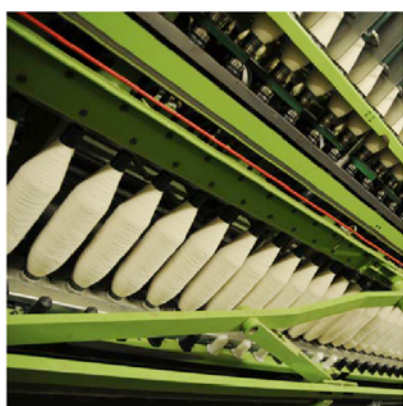


21st
annual
REPORT
2010-2011



Pranavadiya Spinning Mills Ltd.



BOARD OF DIRECTORS

Mr. Anil Kumar Jain	<i>Director</i>
Mr. Kamal Mitra	<i>Director</i>
Mr. P. N. Shah	<i>Director</i>
Mr. R. Anand	<i>Director</i>
Mr. S. K. Agrawal	<i>Chairman</i>

AUDITORS

B. K. Shroff & Co.,
Chartered Accountants,
3/7-B, Asaf Ali Road,
New Delhi - 110 002

SHARE TRANSFER AGENTS

Bigshare Services Pvt. Ltd.
E-2-3/Ansa Industrial Estate,
Saki Vihar Road,
Saki Naka, Andheri (East),
Mumbai - 400 072.
Tel.: 022-4043 0200

CORPORATE OFFICE

301, Arcadia, Nariman Point,
Mumbai - 400 021

REGISTERED OFFICE AND WORKS

Village : Alte
Taluka : Hatkanangale
District : Kolhapur
Maharashtra : 416 109

DELHI OFFICE

506, Pragati Tower, 26, Rajendra Place,
New Delhi - 110 008

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Notice

NOTICE is hereby given that the 21st Annual General Meeting of **PRANAVADITYA SPINNING MILLS LIMITED** will be held on Tuesday the 2nd August 2011 at 11.45 a.m. , at the Registered Office of the Company at Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416 109, Maharashtra to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Accounts for the financial year ended 31st March 2011, and the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. R. Anand, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. S.K. Agrawal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board

Place : Mumbai
Date : 16th May 2011

Anil Kumar Jain
Director

Additional information: As required in terms of Para VI (A) of clause 49 of the Listing Agreement

Brief profile of Mr R. Anand, who retires by rotation and is eligible for re-appointment

Mr R Anand, is a Science graduate and is associated with Textile industry for about 42 years. Mr Anand is on the Board of the Company since 31st July 2008.

Outside Directorship : a) Eastern Engineering Co. (Bombay) Pvt Ltd. b) Nova Silk Pvt. Ltd. c) NCL Industries Ltd. d) ETS Eastern Services Pvt. Ltd. e) NSL Textiles Ltd. f) Indo Count Industries Ltd

Committee Chairmanship/Membership :

Name of the Company	Audit Committee	Remuneration Committee	Management Committee
Indo Count Industries Ltd.	Member	Chairman	—
Pranavaditya Spinning Mills Ltd.	Member	—	—
NSL Textiles Ltd.	Member	Member	Member

Brief profile of Mr. S.K. Agrawal, who retires by rotation and is eligible for re-appointment.

Mr. S.K. Agrawal is a Chartered Accountant by profession has rich experience in Accounting and Taxation.

Mr. Agrawal has been associated with the Company since 25th June 2009.

Outside Directorship: a) Margo Finance Ltd.



Committee Chairmanship/Membership:

Name of the Company	Audit Committee	Investors' Grievances Committee	Remuneration Committee	Share Transfer Committee
Margo Finance Ltd.	Chairman	—	—	—
Pranavadiya Spinning Mills Ltd.	Chairman	Member	Member	Member

By Order of the Board

Place : Mumbai

Date : 16th May 2011

Anil Kumar Jain

Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the aforesaid meeting.

2. Members/Proxies should bring the attendance slip duly filled in for attending the aforesaid meeting.
3. Register of Members and the Share Transfer Books of the Company will remain closed from 22-07-2011 to 02-08-2011 (both days inclusive).
4. Members are requested to:
 - (i) intimate, changes, if any, in their Registered Addresses immediately;
 - (ii) intimate about consolidation of folios if shareholdings are under multiple folios;
 - (iii) quote ledger Folio No./DPID/Client ID in all their correspondence; to the Company's Registrar & Transfer Agent:-

M/s Big Share Services Pvt. Ltd.
E-2-3/Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (East), Mumbai 400 072
Tel.: 022 – 40430200; Fax.: 022 – 28475207

(iv) Register fresh Email IDs with your Depository Participant (DP).

5. MEMBERS ARE ADVISED TO SEND ALL SHARE TRANSFERS AND RELATED CORRESPONDENCE TO THE REGISTRAR AND SHARE TRANSFER AGENT AT THE ABOVE ADDRESS.
6. Members/Proxies should bring the attendance slip duly filled in for attending the aforesaid meeting.
7. Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.

By Order of the Board

Place : Mumbai

Date : 16th May 2011

Anil Kumar Jain

Director

Directors' Report

To
The Members
PRNAVADITYA SPINNING MILLS LIMITED

Your Directors have pleasure in presenting the TWENTY FIRST ANNUAL REPORT together with the Audited Financial Statement for the year ended 31st March 2011.

Financial Results

(₹ in lac)

Particulars	2010-11	2009-10
Gross sales (including export incentive)	4,891.18	3,271.42
Profit before Depreciation, interest and Taxation	490.92	432.12
Less: Interest	23.52	22.93
: Depreciation	192.12	193.36
Cash Profit	465.60	409.19
Net Profit for the year before taxation	275.28	215.83
Provision for Taxation (including Deferred Tax Asset)	112.87	9.46
Net Profit After Taxation	162.41	206.37
Loss Brought Forward	(69.34)	(275.71)
Net Profit/(Loss) carried forward to Balance Sheet	93.07	(69.34)

Dividend

Due to meager profits, the Directors are unable to recommend dividend for the year.

PERFORMANCE REVIEW

During the year under review, the Company earned an operating profit of ₹ 490.92 lac (previous year operating profit of ₹ 432.12 lac) on sales turnover of ₹ 4,891.18 lac (previous year ₹ 3,271.42 lac). Steep rise in the cost major inputs have significantly impacted the profitability. Abrupt ban on the exports during last quarter of year under review have also affected the top line of the Company.

BIFR

Board for Industrial & Finance Reconstruction (BIFR) vide its order dated 16-09-2010, has de-registered the Company from BIFR.

Business Outlook

Textile Division

The domestic as well as Export market for textile products continues to grow for better prospects. Increased demand for textile products globally will reap benefits to the Company in the years to come.

However, the cost of raw material have increased phenomenally, which is higher by about 80 – 90% than the previous year, will have an adverse impact on the margins of the Company.

Of late, the prices of cotton and yarn have started correcting for the better, which augurs well for the industry.



Management Discussion and Analysis

Textile Division

Industry structure and developments

The Indian spinning industry enjoys a predominant position in the domestic and international yarn trade. With about 41 mn. Spindles, this segment of the textile industry, is still expanding and modernizing itself, being the single largest beneficiary under the Technology Upgradation Scheme of the Government of India.

Most of the spindles are in the organized sector with medium and large scale units. The spinning units are efficiently run and thus compete very well in terms of cost of production with the global players.

Besides exporting nearly 21% of its production, the spinning units cater to the ever growing domestic demand.

Your Company has been in the carded yarn business and has established a name in the domestic market. The facilities at the unit have been streamlined and aligned to produce the best quality of yarns at competitive costs. The unit has moved in to higher value addition by producing finer counts of carded yarn.

Opportunities and threats

Due to general economic slow down globally, the domestic market had also faced slump in demand for cotton yarn. Despite this, during the year under review, the sales and production grew by about 50% over that of the previous year.

With the same back process capacity, the unit can expand further up to 4000 spindles to optimize its production. Steps have been taken to enhance the capacity to take advantage of this situation.

Domestic Cotton prices have soared by about 100% in comparison with that of the previous season. However, the yarn prices did not respond positively due to lower demand, seriously impacted the margin. Export of cotton has given spiraling impact on the prices of domestic cotton and yarn. Cost of the other major input, the power, also rose sharply exerting upward pressure on the production cost. The MSP concept is expected to attract larger area under cultivation and thus higher crop, which will be beneficial for the industry as a whole.

Risks and concerns

Cotton production depends on the vagaries of monsoon. Procurement of raw material at right prices is the key to yarn prices remaining cost competitive.

As for part of the year, the unit under the BIFR fold, the Company has not been able to raise adequate finance for its working capital requirements. However, consequent to the Company's de-registration from BIFR, could enable it to get necessary liquidity for running its operations efficiently.

Outlook

There is spurt in demand for cotton yarn both in domestic and international markets, of late, and as a result, yarn prices have started looking up. Overall outlook for the Textile Industry continues to be promising.

Segment

The Company is engaged only in one segment i.e. Textile.

Internal control systems and their adequacy

The Company has in place an elaborate internal control system to ensure proper authorization and accounting of transactions as also for safeguarding and protecting Company's assets against loss. The internal auditors check the controls periodically and their report is reviewed by the Management and the Audit Committee from time to time. The Management feels that the system of internal controls is adequate considering the size of operations of the Company.

Human Resources

During the year, labour relations continued to be cordial.

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with

Directors' Report

the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure.

Corporate Governance

The corporate governance report together with a certificate from the Company's auditors confirming compliance of guidelines are made part of this Report as per clause 49 of the listing agreement entered into with the stock exchange.

Directors' Responsibility Statement

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) that in the preparation of the accounts for the financial year ended on 31st March 2011, the applicable accounting standards have been followed and there are no material departures.
- b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review.
- c) that the Directors have taken proper and sufficient care 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.
- d) that the Directors have prepared the annual accounts ended on 31st March 2011 on a 'going concern' basis.

Directors

In accordance with the provisions of the Companies Act, 1956, Mr. R Anand, Mr. S.K. Agrawal retires by rotation and being eligible, offer themselves for reappointment.

Auditors

M/s. B K Shroff and Co., Chartered Accountants retire at the end of this Annual General Meeting and are eligible for reappointment as auditors.

The observations of Auditors as referred in Auditors' Report are suitably explained in the Notes on Accounts and therefore do not call for any further comments.

Conservation of Energy, Technology Absorption & Foreign Exchange Earning & Outgo

Statement required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure forming part of this Report.

Acknowledgements

Your Directors are grateful to the customers, suppliers and employees for their Co-operation and assistance during the year under review.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments outside the country, global demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations.

On behalf of Board of Directors

Place : Mumbai
Dated : 16th May 2011

Anil Kumar Jain
Director

**Annexure to Directors' Report**

Information Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Forming part of the Directors' Report for the financial year ended on 31st March 2011.

A. CONSERVATION OF ENERGY**Form - A****Form for Disclosure of particulars with respect to conservation of energy**

Particulars	2010-11	2009-10
a) Power and Fuel		
ELECTRICITY		
a) Purchased (Units)	108,13,506	89,54,884
Total amount ₹ in lac	588.35	444.38
Rate/unit ₹	5.44	4.96
b) Own generation:		
i) through diesel generator		
Unit	Nil	Nil
Unit/liter of diesel oil	Nil	Nil
Cost per unit	NA	Nil
ii) Furnace oil		
Quantity (KL)	—	—
Amount ₹ in lac	—	—
Average Rate (Rs)	—	—
b) Electricity consumption per unit of production of yarn per Kg.	3.92	3.66

B. TECHNOLOGY ABSORPTION**Form - B**

Technology Absorption, Adaptation and Innovation

- Specific areas in which R & D was carried by the Company - Nil**
- Benefit derived from above R & D activities - Nil**
- Future plan of action.**

Search for improvement/betterment in products and systems will continue in order to reduce production costs.

D. Expenditure on R & D

- Separate account for R&D expenses is not maintained.
- Expenditure is charged to profit and loss account like other heads.

2. Technology absorption, adaptation and innovation

The Company has not imported any technology since inception.

C. FOREIGN EXCHANGE EARNINGS AND OUT-GO

- Activity related to initiatives taken to increase export markets for products and services and export – The Company product is entirely sold in the local market.
- Total foreign exchange used and earned.

(₹ in lac)

Particulars	2010-11	2009-10
Used	14.52	4.54
Earned (FOB value of export goods)	972.83	190.31

On behalf of Board of Directors

Place : Mumbai
Dated : 16th May 2011

Anil Kumar Jain
Director

Corporate Governance (Annexure to Directors' Report)

Corporate ethics

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Philosophy

Your Company is committed to excellence in Corporate Governance practice and recognizes that good Corporate Governance is a continuous exercise. Your Company aims at achieving transparency, accountability, equity and ethics in all facets of its operations and in all interaction with its stakeholders. Your Company believes that all its operations and actions must result in enhancement of overall shareholder value over a sustained period of time without compromising in any way compliance with laws and regulations.

Status of Compliance

Our Company has been able to make significant compliance with the revised provisions of Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS

a) Composition of the Board

The Company has presently 5 Directors and the Chairman is a Non-Executive Director. Other four are also Non-Executive Directors and of these three are Independent Directors.

The Board of Directors meet at least once a quarter to review the Company's performance and financial results and more often, if considered necessary, to transact other important business.

b) Number of Board meetings

During the current accounting year ended 31st March 2011, 5 Board Meetings were held on the following dates viz. 11-05-2010, 01-06-2010, 14-08-2010, 11-11-2010 and 14-02-2011.

The maximum interval between any two Board Meetings was less than 4 months as stipulated in Clause 49 of the Listing Agreement.

The 20th Annual General Meeting was held on 31st July 2010.

c) Directors attendance record and Directorship held as under:

Name of the Director	Designation	Category	During the Year Number of Board Meetings		Whether attended last AGM	Directorship in other Public Limited Companies incorporated in India	Overall Committee Membership/ Chairmanship across Directorship	
			Held	Attended			Chairman	Member
NON EXECUTIVE								
Mr. S. K. Agrawal	Chairman	Independent	5	5	Yes	1	2	3
Mr. Anil Kumar Jain	Director	Promoter	5	5	Yes	4	2	3
Mr. Kamal Mitra	Director	Non - Independent	5	3	Yes	1	—	3
Mr. P. N. Shah	Director	Independent	5	5	No	6	3	5
Mr. R. Anand	Director	Independent	5	4	No	3	—	3



The Board has lay down and adopted Code of Conduct for all Board Members and Senior Management personnel of the Company.

No remuneration, other than sitting fees has been paid for attending the Board/Committee meeting detailed as under:-

Name of Director	Sitting Fees Amt ₹
Mr. P. N. Shah	18,000/-
Mr. R. Anand	14,000/-
Mr. Kamal Mitra	8,000/-

Name of Director	Sitting Fees Amt ₹
Mr. S.K. Agrawal	18,000/-
Mr. Anil Kumar Jain	10,000/-

Chairmanship/Membership of every Director is within limits specified.

d) Information supplied to the Board:

A detailed agenda is sent to each Director sufficiently in advance of Board and Committee meetings. At every Board meeting the Chairman briefs the members on the overall performance of the Company.

Apart from the matters statutorily requiring the Board approval, all major decisions related to investments, capital expenditure, modernization programs, mobilization of resources and planning thereof are considered by the Board.

As per SEBI's code of Corporate Governance, the following information is regularly placed before the Board:-

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial nonpayment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.

Corporate Governance (Annexure to Directors' Report)

- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

e) Independent Audit Committee:

The Company has constituted Audit Committee in accordance with the requirements of Clause 49 of the Listing Agreement with qualified, independent and non-executive members of the Board of Directors of the Company. The broad terms of reference of the Audit Committee are:-

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.



- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee comprises 4 Non-executive, independent Directors viz. Mr. S.K. Agarwal, Mr. Kamal Mitra, Mr. R Anand and Mr. P N Shah, Directors of the Company.

The Audit Committee meetings are attended by Internal Auditors. Statutory/Cost Auditors are invited as and when required by the Committee.

The Chairman of the Committee Mr. S K Agarwal, a Non-Executive Director, is a Chartered Accountant by profession.

4 Audit Committee meetings were held during the current accounting year ended 31st March, 2011, on the following dates viz: 11-05-2010, 01-06-2010, 22-09-2010 and 19-01-2011. The attendance of each member is as under:-

Name of the Member	Position	No of meetings	
		Held	Attended
Mr. S. K. Agrawal	Chairman	4	4
Mr. Kamal Mitra	Member	4	1
Mr. P. N. Shah	Member	4	4
Mr. R. Anand	Member	4	3

f) Remuneration Committee:

Though the formation of the Remuneration Committee is non-mandatory in nature, as a concern of good Corporate Governance, the Board has constituted Remuneration Committee at its meeting held on 11th May 2010. The present Remuneration Committee comprises 3 independent and non-executive members of the Board of Directors of the Company. The broad terms of reference of the Remuneration Committee are:-

- To frame a remuneration policy and consider specific remuneration package for its Executive Directors including pension rights and compensation payments.
- To review remuneration policy and remuneration paid to the Executive Directors from time to time.
- To approve the remuneration paid/payable to the Executive Directors as require by the Companies Act, 1956, and/or Listing guidelines.

Composition:

The Committee comprises 3 Non-Executive, independent members of the Board of Directors, viz

Name of the Member	Position	No of meetings	
		Held	Attended
Mr. S. K. Agrawal	Chairman	1	1
Mr. R. Anand	Member	1	1
Mr. P. N. Shah	Member	1	1

Corporate Governance (Annexure to Directors' Report)

The meeting was held on 12-05-2010.

No remuneration, other than sitting fees for attending the Board/Committee meetings, is paid to the Non-Executive Directors.

g) Investors' Grievance Committee/Shareholders' Committee:

The Board has constituted the "Shareholder/Investor Grievances Committee" in accordance with the requirements of the Clause 49 of the Listing Agreement. The objective of the Committee is to attend to the investors' complaints pertaining to transfer/transmission/demat/remat of shares, on receipt of dividend warrants/share certificates etc and any other matter related thereto.

The committee functions under the Chairmanship of Mr. Anil Kumar Jain. The other members are Mr. S.K. Agrawal and Mr. Kamal Mitra. The Committee meets once in a quarter.

h) Compliance Officer:

Mr. Kamal Mitra, the Director has been designated as Compliance Officer.

Status of the Complaints received for the period 1st April 2010 to 31st March 2011 is as under:-

Sr No	Nature of Complaint	Number of complaints			
		Received		Resolved	
		SEBI	Others	SEBI	Other
1	Non receipt of share certificates	—	—	—	—
2	Non receipt of dividend warrants	—	—	—	—
3	Non receipt of annual reports	—	—	—	—
4	Revalidation of dividend warrants	—	—	—	—
5	Stop transfer	—	—	—	—
6	Demat/Remat of share certificates	—	—	—	—
7	Loss of share certificates	—	—	—	—

i) Share Transfer Committee:

The Board has also constituted Share Transfer Committee comprising three Directors viz. Mr. Anil Kumar Jain, Mr. S.K. Agarwal and Mr. Kamal Mitra and Committee is chaired by Mr. Anil Kumar Jain.

3. MANAGEMENT

a) Management Discussion and Analysis:

Management Discussion and Analysis Report forms part of the Annual Report.

b) Disclosure by the management to the Board:

All details relating to financial and commercial transactions where Director may have a potential interest are disclosed to the Board, and the interested Directors neither participate in the discussions, nor do they vote on such matters.



4. SHAREHOLDERS

a) Annual General Meetings:

Details of General Meetings of the shareholders are as under:-

Year	AGM/EGM	Location	Date	Time
2007-08	AGM	Village Alte, Tal. Hatkanangale, PB No 3, Kolhapur 416 109	27-09-2008	4.00 p.m.
2008-09	AGM	— do —	29-09-2009	12.30 p.m.
2009-10	AGM	— do —	31-07-2010	11.45 a.m.

There were no special resolutions passed by the Company through postal ballot during 2010-11.

b) Disclosures:

I) Disclosure on materially significant related transactions i.e. transaction of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large:

There is no material transaction with any related party which may have potential conflict with the interests of the Company at large. However, the Company has annexed to the accounts, a list of related parties as per the Accounting Standard 18 and the transactions entered into with them.

II) Disclosure of accounting treatments, if different from that prescribed in Accounting Standards with explanation:

All the accounting treatments made are in consonance with Accounting Standards.

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

Neither any non-compliance with any of the legal provisions been made by the Company nor has any penalty, stricture has been imposed by the stock exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.

IV) Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee:

The Company does not have whistle blower policy, as the same is not mandatory in nature.

c) Means of Communication:

The Company is publishing its financial results in leading newspapers viz. Free Press Journal and Nav Shakti, on a quarterly basis.

The Annual Report is posted to every shareholder of the Company.

The Company has not made any presentation to the institution, investors/analysts.

MDA is part of the Directors' Report.

Corporate Governance (Annexure to Directors' Report)

d) General Shareholders' Information:

Annual General Meeting:	
Day, Date, Time and Venue	Tuesday, the 2 nd August 2011, at 11.45 a.m. at the Registered Office of the Company at Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416 109, Maharashtra
Financial Calendar 2011-12	
Financial reporting for the quarter ending 30-06-2011	Latest by Saturday the 13-08-2011
Financial reporting for the quarter ending 30-09-2011	Latest by Monday the 14-11-2011
Financial reporting for the quarter ending 31-12-2011	Latest by Tuesday the 14-02-2012
Financial reporting for the quarter ending 31-03-2012	Latest by Wednesday the 30-05-2012
Book closure dates	22-07-2011 to 02-08-2011 (both days inclusive)
Listing on the Stock Exchange	The equity shares of the Company are listed on the Bombay Stock Exchange Limited. The Company has paid the listing fees to the Bombay Stock Exchange Limited for the period from 01-04-2011 to 31-03-2012
Address of the Stock Exchange	The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Scrip code: 531172
Code in respect of Company's shares traded in a DEMAT form for both NSDL and CDSL : ISIN – INE569D01028	

5. STOCK PRICE DATA FOR THE PERIOD FROM 01-04-2010 TO 31-03-2011

Month	High (₹)	Low (₹)	Volume	Index #
April 2010	10.00	8.30	39,667	17,558.71
May 2010	9.74	8.21	33,892	16,944.63
June 2010	9.20	7.85	36,849	17,700.90
July 2010	9.65	7.90	71,382	17,868.29
August 2010	13.78	7.50	368,661	17,971.12
September 2010	12.89	9.41	58,009	20,069.12
October 2010	15.85	9.81	207,829	20,032.34
November 2010	16.00	11.86	76,704	19,521.25
December 2010	13.34	10.15	23,345	20,509.09
January 2011	12.60	10.01	8,980	18,327.76
February 2011	10.94	8.10	20,310	17,823.40
March 2011	9.45	7.96	19,754	19,445.22

Represents Sensex at the close of the last trading day of the month.



6. REGISTRAR & SHARE TRANSFER AGENT:

M/s. Big Share Services Pvt. Ltd.
E-2-3/Ansa Industrial Estate
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai 400 072.
Tel.: 022 – 40430200; Fax: 022 – 28475207

Share Transfer system

Share Transfer Committee approves the transfer/transmission/split/consolidation/ remat/demat of share certificates at its meeting held every fortnight.

7. DISTRIBUTION OF SHAREHOLDING AS AT 31-03-2011

No. of equity shares	No of Shareholders	% of Shareholders	No of shares held	% of shareholding
Upto - 500	3686	93.08	175,311	0.91
501 – 1000	105	2.66	86,171	0.45
1001 – 2000	63	1.59	98,558	0.51
2001 – 3000	38	0.96	91,587	0.48
3001 – 4000	14	0.35	50,771	0.26
4001 – 5000	10	0.25	46,909	0.24
5001 – 10000	23	0.58	176,717	0.92
Above 10001	21	0.53	185,15,256	96.23
Total	3960	100.00	192,41,280	100.00

8. DEMATERIALISATION OF SHARES AND LIQUIDITY:

As at 31st March 2011, 191,69,064 equity shares being 99.62% of total equity share capital is held in electronic mode with two DPs viz. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd (CDSL). The Company's shares have to be compulsorily traded in the electronic form. Requests for dematerialization of shares are processed and confirmed within 15 – 20 days of receipt to NSDL and CDSL.

9. OUTSTANDING ADRS/GDRS/WARRANTS/OTHER CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON THE EQUITY:

As at 31st March 2011, there is no outstanding ADRs/GDRs/Warrants/Other Convertible instrument which has impact on the equity of the Company.

10. OTHER OFFICES OF THE COMPANY:

Registered Office and Works Village Alte, Taluka Hatkanangale, P B No 2, Dist. Kolhapur 416 109, Maharashtra	Head Office 301 and 1101, Arcadia, Nariman Point, Mumbai 400 021.
For Communication Mr. Anil Kumar Jain C/o. Indo Count Industries Ltd., 301 and 1101, Arcadia, Nariman Point, Mumbai 400 021.	New Delhi Office 506, Pragati Tower, 26, Rajendra Place, New Delhi 110 008.

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To the shareholders of Pranavaditya Spinning Mills Ltd.

We have examined the compliance of conditions of corporate governance by Pranavaditya Spinning Mills Limited, for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

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

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

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the shareholders / investors grievance committee.

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

For **B. K. Shroff and Co.**
Chartered Accountants
Reg. No. 302166E

O. P. Shroff
Partner

Membership No. 6329

Place : Mumbai

Date : 16th May, 2011

ATTENTION SHAREHOLDERS

Dear Shareholder,

This is to inform that the Ministry of Corporate Affairs (MCA) has issued circular no. 17/2011 dated April 21, 2011 regarding "Green Initiatives in the Corporate Governance – Clarification regarding service of documents by e-mode instead of Under Posting Certificate", whereby MCA has allowed paperless compliances by the Companies, by stating that the service of document by a Company can be made through electronic mode.

Keeping in view the initiative by the MCA and the circular issued by it, we propose to send the documents like Notice calling the Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements, Auditors' Report, etc beginning from the year ended 31st March 2011, in electronic form to the email address provided by you and made available to us by the Depository.

Please note that as a member of the Company, you shall be entitled to be furnished copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including Directors' and Auditors' Report, at any time, free of cost, upon requisition from you.

We are sure that you would appreciate the "Green Initiative" taken by the MCA to save our environment and your Company's desire to participate in such initiative.

Thanking you,

Yours faithfully

For **PRANAVADITYA SPINNING MILLS LTD.**

Anil Kumar Jain

Director

Date : 16th May, 2011



Auditors' Report

To

The Members of

PRANAVADITYA SPINNING MILLS LIMITED

1. We have audited the attached Balance Sheet of Pranavadiya Spinning Mills Limited as at 31st March, 2011 and also the annexed Profit & Loss Account and the cash flow statement of the Company 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as are considered appropriate and on the basis of information and explanations given to us during the course of our audit, we enclose in the annexure a statement on the matters specified in Paragraphs 4 and 5 of the said order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account.
 - iv) In our opinion and to the best of our information, the Balance Sheet, Profit and loss Account and Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.
 - v) On the basis of written representations made by the Directors as on 31st March, 2011 and taken on record by the Board of Directors of the Company and information and explanations given to us, none of the Directors is prima-facia disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of the sub-section (1) of section 274 of the Companies Act, 1956
 - vi) In our opinion and to the best of our information and according to the explanations given to us the said accounts and subject to and read together with the notes appearing in schedule S give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - b. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - c. in the case of cash flow statement of the cash flows for the year ended on that date.

For **B.K. SHROFF & CO.**
Chartered Accountants
Reg. No. 302166E

O. P. Shroff
Partner

Place : Mumbai
Date : 16th May 2011

Membership No. 6329

Annexure to Auditors' Report

Referred to in paragraph 3 of our report of even date

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the management according to a regular program, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets. Therefore, it has not affected the going concern concept of the Company.
- ii. (a) Physical verification of inventory (except material in transit) has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material.
- iii. According to the information and explanations given to us, the Company has not granted any loans during the year to the parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v. Transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 :
 - (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under the section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000/- in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A of the Companies Act, and its Rules, and also the directives of Reserve Bank of India. Since the Company has not defaulted in repayments of deposits, compliance of Section 58AA or obtaining any order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, does not arise.
- vii. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not



- made a detailed examination of such accounts and records.
- ix. (a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, sales tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- (b) Dues on account of penalty levied by excise authorities amounting to ₹ 1.00 lac for the earlier year have not been deposited and appeal for the same is pending before CESTAT. There are no dues in the nature of sales tax, income tax, custom tax, wealth tax, excise duty and cess which are disputed and outstanding.
- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- xii. According to the information and explanations given to us, the Company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is neither a chit fund nor nidhi / mutual benefit fund / society and hence clause 4 (xii) of the Order is not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments and accordingly, the provisions of clause 4 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion, the Company has not given guarantee for loans taken by others from banks or financial institutions.
- xvi. The Company has not obtained any fresh term loans during the year under review. Accordingly, the provisions of clause 16 of Para 4 of the Companies (Auditors Report) Order are not applicable to the Company.
- xvii. As per the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report the Company has not used funds raised during the year on short-term basis for long term investment.
- xviii. During the year the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, the Company has not issued debentures during the year.
- xx. According to the information and explanations given to us, during the year the Company has not raised any money by public issue.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B.K. SHROFF & CO.**
Chartered Accountants
Reg. No. 302166E

O. P. Shroff
Partner

Place : Mumbai
Date : 16th May 2011

Membership No. 6329

Balance Sheet as at 31st March, 2011

	Schedule	As at 31-03-2011 [₹]	As at 31-03-2010 [₹]
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	192,412,800	192,412,800
Reserves & Surplus	B	199,688,054	201,325,634
LOAN FUNDS			
Secured Loans	C	21,462,499	13,612,443
Unsecured Loans	D	16,720,239	21,073,778
		<u>430,283,592</u>	<u>428,424,655</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	585,932,103	591,626,857
Less: Depreciation		318,644,508	311,719,871
		<u>267,287,595</u>	<u>279,906,986</u>
Add : Capital Work In Progress		679,293	—
		<u>267,966,888</u>	<u>279,906,986</u>
INVESTMENTS	F	15,504	15,504
DEFERRED TAX ASSETS		48,679,510	59,786,883
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	82,230,920	39,809,930
Sundry Debtors	H	47,217,786	34,652,927
Cash & Bank Balances	I	10,269,657	15,016,594
Loans & Advances	J	13,736,892	12,055,406
		<u>153,455,255</u>	<u>101,534,857</u>
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	K	34,298,703	14,811,805
Provisions	L	5,534,862	4,941,692
		<u>39,833,565</u>	<u>19,753,497</u>
PROFIT & LOSS ACCOUNT		—	6,933,922
		<u>430,283,592</u>	<u>428,424,655</u>
SIGNIFICANT ACCOUNTING POLICIES	R		
NOTES ON ACCOUNTS	S		

As per our report of even date annexed
For **B. K. SHROFF & CO.**,
Chartered Accountants
Reg. No. 302166E

O. P. Shroff
Partner
Membership No. 6329
Place : Mumbai
Date : 16th May 2011

S. K. Agrawal
Chairman

Anil Kumar Jain
Director

**Profit & Loss Account** for the year ended on 31st March, 2011

	Schedule	For the year ended 31-03-2011 [₹]		For the year ended 31-03-2010 [₹]	
INCOME					
Sales (Gross)			488,912,509		325,691,452
Less : Excise duty			—		—
Sales (Net)			488,912,509		325,691,452
Export Incentives/Benefits			205,760		1,450,774
Other Income	M		2,136,397		2,249,060
Increase in Stocks	N		22,213,768		4,924,420
			<u>513,468,434</u>		<u>334,315,706</u>
EXPENDITURE					
Material Cost	O		342,640,508		189,488,406
Purchases -Traded goods			1,138,208		14,754,786
Manufacturing & Other expenses	P		120,597,304		86,860,323
			<u>464,376,020</u>		<u>291,103,515</u>
Profit before financial charges, depreciation & taxation			49,092,414		43,212,191
Finance Charges	Q		2,352,104		2,292,632
Profit before depreciation & taxation			46,740,310		40,919,559
Depreciation		30,156,629		26,024,349	
Less : Transfer from Revaluation Reserve		<u>10,944,917</u>		<u>6,688,724</u>	
			<u>19,211,712</u>		<u>19,335,625</u>
Profit before taxation			27,528,598		21,583,934
Provision for Taxation					
- Income Tax for earlier years			(179,966)		—
- Deferred Tax asset			(11,107,373)		(930,966)
- Fringe Benefit Tax			—		(14,734)
Profit after Tax			<u>16,241,259</u>		<u>20,638,234</u>
Balance brought forward			(6,933,922)		(27,572,156)
Balance carried forward			<u>9,307,337</u>		<u>(6,933,922)</u>
EARNING PER SHARE (Note 16 Schedule S)					
Basic			0.84		1.07
SIGNIFICANT ACCOUNTING POLICIES					
NOTES ON ACCOUNTS					

As per our report of even date annexed
For B. K. SHROFF & CO.,
Chartered Accountants
Reg. No. 302166E

O. P. Shroff
Partner
Membership No. 6329
Place : Mumbai
Date : 16th May 2011

S. K. Agrawal
Chairman

Anil Kumar Jain
Director

Cash Flow Statement for the year ended on 31st March, 2011

PARTICULARS	31-03-2011 [₹]	31-03-2010 [₹]
A. Cash Flow from Operating Activities		
Net Profit before Tax	27,528,598	21,583,934
Add : Adjustments for		
– Depreciation	19,211,712	19,335,626
– Profit on sale of fixed assets	(1,166,382)	—
– Interest received	(119,115)	—
– Interest paid	1,557,472	2,264,147
– Fixed Assets written off	310,229	—
Operating Profit before Working Capital changes	47,322,514	43,183,707
– Adjustments for change in Working Capital		
– Change in Inventories	(42,420,990)	(26,164,502)
– Trade & Other Receivables	(14,356,399)	(18,807,926)
– Trade & Other Payables	20,080,067	6,687,558
– Direct Taxes paid	(69,912)	(144,861)
Net Cash from Operating Activities	10,555,280	4,753,976
B. Cash Flow from Investing Activities		
– Purchase of Fixed Assets	(19,697,502)	(5,642,833)
– Revaluation of Fixed Assets	(198,825,634)	(205,514,358)
– Sale of Fixed Assets	2,337,125	—
– Interest received	119,115	—
– Reduction in Revaluation Reserve	10,944,917	6,688,724
Net Cash from Investing Activities	(205,121,979)	(204,468,467)
C. Cash Flow from Financing Activities		
– Revaluation Reserve	187,880,717	198,825,634
– Proceeds from Working Capital Borrowings	3,496,517	6,340,827
– Interest paid	(1,557,472)	(2,264,147)
Net Cash from Financing activities	189,819,762	202,902,314
Net increase in cash or cash equivalents	(4,746,937)	3,187,823
Cash or cash equivalents (Opening balance)	15,016,594	11,828,771
Cash or cash equivalents (Closing balance)	10,269,657	15,016,594
NOTE : Figures in bracket represents cash outflow.		

As per our report of even date annexed
For **B. K. SHROFF & CO.,**
Chartered Accountants
Reg. No. 302166E

O. P. Shroff
Partner
Membership No. 6329
Place : Mumbai
Date : 16th May 2011

S. K. Agrawal
Chairman

Anil Kumar Jain
Director



Schedules to the Balance Sheet as at 31st March, 2011

	As at 31-03-2011 [₹]	As at 31-03-2010 [₹]		
A. SHARE CAPITAL				
Authorised				
192,70,000 Equity shares of ₹ 10/- each	192,700,000	192,700,000		
	192,700,000	192,700,000		
Issued, Subscribed & Paid up				
1,92,41,280 Equity Shares of ₹ 10/- each fully paid up	192,412,800	192,412,800		
	192,412,800	192,412,800		
Out of the above 1,80,41,280 equity shares are held by the holding Company, Indo Count Industries Limited.				
	Balance As at 01-04-2010 [₹]	Additions [₹]	Deductions [₹]	Balance As at 31-03-2011 [₹]
B. RESERVES & SURPLUS				
Capital Subsidy	2,500,000	—	—	2,500,000
Revaluation Reserve	198,825,634	—	10,944,917	187,880,717
Profit & Loss A/c	(6,933,922)	16,241,259	—	9,307,337
	<u>194,391,712</u>	<u>16,241,259</u>	<u>10,944,917</u>	<u>199,688,054</u>
C. SECURED LOANS				
Axis Bank Ltd Sangli - Cotton Pledge A/c (Secured against pledge of stocks of cotton bales together with corporate - guarantee of the holding Company M/s Indo Count Industries Ltd.)			19,905,564	13,423,408
Hire Purchase Finance				
-From Banks			1,454,733	—
-From Others			102,202	189,035
(Secured against hypothecation of vehicle acquired under auto loan scheme)				
			<u>21,462,499</u>	<u>13,612,443</u>
D. UNSECURED LOANS				
- From Holding Company (including interest accrued)			16,720,239	21,073,778
			<u>16,720,239</u>	<u>21,073,778</u>

Schedules to the Balance Sheet as at 31st March, 2011

E. FIXED ASSETS

[₹]

PARTICULARS	GROSS BLOCK					DEPRECIATION	NET BLOCK	
	As at 1-04-2010	Additions	Value Added on Revaluation	Sales / Adjustment	As at 31-03-2011	As at 31-03-2011	As at 31-03-2011	As at 31-03-2010
Land - Freehold	84,621,000	—	—	—	84,621,000	—	84,621,000	84,621,000
Buildings	98,980,337	423,950	—	97,719	99,306,568	18,700,235	80,606,333	82,159,642
Plant & Machinery	386,572,329	16,354,824	—	23,557,730	379,369,423	282,743,483	96,625,940	108,456,311
Furniture & Fixtures	6,023,581	3,420	—	654,379	5,372,622	4,763,237	609,385	987,301
Factory & Office Equipment	11,970,678	74,349	—	378,713	11,666,314	9,387,142	2,279,172	3,012,696
Electrical Installation	2,353,615	—	—	—	2,353,615	2,211,766	141,849	213,546
Vehicles	1,105,317	2,161,666	—	24,422	3,242,561	838,645	2,403,916	456,490
Total	591,626,857	19,018,209	—	24,712,963	585,932,103	318,644,508	267,287,595	279,906,986
Previous Year	380,469,666	5,642,833	205,514,358	—	591,626,857	311,719,871		
Capital Work In Progress							679,293	—
Total							267,966,888	279,906,986

	Number	Face Value [₹]	As at 31-03-2011 [₹]	As at 31-03-2010 [₹]
F. INVESTMENTS				
- At Cost				
Non Trade - Long Term				
-Unquoted				
1050 Shares of Shri Datta Nagari Sahakari Pat Sanstha Ltd.	1,050	10	10,500	10,500
200 Shares of Choudeswari Co-op.Bank Ltd.	200	25	5,004	5,004
		TOTAL	15,504	15,504
Aggregate Value of				
- Quoted Investments			—	—
- Unquoted Investments			15,504	15,504
- NAV Based Units			—	—
		TOTAL	15,504	15,504
Market value of Quoted Investments			—	—
NAV of Units			—	—



	As at 31-03-2011 [₹]	As at 31-03-2010 [₹]
G. INVENTORIES (as certified & valued by the management)		
Stores, Spares & Packing material	1,744,428	1,927,088
Raw materials	48,415,753	28,025,871
Waste	1,089,250	1,182,764
Stock in process	17,938,712	6,405,111
Finished goods	13,042,777	2,269,096
	<u>82,230,920</u>	<u>39,809,930</u>
H. SUNDRY DEBTORS (Unsecured-Considered good)		
-Exceeding six months	1,055,823	116,874
-Others	46,161,963	34,536,053
	<u>47,217,786</u>	<u>34,652,927</u>
I. CASH & BANK BALANCES		
Cash on hand	107,869	24,614
Balances with Scheduled Banks		
-In Current Accounts	4,079,698	14,991,980
-In Fixed Deposit Accounts	6,082,090	—
	<u>10,269,657</u>	<u>15,016,594</u>
J. LOANS & ADVANCES (Unsecured - Considered good)		
Advances (recoverable in cash or in kind or for value to be received)	7,870,574	5,660,759
Security Deposits	4,721,899	3,689,400
Income Tax Payments (including tax deducted at source)	1,144,419	1,254,473
Export Incentives/Claims recoverable	—	1,450,774
	<u>13,736,892</u>	<u>12,055,406</u>
K. CURRENT LIABILITIES		
Sundry Creditors		
Total outstanding dues of Micro Enterprises and Small Enterprises	—	—
Total outstanding dues of creditors other than Micro and Small Enterprises	26,873,657	8,560,238
Other Liabilities	7,425,046	6,251,567
	<u>34,298,703</u>	<u>14,811,805</u>
L. PROVISIONS		
Gratuity	4,399,592	4,255,597
Leave Encashment	1,135,270	686,095
	<u>5,534,862</u>	<u>4,941,692</u>

Schedules to the Profit and Loss Account for the year ended 31st March, 2011

	For the year ended on 31-03-2011 [₹]		For the year ended on 31-03-2010 [₹]	
M. OTHER INCOME				
Interest				
- Banks (Including tax deducted at source ₹ 36,399/- previous year ₹ 34,063/-)	396,672		—	
- Others (Including tax deducted at source ₹ 27,756/- previous year ₹ Nil/-)	277,557	674,229	240,982	240,982
Miscellaneous Receipts and Income		1,400		1,573
Rent received		—		1,000
Gain Exchange Rate Difference		109,152		77,333
Profit on sale of Fixed Assets		1,166,382		—
Sundry balances / Excess provision written back (Net)		185,234		1,928,172
		<u>2,136,397</u>		<u>2,249,060</u>
N. INCREASE IN STOCKS				
Closing Stock				
Finished goods	13,042,777		2,269,096	
Stock in process	17,938,712		6,405,111	
Waste	1,089,250	32,070,739	1,182,764	9,856,971
Less : Opening Stock				
Finished goods	2,269,096		519,774	
Stock in process	6,405,111		4,205,061	
Waste	1,182,764	9,856,971	207,716	4,932,551
Net Increase In Stocks		<u>22,213,768</u>		<u>4,924,420</u>
O. MATERIAL COST				
Raw material & Components consumed				
Opening Stock	28,025,871		7,334,059	
Add : Purchases	363,030,390	391,056,261	210,180,218	217,514,277
Less : Closing Stock		48,415,753		28,025,871
		<u>342,640,508</u>		<u>189,488,406</u>



	For the year ended on 31-03-2011 [₹]		For the year ended on 31-03-2010 [₹]	
P. MANUFACTURING & OTHER EXPENSES				
Stores, Spares & Packing Material consumed		10,524,081		7,178,896
Power, Fuel & Water		59,355,968		44,741,691
Salaries, Wages, Allowances & Bonus		31,089,044		24,128,520
Gratuity		927,601		731,731
Contribution to Provident Fund, Employees State Insurance etc.		2,123,909		1,751,274
Welfare expenses		304,782		250,605
Rent of Lease Machineries		1,864,667		588,667
Rates, Taxes & Fees		573,661		576,682
Insurance		321,771		235,924
Repairs & Maintenance :-				
-Plant & Machinery	1,267,940		432,918	
-Buildings	603,376		476,948	
-Others	472,182	2,343,498	129,249	1,039,115
Travelling & Conveyance		125,311		253,996
Directors' Sitting Fees		68,000		60,000
Commission & Brokerage		3,938,832		983,153
Freight Outward		2,111,134		558,830
Other Selling expenses		1,451,421		349,872
Vat Paid		690,416		—
Claims paid / written off		85,173		60,812
Miscellaneous expenses		2,435,278		3,137,056
Auditors' Remuneration		223,500		233,500
Loss on sale of DEPB License		39,256		—
		120,597,304		86,860,323
Q. FINANCIAL CHARGES				
Interest				
- Banks		287,905		28,485
- Others	1,557,472	1,845,377	2,264,147	2,292,632
L/C and Bank Charges		506,727		—
		2,352,104		2,292,632

Schedules to the Accounts for the year ended 31st March, 2011

R. SIGNIFICANT ACCOUNTING POLICIES :

Method of Accounting

i) The accounts are prepared under the historical cost convention using the accrual method of accounting unless otherwise stated hereinafter.

ii) Accounting policies not significantly referred to are consistent with generally accepted accounting principles.

iii) Fixed Assets

Fixed assets are stated at cost except for land, plant & machinery and buildings which have been shown at revalued amount. Cost is inclusive of inward freight, duties & taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational, start-up and trial run expenses form part of the value of the assets capitalized. As per practice, expenses incurred on modernization / debottlenecking / relocation / relining of plant & equipment are capitalized. Fixed assets, other than leasehold land, acquired on lease are not treated as assets of the Company and lease rentals are charged off as revenue expenses.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

iv) Depreciation

Depreciation is calculated on fixed assets on straight line method in accordance with Schedule XIV to the Companies Act 1956. Software system is amortized over a period of five years.

(v) Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

Current investments are stated at lower of cost and quoted / fair value.

(vi) Inventories

Inventories are valued at lower of cost or net realizable value except for waste.

Cost is determined using the first-in-first-out (FIFO) basis.

Finished goods and stock in process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Wastage and rejections are valued at estimated realisable value.

Obsolete, defective and unserviceable stocks are duly provided for.

(vii) Excise and other Duties

Excise duty in respect of finished goods lying in factory premises is provided and included in the valuation of inventories. CENVAT benefit is accounted for by reducing the purchase cost of the fixed assets.

(viii) Retirement and other employee related benefits

i) Short term Employee Benefits



All employee benefits payable only within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of bonus, exgratia, and incentives are recognized in the period during in which the employee renders the related service.

ii) Post employment Benefits

a) Defined Contribution Plans

State Government Provident Fund Scheme is a defined contribution plan. The contribution paid/payable under the scheme is recognized in the profit & loss account during the period, in which the employee renders the related service.

b) Defined Benefit Plans

Gratuity and Leave Encashment are defined benefit plans. The present value of obligation under such defined benefit plans are determined based on actuarial valuation under the projected unit credit method which recognizes each period of service as giving rise to additional unit of employees benefits entitlement and measures each unit separately to build up the final obligation.

The obligations are measured at the present value of future cash flows. The discount rates used for determining the present value having maturity periods approximated to the returns of related obligations.

(ix) **Foreign Currency Transactions, Derivatives instruments and hedge accounting:**

Transactions in foreign currency other than those covered by forward contracts are accounted for at the prevailing conversion rates at the close of the year and difference arising out of the settlement are dealt with in the Profit & Loss account. Outstanding export documents when covered by foreign exchange forward contracts are translated at contracted rates. Other foreign currency current assets and liabilities outstanding at the close of the year are valued at the year end exchange rates. The fluctuations are reflected under the appropriate revenue head.

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions and not for trading or speculation purpose.

(x) **Research and Development**

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research & development is shown as an addition to fixed assets.

(xi) **Earnings per share**

Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity share outstanding during the year.

Dilutive earning per share is calculated by dividing the net profit attributable to equity shareholders by the weighted average number of equity share outstanding during the year (adjusted for the effects of dilutive options).

(xii) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. Other borrowing costs are recognized as an expense in the year in which they are incurred.

(xiii) **Operating Leases**

Operating lease payments are recognized as expense in the profit & loss account on a straight-line basis over the lease term.

Schedules to the Accounts for the year ended 31st March, 2011

(xiv) **Events occurring after Balance Sheet date**

Events occurring after the balance sheet date have been considered in the preparation of the financial statements.

(xv) **Contingent Liabilities**

Contingent liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefit will be required for an item previously dealt with as a contingent liability.

S. NOTES ON ACCOUNTS :

1. **Contingent liabilities not provided for in respect of:-**

	As at 31-03-2011	As at 31-03-2010
	₹	₹
a) Excise duty demand disputed in appeals	—	5,45,967
b) Bank Guarantee Includes a bank guarantee of ₹ 4,11,913/- given by Holding Company to The Commissioner of Customs for duty free import of machines	4,11,913	—

2. a) The Board for Industrial and Financial Reconstruction (BIFR) in its order dated 16th September 2010 has directed that the Company ceases to be a sick industrial Company within the meaning of section 3 (1) (o) of the SICA as its net worth has turned positive for the year ended 31.03.10 and its revival is sustainable. It is therefore discharged from the purview of SICA/BIFR.

b) The unimplemented provisions of SS-07 as may be there would be implemented by the Company/ promoters and the concerned agencies and implementation would be monitored by the Board of Directors of the Company.

c) The Company would complete necessary formalities with the concerned Registrar of Companies as may be required.

d) Aggrieved with the impugned order of BIFR directed to implement the unimplemented provisions of SS-07, The Director General of Income Tax (DGIT) has filed an appeal with the Appellate Authority of Industrial and Financial Reconstruction (AAIFR) requesting to set aside the BIFR order dated 16.09.2010.

3. The Company has not made any provision of MAT/ Income Tax on the basis of scheme of rehabilitation sanctioned by the BIFR. In their order dated 16.09.2010, the "Board" has stated that the un-implemented provisions of SS-07 would be implemented by the Company/ promoters and concerned agencies. Against this order DGIT had filed an appeal before AAIFR challenging the validity of the order. The Company is confident that the directions of BIFR will be upheld and no liability towards MAT/ Income Tax will arise. In case any liability arises, the same will be accounted for as and when arises/ determined.

4. Sundry Debtors include amount due from holding Company ₹ 86,73,096/- (Previous year ₹ 56,60,898/-).

5. During the year, the following contributions have been made under defined contribution plans.

	2010-11	2009- 10
	₹	₹
a) Employer's Contribution to Provident Fund	21,23,909	17,51,274
b) Gratuity and Leave encashment benefits	10,63,136	5,03,000



- i) Reconciliation of opening and closing balances of defined benefit obligations (funded) for Gratuity and leave encashment

Particulars	2010-11 (₹)		2009-10 (₹)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Defined benefit obligation at the beginning of the year	*46,55,993	6,86,095	41,43,664	7,38,825
Current service cost	6,83,612	6,10,796	6,46,644	1,14,600
Interest cost	3,72,479	58,318	3,52,211	62,800
Actuarial (gain)/loss on obligation	1,01,594	76,363	(3,62,545)	(2,30,130)
Benefits Paid	(65,123)	—	—	—
Defined benefit obligation at the end of the year	57,48,555	14,31,572	47,79,974	6,86,095

* During the year the Company has taken policy with LIC of India and upto the previous year AS-15 Certificate was obtained from an Independent Actuarial. Due to the different basis taken by the LIC of India and Independent Actuarial, the defined benefit obligations at the beginning of the year is not matching.

- ii) Reconciliation of opening and closing balances of fair value of plan assets

Particulars	2010-11 (₹)		2009-10 (₹)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Fair value of plan assets at the beginning of the year	5,36,902	—	—	—
Expected return on plan assets	93,578	12,579	22,635	—
Employers' Contributions	7,83,606	2,79,530	5,03,000	—
Benefits paid	(65,123)	—	—	—
Actuarial gain/(loss) on plan assets	—	4,193	(1,258)	—
Fair value of plan assets at the end of the year	13,48,963	2,96,302	5,24,377	—

- iii) Reconciliation of Fair value of assets and obligations

Particulars	2010-11 (₹)		2009-10 (₹)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Fair value of plan assets	13,48,963	2,96,302	—	—
Present value of obligation	57,48,555	14,31,572	47,79,974	—
Amount recognized in Balance Sheet	43,99,592	11,35,270	42,55,597	6,86,095

- iv) Expenses recognized during the year

Particulars	2010-11 (₹)		2009-10 (₹)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Current service cost	6,83,612	6,10,796	6,46,644	1,14,600
Interest cost	3,72,479	58,318	3,52,211	62,800
Expected Return on Plan Assets	(93,578)	(12,579)	(22,635)	—
Actuarial (gain)/loss recognized in the year	1,01,594	72,170	(3,61,287)	(2,30,130)
Expenses recognized in Profit and Loss Account	10,64,107	7,28,705	6,14,933	(52,730)

Schedules to the Accounts for the year ended 31st March, 2011

v) Actuarial assumptions	1994-96 (duly modified)	
	Gratuity	Leave encashment
Valuation method	Projected Unit Credit Method	Projected Unit Credit Method
Mortality Table (LIC)	1994-96 (ultimate)	1994-96 (ultimate)
Discount rate (per annum)	8.00%	8.50%
Rate of Increase in Salaries	7.50%	7.50%

The estimates of rate of future salary increase takes account of inflation, seniority, promotion and other relevant factors on long term basis. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of liability. The above information is certified by the actuary.

6. Foreign currency exposures recognized by the Company that has been hedged as at 31st March, 2011 are as under:

Currency	Number of Contracts	Amount in Foreign Currency	Amount (₹)	Buy/Sell
US \$ / INR	— (4)	— (5,35,000)	— (2,40,05,450)	— (Sell)

7. As required under Accounting standard (AS-22), 'Accounting for taxes on income' issued by the Institute of Chartered Accountants of India, the Company is required to account for deferred taxation while preparing its accounts. The details of deferred tax assets / liabilities are as under:

Particulars	As At 01-04-2010 (₹)	Tax effect For the year (₹)	As At 31-03-2011 (₹)
Deferred Tax (liability) Fixed Assets Others	(1,58,80,340)	37,32,079	(1,21,48,261)
Deferred Tax Assets			
Accumulated Losses	7,52,92,901	(1,67,11,099)	5,85,81,802
43B items Others	3,74,322	18,71,647	22,45,969
Net deferred tax Assets / (liability)	5,97,86,883	(1,11,07,373)	4,86,79,510

8. The term loans and working capital loans obtained by Indo Count Industries Limited are to be secured by way of pari-passu charge on the existing fixed assets of the Company, subject to Company obtaining necessary approvals.
9. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.
10. In the opinion of the management, the current assets, loans and advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business. Provision for all known liabilities has been adequately made in the accounts.
11. It is the management's perception that since the Company is exclusively engaged in the activity of manufacture of cotton yarn which are governed by the same set of risks and returns the same are considered to constitute a single reportable segment in the context of Accounting Standard on "Segment Reporting" issued by the Institute of Chartered Accountants of India.



12. Leases

Disclosures in respect of operating lease are given as follows:

(₹)

S. No.	Particulars	2010-11	2009-10
A	The total of future minimum lease payments under non-cancelable operating leases for each of the following years:		
(i)	Not latter than one year	—	—
(ii)	Later than one year and not later than five years,	—	—
(iii)	Later than five years,	1,10,78,333	84,11,333
B	Lease payments recognized in the statement of profit & loss account	18,64,667	5,88,667
C	A general description of the lessee's significant leasing arrangements: Lease rent agreement for specifications of machineries. There is no escalation clause in agreement. There are no subleases. The lease is renewable at the option of the lessor after the end of the term.		

13. Remuneration to Auditors

(₹)

Particulars	2010-11	2009-10
Statutory Audit Fees	100,000	100,000
Tax audit fees	50,000	50,000
Fees for Limited Review	60,000	60,000
Certification Fees	3,500	3,500
Other Matters	10,000	20,000
TOTAL	2,23,500	2,33,500

14. The Company revalued its land, buildings and plant & machinery as on 01-04-2009 based on the valuation made by an approved valuer. Accordingly, the original cost of such assets resulted in gross increase in the value of assets over their original cost by ₹ 205,514,358/-, increase in depreciation upto the date of revaluation by ₹ 6,688,724/- and thereby net increase in replacement cost by ₹ 198,825,634/-. The net increase in the value of such land, building and plant & machinery has been credited to revaluation reserve account.

15. Related party disclosure as required under Accounting Standard – 18 (AS – 18):

Related Parties where transactions have taken place during the year.

A. Holding Company :

i. Indo Count Industries Ltd.

B. Directors

i. Shri Anil Kumar Jain

ii. Shri Kamal Mitra

Schedules to the Accounts for the year ended 31st March, 2011

Transactions with Related Parties during the year and balances at the end of the year.

(₹)

Nature of transaction	Holding Company		Total	
	31-03-11	31-03-10	31-03-11	31-03-10
i) Unsecured Loans				
- Opening balance	2,10,73,778	2,80,80,914	2,10,73,778	2,80,80,914
- Taken during year	15,46,610	40,00,205	15,46,610	40,00,205
- Repaid during year	59,00,149	1,10,07,341	59,00,149	1,10,07,341
- Closing balance	1,67,20,239	2,10,73,778	1,67,20,239	2,10,73,778
ii) Debtors	86,73,096	56,60,898	86,73,096	56,60,898
iii) Expenses				
- Purchases	6,74,294	32,04,561	6,74,294	32,04,561
- Interest	13,80,610	20,00,205	13,80,610	20,00,205
- Lease Rental	18,64,667	5,88,667	18,64,667	5,88,667
- Other Expenses	34,99,425	27,21,736	34,99,425	27,21,736
iv) Income				
- Sales during the year	5,26,30,570	6,32,90,225	5,26,30,570	6,32,90,225

16. EARNINGS PER SHARE :

Particulars	2010-2011	2009-2010
a) Profit after tax and prior period items as per Profit & Loss Account (in Rupees)	1,62,41,259	2,06,38,234
b) Weighted average number of equity shares outstanding	1,92,41,280	1,92,41,280
c) Basic and dilutive earnings per share (in Rupees) (Face Value ₹ 10/- per share)	0.84	1.07

17. Previous years figures have been regrouped and / or rearranged wherever considered necessary.

18. Figures have been rounded off to the nearest Rupee.

19. The Ministry of Corporate Affairs, Government of India vide its General Notification No. S.O.301 (E) dated 8th February, 2011 issued under Section 211 (3) of the Companies Act, 1956, has exempted certain classes of companies from disclosing certain information in their profit and loss account. The Company being an 'Export Oriented Company' is entitled to the exemption. Accordingly, disclosures mandated by paragraph 3(i)(a), 3(ii)(b) and 3(ii)(d) of Part II, Schedule VI to the Companies Act, 1956, have not been provided.



20. Additional information (Pursuant to the provisions of part II & part IV of schedule VI to the Companies Act, 1956)

a) **Production Capacity**

Product		Licensed Capacity		Installed Capacity *		Production	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Cotton Yarn	Spindle Machine Nos.	30768 31	16608 18	17616 19	16608 18	2761966	2449774

* installed capacity does not include capacity of leased equipment.

b) **Consumption of Imported and Indigenous Raw Material, Components, Stores and Spares etc.**

	Raw Material & Components				Stores, Spares, Packing Material & Fuel			
	2010-11		2009-10		2010-11		2009-10	
Particulars	(%)	[₹]	(%)	[₹]	(%)	[₹]	(%)	[₹]
Imported	-	-	-	-	-	-	-	-
Indigenous	100.00	342,640,508	100.00	189,488,406	100.00	10,524,081	100.00	7,178,896
Total	100.00	342,640,508	100.00	189,488,406	100.00	10,524,081	100.00	7,178,896

2010-11 **2009-10**
(₹) (₹)

c) **Earning in foreign Currency**

F.O.B. value of Exports **97,282,917** 19,031,348

d) **Expenditure in Foreign Currency**

Export Commission **1,452,615** 360,648
Others - 93,754

Balance Sheet Abstract

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No.	58139
State Code	11
Balance Sheet Date	31-3-2011

II CAPITAL RAISED DURING THE YEAR (Amount Rs. '000)

Public Issue	NIL	Right Issue	NIL
Bonus Shares	NIL	Private Placement	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount Rs. '000)

Total Liabilities	430284	Total Assets	430284
Sources of Funds :			
Paid up Capital	192413	Reserves And Surplus	199688
Secured Loans	21463	Unsecured Loan	16720
Application of Funds :			
Net Fixed Assets	267967	Investments	16
Deferred Tax Assets	48679	Net Current Assets	113622
Accumulated Losses	—		

IV PERFORMANCE OF THE COMPANY (Amount Rs. '000)

Turnover and Other Income	513468	Total Expenditure	485939
Profit/Loss Before Tax	27529	Profit/Loss After Tax	16241
Earning per Share (In Re.)	0.84	Dividend	NIL

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)

Item Code No. (ITC Code)	5205	Product Discription	Cotton Yarn
--------------------------	------	---------------------	-------------

Schedules A to S annexed to and forming part of the statement of accounts have been duly authenticated.

As per our report of even date
For **B. K. SHROFF & CO.**,
Chartered Accountants
Reg. No. 302166E

For and On Behalf of the Board of Directors

O. P. Shroff
Partner
Membership No. 6329
Place : Mumbai
Date : 16th May, 2011

S. K. Agrawal
Chairman

Anil Kumar Jain
Director



PRANAVADITYA SPINNING MILLS LIMITED

REGD.OFFICE : Village Alte, Taluka Hatkanangale, Dist. Kolhapur - 416109, Maharashtra

PROXY FORM

I/We _____
of _____ being a member/member(s) of
the above named Company hereby appoint _____
of _____ or failing him/her _____
_____ of _____ as my/our proxy to vote for
me/us on my/our behalf at the **21st ANNUAL GENERAL MEETING** of the Company to be held at Village Alte, Taluka
Hatkanangale, Dist. Kolhapur 416109, Maharashtra, on **Tuesday, the 2nd August, 2011 at 11.45 a.m.**

Signed this _____ day of _____ 2011.

DP ID / Folio No.	
Client ID	

No. of Shares	
----------------------	--

Address :
.....
.....

Signature (s)

Affix a Re. 1/- Revenue Stamp
--

NOTE : The Proxy Form duly completed, stamped and signed must be deposited at the Registered Office of the Company not less than Forty Eight hours before the time of holding the meeting.



PRANAVADITYA SPINNING MILLS LIMITED

REGD.OFFICE : Village Alte, Taluka Hatkanangale, Dist. Kolhapur - 416109, Maharashtra

ATTENDANCE SLIP

DP ID / Folio No.	
Client ID	

No. of Shares	
----------------------	--

I, hereby, record my presence at the **21st ANNUAL GENERAL MEETING** of the Company being held at the Registered Office of the Company at Village Alte, Taluka Hatkanangale, Dist. Kolhapur - 416109, Maharashtra on **Tuesday, the 2nd August, 2011 at 11.45 a.m.**

Signed this _____ day of _____ 2011.

Name and address of the Shareholder/Proxy

.....
.....
.....

.....
Signature of Shareholder/Proxy

NOTE : 1. Please complete this attendance slip and hand it over at the entrance of the venue of the meeting.
2. Please bring your copy of Annual Report at the time of Annual General Meeting.

BOOK POST

**21st ANNUAL REPORT
2010-2011**

If undelivered, please return to:

Pranavaditya Spinning Mills Ltd.

301, Arcadia, Nariman Point,
Mumbai - 400 021