholly Owned Subsidiaries	Control	Significant Influence
i.	Remuneration	145.77 (92.31)			
ii.	Purchase of equity shares		101.44 (5.00)		202.42 (477.39)
iii.	Interest Free Loan		28710.00 (Nil)		
iv.	Inter Corporate Deposits (ICD) given				2500.00 (3750.00)
v.	Interest on ICDs				174.00 (31.15)
vi.	Inter Corporate Deposits (ICD) liquidated				2950.00 (3300.00)
vii.	Balance receivable/ (payable)as at 31st March 2012	Nil (Nil)	28710.00 (Nil)		Nil (451.01)

Note: Previous year figures are shown in brackets.

37. Cost of material consumed

Particulars	**2011-12**	2010-11
Cotton	**27187.35**	24766.80
Man Made Fibre	**2767.32**	2546.09
Other Raw Material*	**617.38**	529.54
Others *	**1302.85**	1209.58
TOTAL	**31874.90**	29052.01

* include items which do not individually exceed 10% of the total consumption.

(Rs. in Lacs)

38. Details of Imported and Indigenous Raw Materials and Stores & Spares Consumed

Particulars	2011-12 Rs. in Lacs	2011-12 % of total consumption	2010-11 Rs. in Lacs	2010-11 % of total consumption
Raw Materials & Others				
Imported	-	-	-	-
Indigenous	31874.90	100	29052.01	100
TOTAL	31874.90	100	29052.01	100
Stores & Spares				
Imported	222.54	28.37	203.20	23.01
Indigenous	562.10	71.63	679.77	76.99
TOTAL	784.64	100	882.97	100

39. CIF Value of Imports

	2011-12	2010-11
Raw Materials & Others	-	-
Stores & Spares	305.62	213.39
Capital Goods	235.56	99.65
TOTAL	541.18	313.04

40. Earnings in foreign exchange

	2011-12	2010-11
FOB Value of Exports	3429.63	708.13
TOTAL	3429.63	708.13

41. Expenditure in foreign currency

	2011-12	2010-11
Travelling	24.31	-
TOTAL	24.31	-

42. Segment Reporting

As per Accounting Standard (AS)-17 on 'Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

43. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the condition stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

44. ADDITIONAL INFORMATION

(a) **Quantitative Information**

			CURRENT YEAR (31.03.2012)			PREVIOUS YEAR (31.03.2011)		
			Spindles	**Rotors**	**Looms**	Spindles	Rotors	Looms
i)	Licensed Capacity		**N.A.**	**N.A.**	**N.A.**	N.A.	N.A.	N.A.
ii)	Installed capacity		**109344**	**2256**	**494**	109344	2256	494
iii)	Production	UoM						
	Fabric	('000 Mtrs)		**20986**			22989	
	Yarn	MT		**21054**			22571	
iv)	Stock in Packed Goods		**Qty.**		**Amount Rs. Lacs**	Qty.		Amount Rs. Lacs
	Opening Stock							
	Fabrics	('000 Mtrs)	**66**		**20.40**	65		19.35
	Yarn	MT	**688**		**914.78**	289		273.57
	Closing Stock							
	Fabrics	('000 Mtrs)	**-**		**-**	66		20.40
	Yarn	MT	**659**		**977.21**	688		914.78
v)	Raw Materials consumed							
	Cotton	MT	**24724**		**27187.35**	26708		24766.80
	Man-made Fibre	MT	**2269**		**2767.32**	2325		2546.09
	Others				**1920.23**			1739.12
					31874.90			29052.01
vi)	Turnover (Net)							
	Fabric	('000 Mtrs)	**21052**		**8442.06**	22988		7637.22
	Yarn	MT	**21083**		**32444.44**	22172		34454.60
	Waste	MT	**2037**		**477.10**	1800		312.10
	Others				**8.60**			-
					41372.20			42403.92
vii)	Trading Activities							
	Sales							
	Fabrics	('000 Mtrs)	**1717**		**897**	2086		738.87
	Yarn	MT	**141**		**252**	-		-
	Purchase							
	Fabrics	('000 Mtrs)	**1717**		**864**	2086		718.19
	Yarn	MT	**141**		**243**	-		-

45. Previous year figures have been regrouped and rearranged wherever necessary to conform to current year's grouping.

Signature to Notes 1 to 45

As Per our Report of even date.

For BD Gargieya & Co.
Chartered Accountants
(FRN : 001072C)
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

Pradip Kumar Ojha
Company Secretary

LN Bangur — *Chairman & Managing Director*
Govind Sharda — *Executive Director*
Yogesh Bangur — *Directors(CA&S)*
Alka Bangur, SS Kothari, C V Desai, Amitav Kothari, GR Agarwal — *Directors*

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHARAJA SHREE UMAID MILLS LIMITED

We have examined the attached Consolidated Balance Sheet of MAHARAJA SHREE UMAID MILLS LIMITED (the Company)and its subsidiaries as at 31st March, 2012 and the Consolidated Statement of Profit & Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

1. 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 disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 106.41 lacs as at 31st March, 2012, total revenue of Rs. 116.86 lacs and Cash flow amounting to Rs. 1.88 lacs for the year ended 31st March, 2012. These financial statements and financial information have been audited by other auditor whose reports have been furnished to us, and our opinion is based solely on the report of other auditor.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" as notified under The Companies Accounting Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiaries considered in the consolidated financial statements.
4. Based on our audit as aforesaid, and on consideration of report of other auditor on the separate financial statements and to the best of our information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of Company and its subsidiary, we are of the opinion that:
   a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs as at 31st March, 2012;
   b) the Consolidated Statement of Profit and Loss Account Sheet gives a true and fair view of the consolidated results of operations for the year then ended; and
   c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows for the year ended on that date.

For B.D. GARGIEYA & CO.
Chartered Accountants
Firm Regn. No.: 001072C
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

BALANCE SHEET AS AT MARCH 31, 2012

(Rs. in Lacs)

	Note	As at March 31, 2012		As at March 31, 2011
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	1	**2,592.00**		864.00
Reserves & Surplus	2	**67,831.59**		30,096.29
			70,423.59	30,960.29
Non-current Liabilities				
Long-term Borrowings	3	**3,630.99**		4,117.16
Deferred Tax Liability (Net)	4	**1,167.24**		433.34
Other Long term Liabilities	5	**392.65**		231.86
Long-term Provisions	6	**2,042.58**		2,119.54
			7,233.46	6,901.90
Current Liabilities				
Short-term Borrowings	7	**6,579.39**		6,217.30
Trade Payables	8	**537.97**		281.01
Other Current Liabilities	9	**5,159.54**		2,410.78
Short-term Provisions	10	**1,619.61**		632.00
			13,896.51	9,541.09
TOTAL			**91,553.56**	47,403.28
ASSETS				
Non-current Assets				
Fixed Assets				
Tangible Assets	11	**18,166.10**		13,221.71
Capital Work-in-Progress		**1,800.51**		19.25
		19,966.61		13,240.96
Non-current Investments	12	**39,419.64**		9,459.32
Long-term Loans and Advances	13	**2,145.66**		1,287.40
			61,531.91	23,987.68
Current Assets				
Current Investments	14	**9,375.62**		-
Inventories	15	**10,343.05**		12,608.69
Trade Receivable	16	**4,312.64**		4,530.57
Cash & Cash Equivalents	17	**3,615.84**		1,141.17
Short-term Loans and advances	18	**2,297.39**		5,093.39
Other Current Assets	19	**77.11**		41.78
			30,021.65	23,415.60
TOTAL			**91,553.56**	47,403.28
Significant Accounting Policies and Notes on Accounts	1 to 33			

The notes are an Integral part of the Financial Statements.
This is the Balance Sheet referred to in our report of even date.

For BD Gargieya & Co.
Chartered Accountants
(FRN : 001072C)
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

Pradip Kumar Ojha
Company Secretary

LN Bangur — *Chairman & Managing Director*
Govind Sharda — *Executive Director*
Yogesh Bangur — *Directors(CA&S)*
Alka Bangur, SS Kothari, C V Desai, Amitav Kothari, GR Agarwal — *Directors*

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON MARCH 31, 2012

(Rs. in Lacs)

	Note	2011-12	2010-11
INCOME			
Revenue from Operations	20	**42695.77**	43142.79
Other Income	21	**1976.07**	421.88
Total Revenue		**44671.84**	43564.67
EXPENSES			
Cost of materials consumed	22	**31874.90**	29052.01
Purchase of Traded Goods		**1127.12**	718.19
Changes in inventories of finished goods and work-in-progress	23	**(570.97)**	(784.33)
Manufacturing Expenses	24	**5611.21**	5782.81
Employee benefits expense	25	**2769.37**	2554.32
Finance costs	26	**221.27**	536.40
Depreciation and amortization expense	11	**1171.75**	1196.34
Administrative, Selling and Other Expenses	27	**1013.02**	1038.54
Total Expenses		**43217.67**	40094.28
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX		**1454.17**	3470.39
Extraordinary Items	28	**50133.28**	15400.34
PROFIT BEFORE TAX		**51587.45**	18870.73
Current Tax Expense	29	**9883.42**	3567.77
Deferred Tax Expense/(Credit)		**733.91**	(53.17)
NET PROFIT		**40970.12**	15356.13
EARNINGS PER SHARE	30		
Basic and Diluted (before extraordinary items)		**2.91**	8.95
Basic and Diluted (after extraordinary items)		**158.06**	59.24
Significant Accounting Policies			
Notes on Accounts	1 to 33		

The notes are an Integral part of the Financial Statements.
This is the Statement of Profit & Loss referred to in our report of even date.

For BD Gargieya & Co.
Chartered Accountants
(FRN : 001072C)
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

Pradip Kumar Ojha
Company Secretary

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Yogesh Bangur — *Directors(CA&S)*
Alka Bangur, SS Kothari, C V Desai, Amitav Kothari, GR Agarwal — *Directors*

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2012

(Rs. in Lacs)

			2011-12		2010-11
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit before tax and extraordinary items		**1454.17**		3470.39
	Adjustments for :				
	Depreciation	**1,171.75**		1,196.34	
	Miscellaneous Expenditure Amortised	**0.09**		0.09	
	Income from Investments	**(1,941.31)**		(299.14)	
	Interest paid (net)	**188.73**		512.08	
	Profit on sale of fixed assets	**(5.18)**		(9.38)	
	Extraordinary Items	**(70.36)**		(1,719.63)	
			(656.28)		(319.64)
	Operating Profit before Working Capital Changes		**797.89**		3150.75
	Adjustments for :				
	Trade and other receivables	**1,553.96**		(5,037.42)	
	Inventories- Raw Materials	**3,160.87**		(3,784.07)	
	Inventories- Finished and Semi Finished Goods	**(895.23)**		(803.20)	
	Trade payables	**3,120.38**	**6,939.98**	2,450.67	(7174.02)
	Cash Generated from Operations		**7737.87**		(4023.27)
	Interest Paid	**30.78**		(139.30)	
	Direct taxes paid	**-**	**30.78**	(1,507.89)	(1,647.19)
	Net Cash Flow from (used in) Operating Activities		**7,768.65**		(5,670.46)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets & other capital exp.	**(7,930.25)**		(1,025.77)	
	Sale of fixed assets	**38.35**		13,300.40	
	Purchase of Investments	**(45,414.33)**		(4,823.34)	
	Sale of Investments (net of tax)	**46,398.24**		638.73	
	Income from Investments	**1,907.07**		299.14	
	Loan/ Advance to Subsidiary	**-**		-	
	ICDs liquidated	**600.00**		-	
	Net cash used in investing activities		**(4,400.92)**		8,389.16
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Long-term borrowing	**744.07**		655.41	
	Proceeds from Short-term borrowing	**2,008.89**		2,367.53	
	Repayment of Long-term borrowing	**(1,245.00)**		(1,057.50)	
	Repayment of Short-term borrowing	**(1,646.79)**		(3,217.62)	
	Interest paid	**(249.87)**		(430.59)	
	Dividend and tax thereon paid	**(504.36)**		(252.39)	
	Net cash flow from (used in) financing activities		**(893.06)**		(1935.16)
	Net increase in Cash and Cash Equivalents		**2474.67**		783.54
	Cash and cash equivalents(Opening Balance)		**1,141.17**		357.63
	Cash and cash equivalents (Closing Balance)		**3,615.84**		141.17
	Note : Figures in bracket represent cash outflows				

This is the Cash Flow Statement referred to in our report of even date

For BD Gargieya & Co.
Chartered Accountants
(FRN : 001072C)
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

Pradip Kumar Ojha
Company Secretary

LN Bangur — *Chairman & Managing Director*
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Yogesh Bangur — *Directors(CA&S)*
Alka Bangur, SS Kothari, C V Desai, Amitav Kothari, GR Agarwal — *Directors*

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Consolidation

The consolidated financial statements relate to Maharaja Shree Umaid Mills Limited ('the Company') and its subsidiaries. The consolidated financial statements have been prepared on the following basis:

I. The financial statements of the Company and subsidiary are combined on a line by line basis by adding together the book value of assets, liabilities, income and expenses as per AS-21 on "Consolidated Financial Statements". The intra group balances and transactions are fully eliminated.

II. To the extent possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

B. Investments other than in subsidiaries, have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

C. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

(Rs. in Lacs)

NOTES TO ACCOUNTS

NOTE 1 : SHARE CAPITAL		As at March 31, 2012	As at March 31, 2011
Authorised			
3,00,00,000	Equity Shares of Rs.10/- each	**3,000.00**	1,000.00
(March 31, 2011: 10000000)		**3,000.00**	1,000.00
Issued,Subscribed and Paid Up			
160000	Equity Shares of Rs.10/- each fully paid up in cash	**16.00**	16.00
(March 31, 2011: 160000)			
25760000	Equity Shares of Rs.10/- each issued as Bonus Shares out of Reserves	**2,576.00**	848.00
(March 31, 2011: 8480000)			
TOTAL		**2,592.00**	864.00

Notes:

Equity shareholders' holding more than 5% of equity shares along with the number of equity shares held is given hereunder :

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	%	No. of shares	%	No. of shares
Digvijay Investment Ltd.	**25.55**	**66,22,420**	12.20	10,54,140
M.B. Commercial Co. Ltd.	**10.88**	**28,20,000**	10.88	9,40,000
Shri Vithoba Investment Ltd.	**6.94**	**18,00,000**	6.94	6,00,000
Sh. Lakshmi Niwas Bangur	**6.79**	**17,60,457**	5.06	4,36,819
Amalgamated Development Ltd.	**6.37**	**16,52,000**	6.32	5,46,000
Smt. Alka Devi Bangur	**2.91**	**7,53,000**	6.53	5,64,000
Sh. Yogesh Bangur	**2.14**	**5,55,100**	5.78	4,99,700
Sh. Shreeyash Bangur	**2.13**	**5,53,000**	5.79	5,00,000
Sh. Lakshmi Niwas Bangur (HUF)	**1.79**	**4,64,623**	6.01	5,19,541

The reconciliation of the number of shares outstanding is set out below :

Name of the shareholder	As at March 31, 2012	As at March 31, 2011
	No. of shares	No. of shares
Equity Shares at the beginning of the year	**86,40,000**	86,40,000
Add: Bonus shares issued out of reserves during the year	**1,72,80,000**	-
Equity Shares at the end of the year	**2,59,20,000**	86,40,000

(Rs. in Lacs)

NOTE 2 : RESERVES & SURPLUS	As at March 31, 2012	As at March 31, 2011
Revaluation Reserve		
As per last Balance Sheet	**6656.14**	6656.14
Capital Reserve		
As per last Balance Sheet	**0.68**	0.68
General Reserve		
As per last Balance Sheet	**8909.99**	6909.99
Add: Transferred from Statement of Profit & Loss	**5000.00**	2000.00
Less: Bonus Share issued during the year	**1728.00**	0.00
	12181.99	8909.99
Preliminary Expenses to the extent not written off	**(0.14)**	(0.23)
Statutory Reserve		
As per last Balance Sheet	**-**	-
Add: Transferred from Profit & Loss A/c	**1.98**	-
	1.98	-
Surplus as per Statement of Profit & Loss		
As per last Balance Sheet	**14529.72**	1521.24
Add: Profit for the year	**40970.12**	15356.13
Less: Profit of Wholly Owned Subsidiary till the date of acquisition	**0.22**	-
Tax adjustment for earlier years (net)	**(0.38)**	0.33
Provision for diminution in value of investment w/back	-	155.77
Profit available for appropriation	**55499.24**	17033.47
Less: Appropriations :		
Proposed Dividend	**1296.00**	432.00
Tax on distributed profits	**210.24**	71.75
Transfer to general reserve	**5000.00**	2000.00
Transfer to statutory reserve	**1.98**	-
Contingent Provision on Standard Assets	**0.08**	0.00
Closing Balance	**48990.94**	14529.72
TOTAL	**67831.59**	30096.29

NOTE 3 : LONG TERM BORROWINGS		
Secured		
Term Loans- from Banks	**3630.99**	4117.16
TOTAL	**3630.99**	4117.16

Notes :

1. Term loans are secured by first pari passu charge on the entire fixed assets and second charge on the current assets of the Pali Establishment Unit i.e. i.e.the Textile Unit and the Power Generation Unit of the company situated at Pali, including equitable mortgage of Factory Land & Building situated at Pali.
2. Terms of repayment are given below:
   a) Loan taken from State Bank of India is repayable in quarterly installments of Rs. 130.00 Lacs each.
   b) Loan taken from IDBI Bank Ltd. is repayable in quarterly installments of Rs. 134.38 Lacs each.
   c) Loan taken from ICICI Bank Ltd. is repayable in quarterly installments of Rs. 62.50 Lacs each.
   d) Loan taken from State Bank of Bikaner & Jaipur is repayable in quarterly installments of Rs. 375.00 Lacs commencing from 30.06.2013.

(Rs. in Lacs)

NOTE 4 : DEFERRED TAX LAIBLITY (NET)	As at March 31, 2012	As at March 31, 2011
Deferred Tax Liability		
Related to Fixed Assets	**1167.24**	433.34
TOTAL	**1167.24**	433.34

NOTE 5 : OTHER LONG TERM LIABILITIES		
Other Long Term Liabilties	**392.65**	231.86
TOTAL	**392.65**	231.86

NOTE 6 : LONG TERM PROVISIONS		
Provisions related to Government and Other Levies	**2042.58**	2119.54
TOTAL	**2042.58**	2119.54

NOTE 7 : SHORT TERM BORROWINGS		
Working Capital Loans		
Secured		
From Banks		
Rupee Loans	**4579.39**	5217.30
Unsecured		
From Banks		
Rupee Loans	**2000.00**	1000.00
TOTAL	**6579.39**	6217.30

Notes :

Working Capital Loans are secured by first pari passu charge on present and future stock of raw materials, stock-in-process, finished goods, stores and spares, book debts, etc., and second pari passu charge on the Fixed Assets, of the Pali Establishment i.e.the Textile Unit and the Power Generation Unit of the company situated at Pali.

NOTE 8 : TRADE PAYABLES		
Trade payables	**537.97**	281.01
TOTAL	**537.97**	281.01

Note :

Out of the above amount , Rs. 9.15 Lacs (March 31, 2011: 14.10 Lacs) pertain to the Micro, Small and Medium Enterprises (MSME) as defined under " Micro, Small and Medium Enterprises Development Act, 2006" based on the information available with the Company. There is no interest payable to such parties as at March 31, 2012 (March 31, 2011 : Rs. NIL)

(Rs. in Lacs)

NOTE 9 : OTHER CURRENT LIABILITIES	As at March 31, 2012	As at March 31, 2011
Current maturities of long-term debt (refer Note # 3)	**1230.25**	1245.00
Unpaid Dividends	**2.73**	3.34
Creditors for Capital Expenditure	**2888.83**	35.22
Interst accrued but not due on borrowings	**6.98**	37.33
Other liabilities*	**1030.75**	1089.89
TOTAL	**5159.54**	2410.78

* includes statutory dues, security deposits and advance from customers.

NOTE 10: SHORT TERM PROVISIONS		
Proposed Dividend	**1296.00**	432.00
Tax on Proposed Dividend	**210.24**	71.75
Contigent Provision on Standard Assets	**0.08**	
Provision for Gratuity & Leave Encashment	**113.29**	128.25
TOTAL	**1619.61**	632.00

NOTE 11: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April,2011	Additions	Deductions/ Adjustments	**As at 31st March, 2012**	Up to 1st April, 2011	On Deductions/ Adjusments	**for the year**	Up to 31st March, 2012	**As at 31st March, 2012**	As at 31st March, 2011
Tangible										
Land (Free Hold)*	6661.07	-	-	**6661.07**	-	-	**-**	-	**6661.07**	6661.07
Land (Lease Hold)^	-	170.12	-	**170.12**	-	-	**0.03**	0.03	**170.09**	0.00
Buildings	1157.19	43.79	-	**1200.98**	408.07	-	**54.44**	462.51	**738.47**	749.14
Plant & Machinery	16418.62	5562.16	55.52	**21925.26**	10794.09	26.50	**1025.17**	11792.76	**10132.50**	5624.50
Electric Installation	106.98	0.69	-	**107.67**	52.79	-	**4.16**	56.96	**50.71**	53.86
Furniture & Fixtures	92.46	26.04	-	**118.50**	81.47	-	**1.86**	83.33	**35.17**	10.98
Equipments	36.08	4.74	-	**40.82**	26.71	-	**3.90**	30.60	**10.22**	9.37
Vehicles	187.40	341.45	17.74	**511.12**	74.65	13.59	**82.19**	143.25	**367.87**	112.79
SUB TOTAL	24659.80	6148.99	73.26	**30735.54**	11437.78	40.09	**1171.75**	12569.44	**18166.10**	13221.71
Previous Year	23482.06	1231.57	54.75	24658.88	10288.41	47.57	1196.34	11437.17	13221.71	13193.65
Capital Work-in-Progress #									**1800.51**	19.25
TOTAL									**19966.61**	13240.96

*includes Rs. 6656.14 Lacs added on revaluation of Land on the basis of the Valuation Report dated 12.03.2009 of an approved valuer

^ pertains to the Wind Power Plant installed and commissioned at Jaisalmer, Rajasthan.

#Capital Work-in-Progress includes :
i) Rs.1425.02 Lacs (PY : Nil) pertaining to Wind Power Project situated at Jodhpur, Rajasthan
ii) Rs. 322.55 Lacs (PY : Nil) pertaining to undergoing Fabric Business Expansion Project at Pali, Rajasthan
iii) Rs. 47.40 Lacs (PY : Nil) on account of capitalisation of interest and other borrowing cost as stipulated under AS- 16 “Borrowing Cost”

(Rs. in Lacs)

NOTE 12 : NON CURRENT INVESTMENTS

(Long Term Investments)

Previous Year Nos.	Current Year Nos.			Face Value Rs.	**As at March 31, 2012**	As at March 31,2011
			At cost, unless otherwise specified			
			Non Trade Investments			
		a.	**In Equity Shares - Quoted, fully paid up**			
19186	19186	1.	Power Grid Corp. of India Ltd. #	10	**17.27**	17.27
1985150	1985150	2.	Emami Paper Mills Ltd. #	2	**1,011.89**	1,011.89
109411	109411	3.	RSR Mohta Spg. & Wvg. Mills Ltd. #	10	**147.71**	147.71
946	946	4.	MOIL #	10	**3.54**	3.54
140500	171176	5.	Jay Shree Tea & Industries Ltd. #	10	**268.59**	221.50
63477	100000	6.	Dhunseri Petrochem & Tea Ltd. #	10	**155.96**	98.00
8609164	40000	7.	The Andhra Pradesh Paper Mills Ltd.	10	**63.28**	6,078.39
1000	1400	8.	State Bank of Bikaner & Jaipur	10	**2.10**	0.54
303817	415462	9.	The Peria Karamalai Tea & Produce Co.Ltd.	10	**359.45**	177.03
-	50000	10.	Coal India Ltd.	10	**164.84**	-
-	5000	11.	Mahindra & Mahindra Ltd.	5	**36.85**	-
-	7500	12.	Bharti Airtel Ltd.	5	**26.05**	-
-	50000	13.	Sterlite Industries (I) Ltd.	1	**56.63**	-
-	50000	14.	Bajaj Hindustan Ltd.	1	**15.91**	-
-	274	15.	Bajaj Auto ltd.	10	**4.65**	-
-	750	16.	Hero Motocorp Ltd.	2	**14.58**	-
-	1000	17.	State Bank Of India	10	**21.35**	-
-	500	18.	Grasim Industries Ltd.	10	**13.93**	-
-	2000	19.	ICICI Bank Ltd.	10	**18.47**	-
-	30000	20.	Idea Cellular Ltd.	10	**28.45**	-
-	13064	21.	Vardhman Textile Ltd.	10	**26.27**	-
-	25000	22.	Thomas Cook (India) Ltd.	1	**15.48**	-
-	25000	23.	Hindustan Zinc Ltd.	2	**32.07**	-
-	25000	24.	Tata Motors Ltd.- DVR	2	**37.69**	-
-	50000	25.	Hindalco Ltd.	1	**67.13**	-
-	5000	26.	ITC Ltd.	1	**10.56**	-
-	5000	27.	Reliance Industries Ltd.	10	**37.90**	-
-	10000	28.	Tata Global Beverages Ltd.	1	**11.78**	-
				(a)	**2,670.38**	7755.87
		b.	**In Equity Shares - Unquoted, fully paid up**			
628100	638100	1.	Digvijay Investments Ltd.	100	**1,104.25**	1084.25
577778	577778	2.	VS Lignite Power (P) Ltd.	10	**57.78**	57.78

#Investment value aggregating Rs. 1499.91 Lacs are reclasiified as Non- Current Investments as decided by the Management at their meeting held on 09.04.2011. These investments were transferred at the lower of cost or fair value at the date of transfer as provided under AS-13 issued by the Institute of Chartered Accountants of India

(Rs. in Lacs)

Previous Year Nos.	Current Year Nos.			Face Value Rs.	As at March 31, 2012	As at March 31,2011
5	5	3.	The Jewel Crown Co-op. Housing Society Ltd.	50	*	*
400000	400000	4.	Usha Breco Ltd.	10	**200.00**	200.00
				(b)	**1,362.03**	1342.03
		c.	**In Preference Shares Unquoted, fully paid up**			
1114222	1114222	1.	0.01% Cumulative Redeemable Preference Share of VS Lignite Power (P) Ltd.	10	**111.42**	111.42
				(c)	**111.42**	111.42
		d.	**Investment in Bonds Quoted, Fully Paid up**			
1000	2000	1.	6 % REC Capital Gain Exemption Bonds	5000	**100.00**	50.00
-	108754	2.	8 % IRFC Tax Free Bonds	1000	**1087.54**	-
-	85437	3.	8.20 % PFC Tax Free Bonds	1000	**854.37**	-
-	86533	4.	8.20% NHAI Tax Free Bonds	1000	**865.33**	-
				(d)	**2907.24**	50.00
		e.	**Investment in Mutual Funds (Quoted)**			
2000000	2000000	1.	SBI Debt Fund		**200.00**	200.00
-	250000	2.	SBI Capital Prot. Or. Fund-Series III		**25.00**	-
-	5000000	3.	Reliance Fixed Horizon Fund - xxi - Series 21 - Growth		**500.00**	-
-	25348654	4.	HDFC Medium Term Opportunities Fund - Growth		**2,870.00**	-
				(e)	**3,595.00**	200.00
		f.	**Investment in LLP's**			
		1.	Sidhidata Power LLP		**2,163.90**	-
		2.	Iota Mtech Power LLP		**26,609.67**	-
				(f)	**28773.57**	-
			TOTAL investments	(a+b+c+d+e+f)	**39419.64**	9459.32
			Aggregate amount of quoted investments		**9,172.62**	8005.87
			Aggregate amount of unquoted investments		**30247.02**	1453.45
			Aggregate market value of quoted investments		**9,024.05**	26,390.11

*The value of the item after rounding off, is below the reportable figures, hence ignored.

NOTE 13 : LONG TERM LOANS & ADVANCES

(Unsecured and Considered good)		
Capital advances	**502.21**	148.59
Other loans & advances		
Advance Income Tax (Net)	**843.67**	480.39
MAT Credit Entitlement	**294.25**	147.86
Security Deposits	**505.53**	510.56
TOTAL	**2,145.66**	1,287.40

(Rs. in Lacs)

NOTE 14 : CURRENT INVESTMENTS

Previous Year Nos.	Current Year Nos.			Face Value Rs.	As at March 31, 2012	As at March 31,2011
			Investment in mutual funds			
-	29,699	1.	SBI Premier Liquid Fund		**500.45**	-
-	14	2.	Reliance Money Manager Fund - Retail Option - Growth Plan		**0.20**	-
-	82,827	3.	Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan		**829.40**	-
-	1,224	4.	Kotak Floater Long Term - Growth		**0.20**	-
-	49,789,520	5.	IDFC Money Manager Fund - Investment Plan - Inst Plan B - Daily Dividend		**5,044.17**	-
-	172	6.	ICICI Prudential Flexible Income Plan Regular Growth		**0.20**	-
-	1,964,586	7.	ICICI Prudential Flexible Income Plan Premium - Daily Dividend		**2,077.26**	-
-	900	8.	HDFC Cash Manager Fund - Tap- Retail - Growth		**0.20**	-
-	8,206,541	9.	HDFC Cash Manager Fund - Tap - Wholesale - Daily Dividend (Reinvestment)		**823.24**	-
-	53	10.	Birla Sunlife Saving Fund Retail - Growth		**0.10**	-
-	59	11.	Birla Sunlife Floating Rate Fund - Short Term - Growth		**0.10**	-
-	40	12.	Birla Sunlife Cash Manager Growth		**0.10**	-
-	996,860	13.	HDFC Cash Management Fund - Treasury Advantage		**100.00**	-
			Total		**9,375.62**	-
			Aggregate amount of quoted investments		**9,375.62**	-
			Aggregate market value of quoted investments		**9,383.12**	-

NOTE 15 : INVENTORIES

(At lower of Cost or Net Realisable Value except Stores & Spares, which are valued at cost)		
Raw Materials	**7,470.70**	10,603.54
Raw Materials in Transit	**-**	28.03
Stock-in-Process	**1,291.51**	683.36
Finished Goods	**1,013.25**	960.69
Stock-in-Trade	**0.21**	-
Stores, Spare Parts & Fuel	**567.38**	333.07
TOTAL	**10,343.05**	12,608.69

NOTE 16 : TRADE RECEIVABLES

(Unsecured and Considered Good)		
Over Six months	**176.99**	24.84
Others	**4,135.41**	4,505.73
(Secured and Considered Good)		
Over Six months	**0.24**	0.00
TOTAL	**4,312.64**	4,530.57

(Rs. in Lacs)

NOTE 17 : CASH & CASH EQUIVALENTS	As at March 31, 2012	As at March 31, 2011
Cash in hand	**13.90**	6.10
Balance with scheduled banks		
in current accounts	**687.35**	600.62
in deposit accounts *	**2911.86**	531.11
in unpaid dividend account	**2.73**	3.34
TOTAL	**3615.84**	1141.17

* includes deposits of Rs. 2845.98 Lacs with maturity of more than 12 months.

NOTE 18 : SHORT TERM LOANS & ADVANCES		
(Unsecured and Considered good)		
Loans and advances to related party		
Inter Corporate Deposits	**-**	450.00
Other Loans & Advances		
Inter Corporate Deposits *	**550.00**	1,150.00
Balances with Customs, Central Excise Authorities, etc.	**95.69**	91.47
Prepaid Expenses	**22.60**	20.96
Deposit with government, public bodies and others	**1227.95**	895.52
Others #	**401.15**	2485.44
TOTAL	**2297.39**	5093.39

* repayable on demand and interest is charged at market rates.

includes primarily advance to sundry creditors, amount receivable from DISCOM and others.

NOTE 19 : OTHER CURRENT ASSETS		
Interest accrued on investments	**76.03**	41.78
Intrest accrued on trade receivable	**1.08**	-
TOTAL	**77.11**	41.78

NOTE 20 : REVENUE FROM OPERATIONS	2011-12	2010-11
Sale of Products		
Yarn	**32729.77**	34471.66
Fabrics	**9339.06**	8376.09
Others	**485.64**	312.10
	42554.47	43159.85
Less: Excise Duty	**33.33**	17.06
	42521.14	43142.79
Income from Investment	**63.57**	-
Sale of Power (Wind)	**0.06**	-
Sale of Shares	**111.00**	-
TOTAL	**42695.77**	43142.79

(Rs. in Lacs)

NOTE 21 : OTHER INCOME	2011-12	2010-11
Profit on Sale of Fixed Assets	**5.18**	9.38
Dividend on Long Term Investments	**126.11**	71.59
Dividend on Short Term Investments	**1288.40**	163.75
Interest Received on ICDs, FDRs, Bonds, etc.	**526.80**	150.22
Other Interest	**5.40**	0.42
Miscellaneous Income	**24.17**	26.52
TOTAL	**1976.06**	421.88

NOTE 22 : COST OF MATERIALS CONSUMED		
Raw Materials Consumed	**30,572.05**	27,842.43
Other Materials Consumed	**1,302.85**	1,209.58
TOTAL	**31,874.90**	29,052.01

NOTE 23 : CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK -IN-PROCESS		
Stock at commencement		
Finished Goods/ Stock-in-Trade	**1050.64**	311.82
Stock-in-Process	**683.36**	547.90
	1734.00	859.72
Stock at Close		
Finished Goods/ Stock-in-Trade	**1013.46**	960.69
Stock-in-Process	**1,291.51**	683.36
	2,304.97	1,644.05
TOTAL	**570.97**	784.33

NOTE 24 : MANUFACTURING EXPENSES		
Stores and Spare Parts Consumed	**784.64**	882.97
Power & Fuel	**4,560.12**	4,662.19
Processing Expenses	**62.14**	1.86
Repairs to : Plant & Machinery	**92.36**	93.36
: Buildings	**30.93**	90.32
Pollution Control Expenses	**81.02**	52.11
TOTAL	**5,611.21**	5,782.81

NOTE 25 : EMPLOYEE BENEFITS EXPENSE		
Salaries & Wages	**2,421.62**	2,245.98
Contribution to Provident and Other Funds	**285.67**	264.06
Staff Welfare Expenses	**62.08**	44.28
TOTAL	**2,769.37**	2,554.32

(Rs. in Lacs)

NOTE 26 : FINANCE COSTS	2011-12	2010-11
Interest Expense		
On Long Term Loans	**607.74**	648.14
On Other borrowings	**294.29**	294.33
	902.03	942.47
Less: Received (Gross)	**713.29**	430.38
	188.74	512.09
Other financing costs	**32.53**	24.31
TOTAL	**221.27**	536.40

NOTE 27 : ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Rent	**11.92**	3.56
Rates & Taxes	**8.27**	13.04
Insurance Charges	**17.40**	12.89
Loss on Sale of Fixed Assets	**-**	0.07
Other Repairs & Maintenance	**35.28**	51.70
Directors' Commission and Sitting Fees	**14.68**	20.67
Provision for Diminution in Value of Current Investment	**-**	6.91
Applicable Loss on Foreign Currency transactions	**(5.31)**	-
Legal & Professional Charges	**109.97**	147.65
Commission & Brokerage on sales	**278.22**	213.34
Selling & Distribution Expenses	**331.77**	431.48
Miscellaneous Expenses	**210.82**	137.23
TOTAL	**1,013.02**	1,038.54

NOTE 28 : EXTRAORDINARY ITEMS		
Profit on Sale of Immovable Property	**-**	15,648.05
Exclusivity Fees	**-**	1,825.09
Non-Compete Fees	**11,255.62**	-
Closure Compensation pertaining to Kota Unit	**(70.36)**	-
Profit/(Loss) on Sale of Investments	**38,948.02**	(353.17)
Provisions for Government Levies and other Obligations	**-**	(1,719.63)
TOTAL	**50,133.28**	15,400.34

NOTE 29 : CURRENT TAX EXPENSE		
Current tax	**10027.80**	3713.78
Minimum alternate tax expense/(credit)	**(146.38)**	(147.86)
Wealth tax	**2.00**	1.85
TOTAL	**9883.42**	3,567.77

(Rs. in Lacs)

NOTE 30 : EARNINGS PER SHARE (EPS)	2011-12	2010-11
Net profit as per Statement of Profit & Loss available for Equity Shareholders	**40,970.12**	15,356.13
Weighted average number of equity shares for EPS computation (Nos.)	**259.20**	259.20
Basic & Diluted Earnings per share before extraordinary items (Rs.)	**2.91**	8.95
Basic & Diluted Earnings per share after extraordinary items (Rs.)	**158.06**	59.24
Face value per share (Rs.)	**10.00**	10.00

31. Related party Disclosures:

A. Name of related parties and description of relationship :

S.No.	Key Management Personnel (KMP)	Control	Significant Influence
i.	Mr. LN Bangur, CMD #	Iota Mtech Power LLP	The Peria Karamalai Tea & Produce Co. Ltd.
ii.	Mr. Govind Sharda ED	Sidhidata Power LLP	Digvijay Investments Ltd.
iii.	Mr. Yogesh Bangur Director (CA&S) #		

Mr. LN Bangur and Mr. Yogesh Bangur are related to each other.

B. Related Party Transactions Details :

Nature of Transaction Relationship	Key Management Personnel	Control	Significant Influence/
Remuneration	145.77 (92.31)		
Purchase of equity shares			202.42 (477.39)
Invesment made		28710.00 (Nil)	
Inter Corporate Deposits (ICD) given			2500.00 (3750.00)
Interest on ICDs			174.00 (31.15)
Income from investment		63.57 Nil	
Inter Corporate Deposits (ICD) liquidated			2950.00 (3300.00)
Balance receivable/(payable)as at 31st March 2012	Nil (Nil)	28773.57 (Nil)	Nil (451.01)

Note: Previous year figures are shown in brackets.

32. Segment Reporting

The Company has identified two reportable segments viz. Textile and Investment. Segments have been identified and reported taking into account nature of products and services, the differing risks and return and the internal business reporting system. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

a) Revenue and expenses have identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to segment on reasonable basis have been disclosed as "Unallocable".

Details of Business Segments:

(Rs. in lacs)

Particulars	Textile		Investment		Unallocable		Total	
	Current year	Previous year	**Current** year	Previous year	**Current** year	Previous year	**Current** year	Previous year
1.Segment Revenue								
- External sales	**42521.20**	43142.79	**174.57**				**42695.77**	43142.79
- Other Income			**1946.45**	86.43			**1946.45**	86.43
-Inter-segment sales								
Total Revenue	**42521.20**	43142.79	**2121.02**	86.43			**44642.22**	43229.22
2.Segment Results	**(294.45)**	3801.30	**1969.89**	85.85			**1675.44**	3887.01
Unallocated expenses (Net off unallocable income)					**-**	119.78		119.78
Profit before interest and tax	**(294.45)**	3801.30	**1968.98**	85.85	**-**	119.78	**1675.44**	4006.79
Interest expense							**(221.27)**	(536.40)
Extraordinary Items							**50133.28**	15400.34
Profit before tax							51587.45	18870.73
Provision for taxation							**(10617.33)**	(3514.61)
3.Profit/(Loss) after tax							**40970.12**	15356.12
4.Other Information								
i) Segment assets	**38290.63**	34059.48	**56139.82**	**14261.93**			**94430.45**	48321.41
Unallocated corporate assets					**1139.51**	628.25	**1139.51**	628.25
Total assets	**38290.63**	34059.48	**56139.82**	14261.93	**1139.51**	628.25	**95569.96**	48949.66
ii) Segment liabilities	**11029.91**	5171.99	**0.71**				**11030.62**	5471.99
Unallocated corporate liabilities					**2675.13**	937.09	**2675.13**	937.09
Total liabilities	**11029.91**	5471.99	**0.71**		**2675.13**	937.09	**13705.75**	6409.08
Capital Expenditure	**7856.99**	971.02					**7856.99**	971.02
Depreciation	**1171.75**	1196.34					**1171.75**	1196.34
Non-cash expenses other than depreciation								

(i) Investment segment figures for the previous year are for the period commencing on 1st February, 2011 and therefore, revenue and results of the segment not comparable, due to part of the year reporting

(ii) As per Accounting Standard on Segment Reporting (AS-17), "Segment Reporting", the Company has reported segment information on consolidated basis including business conducted through its subsidiaries.

(iii) The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiaries	Proportion of ownership interest
MSUM Texfab Ltd. (formerly Allied Dealcomm Ltd.)	100%
Iota Mtech Pvt. Ltd.	100%
KiranVyapar Pvt. Ltd.	100%

33. Previous year figures have been regrouped and rearranged wherever necessary to conform to current year's grouping.

Signature to Notes 1 to 33

As Per our Report of even date.

For BD Gargieya & Co.
Chartered Accountants
(FRN : 001072C)
NK Gupta
Partner
M. No. 72326

Kolkata
May 29, 2012

Pradip Kumar Ojha
Company Secretary

LN Bangur *Chairman & Managing Director*
Govind Sharda *Executive Director*
Yogesh Bangur *Directors(CA&S)*
Alka Bangur
SS Kothari
C V Desai
Amitav Kothari
GR Agarwal
Directors

Financial information of subsidiary companies

(Rs. in lacs)

Particulars	Name of Subsidiary Company		
	MSUM Texfab Limited (Formerly: Allied Dealcomm Limited)	IOTA Mtech Private Limited	Kiran Vyapar Limited
Capital	5.00	5.00	59.52
Reserves	(0.54)	63.26	44.72
Total Assets	4.68	28778.44	106.41
Total Liabilities	4.68	28778.44	106.41
Investments	-	28773.57	100.00
Turnover/Total Income	0.26	63.83	116.86
Profit Before Tax	0.01	63.41	4.74
Provision for Tax	-	-	1.64
Profit After Tax	0.01	63.41	3.10
Proposed Dividend	-	-	-