



**41st Annual Report
2010-2011**

SWADESHI POLYTEX LIMITED

Registered Office: New Kavi Nagar, Industrial Area Ghaziabad - 201002(U.P.)

SWADESHI POLYTEX LIMITED

BOARD OF DIRECTORS AS ON DATE OF AGM

Shri Gaurav Swarup	<i>Chairman</i>
Shri K. Ramachandran Pillai	<i>Director</i>
Shri Hartaj Sewa Singh	<i>Director</i>
Shri R. K. Sharma	<i>Director</i>
Shri Atul Seksaria	<i>Director</i>
Shri Y. J. Dastoor	<i>Director</i>
Shri N. K. Gupta	<i>Director</i>
Shri S.S. Madan	<i>Director</i>
Shri Naveen Aggarwal	<i>Director</i>
Shri K. Subramanian	<i>Director</i>
Shri B. Mehrotra	<i>Director</i>
Shri S.B. Singh	<i>Director</i>

REGISTERED OFFICE

New Kavi Nagar, Industrial Area Ghaziabad - 201002 (U.P.)

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SWADESHI POLYTEX LIMITED

Notice

Notice is hereby given that 41st Annual General Meeting of the members of Swadeshi Polytex Limited will be held at the Registered Office of the Company at New Kavi Nagar, Industrial Area, Ghaziabad - 201002 (Uttar Pradesh) on 21st September 2011 at 12.00 Noon to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account of the Company ended as on that date and the Report of the Directors' and Auditors thereon.
2. To appoint a Director in Place of Shri K.R.Pillai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.S. Madan, who retires by rotation and being eligible, offers himself for re- appointment.
4. To appoint a Director in place of Shri N.K. Gupta, who retires by rotation and being eligible, offers himself for re- appointment.
5. To appoint Auditors and to fix their remuneration and for that purpose to pass the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 224A and other applicable provisions of the Companies Act 1956, if any M/S Suresh Bansal & Co. Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General meeting to the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs. 50,000/- (plus service tax and out of pocket expenses for actual traveling and other expenses in connection with the company's audit)"

By order of the Board
For Swadeshi Polytex Limited

Place : Ghaziabad
Dated : 9th August, 2011

(R.K.Sharma)
(Director)

(B. Mehrotra)
(Director)

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend on his behalf and on a poll to vote on his behalf and that the proxy need not be a member of the Company. Proxies in order to be effective must be signed, stamped and deposited at the registered office of the company not less than 48 hours before the commencement of the meeting. Blank proxy form is annexed hereto.
2. In case of joint holding only that joint holder who is highest in order of the names as per Company's record shall be entitled to vote.
3. The register of members and share transfer books of the Company will remain closed from 15th September 2011 to 21st September 2011(both days inclusive).

SWADESHI POLYTEX LIMITED

DIRECTORS' REPORT

Dear Members,

Your directors have pleasure in presenting the 41st Annual Report along with Audited Accounts and annexure attached thereto for the year ended 31st March 2011.

HIGHLIGHTS

The factory of the company located at Ghazlebad is closed since 1998. Since there were no production activities during the year, the Company has not made any manufacturing profit during the year.

The Company continued with the business trading of yarn/textiles during the year.

Out of the various business opportunities available with the Company, the Company has entered the Real Estate sector during the year. Your directors foresee good opportunities in the said sector and are hopeful of achieving better results in the current financial year.

FINANCIAL REPORT

The Financial Results of the Company for the year 2010-2011 are summarized below:

	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Total Income	11,94,12,793	2,81,86,665
Net Loss before tax	(3,19,22,353)	(4,48,78,176)
Loss After Tax	(3,19,22,353)	(4,48,78,176)
Balance in Profit & Loss Account brought forward from last Year	(65,77,47,465)	(61,28,69,289)
Balances Carried forward to Balance Sheet	(68,96,69,819)	(65,77,47,465)

DIVIDEND

Your directors do not recommend any dividend for the year under review, in the absence of profit.

PARTICULARS OF EMPLOYEES

There are no employees who are in receipt of remuneration for which particulars are required to be disclosed as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGOING

In the absence of any manufacturing activities during the year under review, no steps were required to be taken for conservation of energy, technology absorption and research & development and as such the information relating thereto may be taken as nil. There were no foreign exchange earnings and outgo during the year under review.

DIRECTORS

Mr. K.R.Pillai, N.K. Gupta and Mr. S.S. Madan retire by rotation and being eligible, have offered themselves for re-appointment.

LISTING OF SHARES

In order to get the Company's shares re-listed at Mumbai Stock Exchange, your directors have made various pending compliances of Listing Agreement and plan to comply with all the compliances in future as well. The pending listing fees of Mumbai Stock Exchange has also been paid by the Company. The Company has also taken steps to discontinue the membership of all the other stock exchanges where the Company shares are listed.

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AUDITORS

M/S Suresh Bansal & Co., Chartered Accountants, the Statutory Auditors of the Company retire at the forthcoming Annual General Meeting. A letter has been received from Suresh Bansal & Co. Chartered Accountants confirming that their appointment, if made, will be in conformity with the provisions of Section 224 (1-B) of the Companies Act, 1956. As per section 224A of the Companies Act 1956, members are requested to pass the special resolution.

COMMENTS ON AUDITORS' REPORT

The auditors' comments and remarks have been adequately explained by the management in the "Notes to Accounts".

PUBLIC DEPOSITS:

The Company has not invited or accepted fixed deposits from the public within the meaning of section 58 A of the Companies Act 1956 and rules made there under and as such no amount of principal and interest was outstanding on the date of the Balance Sheet.

CORPORATE GOVERNANCE

Pursuant to clause 49 of listing agreement with the stock exchange a management and discussion analysis, a corporate Governance report, a managing director/ CEO and auditor's certificate regarding compliance of conditions of corporate governance are made a part of the annual report.

COMPLIANCE CERTIFICATE

N.K.Rastogi & Associates, Company Secretaries, has given the compliance certificate as required under section 383 A of the Companies Act 1956. The Copy of the same is enclosed and be part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

(As per section 217 (2AA) of the Companies Act 1956)

The Directors hereby confirm:

- i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- ii) That the directors have selected such accounting policies and applied them consistently and made judgment 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 or loss of the Company for that period.
- iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

Your directors wish to convey their sincere thanks to all the shareholders for the trust they have reposed in the Company and its board.

For and on behalf of the Board

Place: Ghaziabad
Date : 9th August, 2011

(B. Mehrotra)
Director

(R. K. Sharma)
Director

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COMPLIANCE CERTIFICATE

Registration No of the Company: L25209UP1970PLC003320
Nominal Capital: Rs 250,000,000/- (Rupees Twenty Five Crores Only)

To,
The Members
M/s Swadeshi Polytex Limited
New Kavi Nagar, Industrial Area
Ghaziabad

We have examined the registers, records, books and papers of M/s Swadeshi Polytex Limited as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company has the minimum prescribed paid up capital and comments with reference to maximum no. of members are not required.
4. The Board of Directors duly met 6 (Six) times on 21st June 2010, 9th August, 2010, 26th August 2010, 24th September, 2010, 12th November 2010 & 15th February 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 20th Oct 2010 to 29th October 2010 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.3.2010 was held on 29th October 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act the Company has not obtained any approvals from the Board of Directors, members or Central Governments as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) Not allotted any securities during the year and the Company delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
 - (ii) Not deposited any amount of dividend declared in a separate bank account as no dividend was declared during the financial year.
 - (iii) The Company was not required to post warrants to any members of the Company as no dividend was declared during the financial year.

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- (iv) Transferred the amount in unpaid dividend account remained unclaimed or unpaid for a period of seven years to investor education and protection fund.
- (v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors, alternate Directors and directors to fill casual vacancy have been duly made.
15. The Company has not appointed any Managing Director/Whole time Director/manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company law Board, Regional Director, Registrar and / or such other authorities as prescribed under the various provision of the Act during the year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made any loan or advances or given guarantess or provide securities to other bodies corporate and consequently no entries have been made in the registers kept for this purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial Year.
31. There was no prosecution initiated against or show cause notices received by the Company as informed by the management and no fines or penalties or any other punishment imposed on the Company during the financial year for offences under the act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards provident fund during the financial year, as the same is not required under the Act.

Naveen Kumar Rastogi
COMPANY SECRETARY
C.P. NO. :3785

Place : DELHI
Dated : 9th August, 2011

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ANNEXURE -A

M/s Swadeshi Polytex Limited

S.No.	Name of the Register as Maintained by Company	Section under which register is maintained
1.	Minutes of Board And General Meeting	U/S 193 of the Companies Act, 1956
2.	Member Register	U/S 150 of the Companies Act, 1956
3.	Share Transfer Register	U/S 108 of the Companies Act, 1956
4.	Register of Particulars of Directors	U/S 303 of the Companies Act, 1956
5.	Directors Shareholdings	U/S 307 of the Companies Act, 1956
6.	Register of Contract	U/S 301 of the Companies Act, 1956
7.	Register of Charges	U/S 143 of the Companies Act, 1956
8.	Register and Return	U/S 163 of the Companies Act, 1956
9.	Book of Accounts	U/S 209 of the Companies Act, 1956

NOTE:

The Company has not maintained the following registers as it was informed that there were no entries / transactions to be recorded therein:

1. Register of Depositors under rule 7 of the Cos. Act (Acceptance of Deposits) Rules 1975.
2. Register of Securities Brought Back under Section 77A.
3. Register & Index of debenture holder u/s 152.

ANNEXURE -B

Forms and returns as filed by the Company with the Register of Companies, Regional Directors, Central Government or other authorities during the financial year 2010-2011:

FORM NO./ RETURN	FILED U/S	DATE OF FILING	PARTICULARS	WHETHER FILED WITHIN TIME (YES/NO)
Annual Return (Form No 20B)	159(1)	24.12.2010	For Financial year ended on 31 st March 2010	YES
Balance Sheet (Form No 23 AC & 23 ACA)	200	26.11.2010	For the year ended on 31.03.2010	YES
Compliance Certificate 383A (Form no 86)		11.11.2010	For the year ended on 31.03.2010	YES
Form 22	180	30.11.2010	For registration of the Special Resolution	YES
Form 32	303(2)	01.12.2010	For Cessation of Director.	NO
Form 32	303(2)	19.11.2010	For Appointment & Cessation of Director.	NO
Form 32	303(2)	21.10.2010	For Appointment & Cessation of Director.	NO
Form 1A		30.12.2010	Application for availability of name.	YES
Form 1A		25.08.2010	Application for availability of name.	YES
Form 1AR		18.10.2010	For increasing the validity of name made available.	YES
Form 61		31.08.2010	For making an application to Central Government for extension of AGM date.	YES

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COMPLIANCE REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Swadeshi Polytex Limited philosophy on Corporate Governance envisages achieving highest standards of accountability, transparency and equity in all its spheres and in all its dealings with its stakeholders. Swadeshi Polytex Limited is committed to establishing and diligently following the highest standards of Corporate Governance in its pursuit of profitable growth and enhancement of shareholder's value.

The Company believes that any business conduct can be ethical only when it rests on the core values of Honesty, Fairness, Trust, Transparency and Responsibility towards not only stakeholders but also to entire society.

Your Company continues to follow procedures and practices in conformity with the Code of Corporate Governance as stipulated by SEBI.

I BOARD OF DIRECTORS

A. Composition of Board

During the year 2010-2011, the Board of Directors consisted of Fifteen directors, all are the non-executive directors. Through the year Mr. K. Ramachandran Pillai was designated as Chairman-cum- Director. Presently Mr. Gaurav Swarup is the Chairman of the Company.

The Composition of Board of Directors is as follows.

Name	Category	Designation No. Attended during the Year	No. of Board level committees where member	No. of Board level committees where chair person
Shri K. Ramachandran Pillai	Nominee, Non- Executive Director	Chairman		
Mr. Gaurav Swarup	Nominee, Non Executive Director	Director		
Mr. R.K.Sharma	Nominee, Non Executive Director	Director	1	
Mr. Hartaj Sewa Singh	Nominee, Non Executive Director	Director		
Mr. Atul Seksana	Nominee, Non Executive Director	Director		
Mr. K. Subramanian	Nominee, Non Executive Director	Director	2	
Mr. S.S.Madan	Nominee, Non Executive Director	Director		
Mr. N.K.Gupta	Nominee, Non Executive Director	Director		1
Mr. Naveen Agarwal	Nominee, Non Executive Director	Director		2
Mr. S.B Singh Khatwal	Nominee, Non Executive Director	Director		
Mr. Bipin Behari Mehrotra	Nominee, Non Executive Director	Director	1	
Mr. H.K Sharma*	Nominee, Non Executive Director	Director	1	
Mr. T.S Brar **	Nominee, Non Executive Director	Director		
Mr. B.R Verma ***	Nominee, Non Executive Director	Director		
Mr. R.K Sanghi****	Nominee, Non Executive Director	Director		

* Ceased to be director w.e.f 26 August 2010

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** Ceased to be director w.e.f 24th September 2010

*** Ceased to be director w.e.f 26 August 2010

**** Ceased to be director w.e.f 30 May 2011

The Chairman is a Non Executive Director and the number of Independent Non-Executive Directors on the Board is more than 50% of the Board strength at any point of time as defined in Clause 49 of the Listing Agreement.

- B. None of the non-executive directors has any pecuniary relationship with the Company.
- C. During the period, the Board of Directors of your Company met 6 times. The dates on which the meetings were held are 21st June 2010, 9th August 2010, 26th August 2010, 24th September 2010, 12th November 2010, 15th February 2011 and the gap requirement of four months between two meetings has been complied with.

All relevant information, as per clause 49 of the listing Agreement was placed before the Board from time to time

Name	Number of Board Meetings held during the year	Number of Board Meetings attended	Last AGM Attendance (Yes/No)
Mr. Gaurav Swarup	6	0	No
Shri K. Ramachandran Pillai	6	4	Yes
Mr. R.K.Sharma	6	6	Yes
Mr. Hartaj Sewa Singh	6	6	Yes
Mr. Atul Seksaria	6	5	Yes
Mr. K.Subramanian	6	4	Yes
Mr. S.S.Madan	6	5	Yes
Mr. N.K.Gupta	6	4	Yes
Mr. Naveen Agarwal	6	5	Yes
Mr. R.K Sanghi	6	3	Yes
Mr. B.Mehrotra	6	4	Yes
Mr. S.B Singh	6	4	Yes
Mr. T.S Brar	6	0	No
Mr. R.K Sanghi	6	3	Yes
Mr. H.K Sharma	6	1	No

2. None of the Directors of your Company were members in more than 10 Committees or acted as chairman of more than 5 committees across all companies in which they were Directors. Details of Board Membership positions occupied by the Directors, across all companies, are given at the beginning of the section.

D. Code of Conduct

The board is in the process of laying down a code of conduct for all the board members and senior management personnel of the Company.

II AUDIT COMMITTEE

The Board has constituted an Audit Committee of Directors in accordance with the requirements of Sec 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement.

A. Composition, name of members and chairperson

The Audit Committee of the Company comprises of Mr. Naveen Agarwal (Chairman), Mr. B.Mehrotra, Mr. K.Subramani, Mr. N. K Gupta.

Mr. Naveen Agarwal & Mr.B.Mehrotra holds 250 shares and Mr. K.Subramanian holds nil shares of the Company.

- B. During the year, Audit Committee met 4 times on 09th August 2010, 12th November 2010, 15 February 2011, & 24th May 2011.

C. Powers Of Audit Committee

The Audit Committee inter alia, has following powers

1. To investigate any activity within terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure the attendance of outsiders with relevant expertise, if considers necessary.

D. Role of Audit Committee

The role of audit committee includes the following:

1. 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.
2. Recommending to the Board, the appointment, the reappointment and, if required, replacement or removal of statutory auditors and the fixation of audit fee.
3. Approval of payment to statutory auditors for any other services rendered by statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board, with particular reference to :
 - a. Matters required being included in the Directors Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit finding.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 - a. Reviewing, with the management, the statement of uses / application of funds raised through an issue, 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.
6. Reviewing with the management, performance of statutory and internal auditors, and the adequacy of internal control system.
7. 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.
8. Discussion with the internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors in to matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the Matter to the board.
10. Discussion with the 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.
11. To look in to reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

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E. Review of Information by Audit Committee

The Audit Committee reviews the following information:

1. Management discussion and analysis of the financial condition and results of the operation;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters / letters of internal control weaknesses issued by Statutory Auditors;
4. Internal Audit reports relating to internal control weaknesses ; and
5. The appointment, removal and terms of remuneration of the Chief internal Auditor are subject to review by the Audit Committee.

III The Company does not have any subsidiary company.

IV DISCLOSURES

- A. Related party transactions and its details as given in Clause 49 are placed before Audit Committee.
- B. While preparing the financial statements, the Company has followed prescribed accounting standards.
- C. Your Company has established the adequate procedures for the purpose of ensuring that identified risk is effectively managed through properly defined framework.
- D. During the year the Company has not raised any funds by way of Public Issues, Right Issues Preferential Issues etc.
- E. There are no materially significant related parties transactions which have potential conflict with the interest of Company. Transaction with related party are disclosed in notes to accounts in the annual report.
- F. No penalties or strictures have been imposed on the Company by the stock Exchange/s or SEBI or any statutory authority on any matter related to capital markets for non compliance by the Company. However, due to earlier non-compliances the shares of the Company have been placed in suspended category - Z. Since the regional stock exchanges are not functioning the Company has applied for de-listing from these exchanges which is under process. The Company has applied for revocation of suspension and resumption of listing with the Mumbai Stock Exchange which is under process. The Company has regularized the non-compliances of the past and is now complying with most listing guidelines except some which it is unable to comply with due to factors beyond its control. from the stock exchanges. Company. There has been almost no trading of Company's shares & the shares of the Company are under suspension.
- G. The Company has complied with all the mandatory requirements of clause 49 of the listing agreement.
- H. **Remuneration of Directors**
The Company does not have any pecuniary relationship with any Non-Executive Directors.
- I. **General Shareholders Information**
 1. Quarterly results and presentation made by the Company to the analyst, if any, has been sent in such form so as to enable the stock exchange on which the Company is listed to put its own web site.
 2. The Board has constituted Shareholder's Grievance Committee of Directors in order to meet the requirement of Clause 49 of the Listing Agreement of the Stock Exchanges.

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a. Composition of Committee

Shareholders' Grievance Committee comprises of Mr. N.K Gupta (Chairman) Mr. R.K Sharma, Mr D.K Agarwal, and Mr. Bhuwan Chaturvedi have been appointed as committee members.

b. Key Responsibilities

The key Responsibilities of the Investor Grievance Committee include the following:

- Redressal of shareholders and investor complaints e.g. transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc.
- Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time.
- Issue of duplicate share certificates in place of original certificate, which may be lost/ torn/ mutilated;
- To approve and effect transmission of shares arising as a result of death of the sole/ anyone joint shareholder.

c. Meetings and Attendance during the year

During the year, no Shareholders Grievance Committee meeting was held as the same was constituted in the Board meeting dated 9th August 2010. Further there was hardly any complain received by the company after that.

d. Details of queries/complaints received and resolved during the year

Name of Compliance Officer : Mr. Bhuwan Chaturvedi

Designation of Compliance Officer : CEO

This committee monitors complaints of shareholders relating to transfer of shares, non-receipt of balance sheet, dividend, interest etc.

The details of Shareholders Grievance are as follows:-

No. of Complaints received during the year	7
No. of complaints resolved during the year	7
Pending complaints at the end of the financial year	NIL

3. The Board has constituted Share Transfer Committee in order to meet the requirements of Clause 49 of the Listing Agreement of the Stock Exchanges.

The Share Transfer Committee comprises of Mr. Naveen Agarwal(Chairman), Mr. Bhuwan Chaturvedi, & Mr. B.Mehrotra, & Mr. K.Subramanian.

The Board has designated Mr. Bhuwan Chaturvedi, CEO as the compliance officer of the Company.

V CEO/CFO CERIFICATION

Certificate as required by clause 49 of the Listing Agreement is enclosed.

VI GENERAL BODY MEETINGS

The details of last three Annual General Meetings (AGM) of shareholders held are as under:

Year	Date	Location	Time	Whether Special Resolution Passed
40 th AGM	28/10/2010	New Kavi Nagar Industrial Area, Ghaziabad, U.P	12.00 P.M	Yes
39 th AGM	30/09/2009	—Do—	12.00 P.M	Yes
38 th AGM	29/09/2008	—Do—	4.30 P.M	Yes

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Special Resolution passed at the last three Annual General Meetings.

AGM	Description of Special Resolution
40 th AGM	Change name of the Company, reappointment of Auditor's & and conversion of loan into equity under sec 81(1A)
39 th AGM	Re-appointment of Auditors and fix their remuneration
38 th AGM	Re-appointment of Auditors and fix their remuneration, Delisting of Company's shares from some Stock Exchanges, Preferential allotment under sec 81(1A)

POSTAL BALLOT

The Board of Directors of the Company had passed resolution on 18th November 2010 for obtaining approval of Shareholders by way of special resolution by means of postal ballot for the following item:

Alteration in the main object clause of the Memorandum of Association pursuant to section 17 of the Companies Act 1956.

The notice of the Postal Ballot dated on 26th August, 2010 containing the special resolution, the relevant explanatory statement and the postal ballot form were sent to all the shareholders of the Company and they had to return duly completed postal ballot forms to the Company not later than 1st November, 2010.

M/s Naveen Kumar Rastogi Company Secretary in practice, was appointed as Scrutinizer for conducting the postal ballot process.

The details of voting pattern of the special resolution passed by way of postal ballot are as under

Number of valid postal ballots form received	12
Votes in favour of resolution	12
Votes against the resolution	NIL

The Company complied with all the procedural formalities for the conduct of postal ballot.

VII DISCLOSURES

- A. Transactions of material nature entered into by the Company with promoters, directors or the management, their subsidiaries or relatives etc, if any form part of the Notes to the Accounts
- B. The Company has complied with some of the requirements of the Listing Agreement with Stock Exchanges, SEBI and other Statutory and Regulatory Authorities on capital markets. No penalties or strictures have been imposed on your Company by the Stock Exchanges, SEBI and other Statutory and Regulatory Authorities in connection with violation of capital market norms, rules and regulations etc. in the last three years.
- C. The Company has complied with all mandatory requirements of the Clause 49.

VIII MEANS OF COMMUNICATION

The Company has published the quarterly, half yearly and annual financial results during the year.

IX GENERAL SHAREHOLDER INFORMATION

S.No. Information

- A. Annual General Meeting
 - Date and Time
 - Venue
- B. Financial Year Ending
- C. Book Closure Date
- D. Listing on Stock Exchange:

21st September 2011 at 12.00 Noon
Kavi Nagar Industrial Area Ghaziabad.
31st March 2011
15th September 2011 to 21st September 2011
The Stock Exchange, Mumbai
Phiroze Jee Jee Bhoj Tower, 25th Floor,
Dalal Street, Mumbai - 400001

SWADESHI POLYTEX LIMITED

- E. Dividend payment date In view of losses during the current year, dividends are not recommended by the board.
- Listing Fee of The Stock Exchange Mumbai upto the year 2011-2012 has been paid and the confirmations of delisting from regional and other Stock Exchange is still awaited
- F. Stock Code
The Stock Exchange, Mumbai : 503616
- G. Market Price Data (BSE): High, Low during each month in last financial year was nil as the shares of the Company were lying in the suspended category.
- H. Performance in Comparison to BSE Sensex As trading in the Company's shares is suspended, there is no comparison with BSE Index on price earning ratio, Price/Book value or the dividend yield for the year.
- I. Registrar and Transfer Agent The Company has appointed RCMC Share Registrar Private Limited, B-106, Sector-2, Noida - 201301
- J. Share Transfer System The Share Transfer Committee meets regularly to approve the transfer/transmission etc.
- K. Distribution of Shareholdings as on March 31, 2011*

Shareholders Category	Number of Shares	Percentage
(1) Indian Promoters:		
1. Promoters Holding		
i. Promoters – Indian Promoters	22,29,700	57.05
— Foreign Promoters	NIL	NIL
ii. Persons acting in concert	NIL	NIL
Sub Total	22,29,700	57.05
2. Non Promoters Holding		
i. Institutional Investors	NIL	NIL
ii. Mutual Fund and UTI	32,375	0.83
iii. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions /Non Govt. Institutions)	72,575	1.78
iv. FII's	NIL	NIL
Sub Total	1,04,950	2.6910
3. Others		
i. Private Corporate Bodies	7,28,847	18.69
ii. Indian Public	8,31,743	21.33
iii. NRI's/OCB's	4760	0.12
iv. Any Others(HUF/Firm/Foreign Companies)		
Sub Total	15,65,350	40.03
Grand Total	39,00,000	100.00

SWADESHI POLYTEX LIMITED

- L. Dematerialization of Shares
- M. Registered Office
- N. Plant Location
- o. Address for communication
- P. Certificate of corporate Governance

NSDL and CDSL have refused to demat the shares as the net worth of the Company is negative. The Company is in the process to take approval from Mumbai Stock Exchange for the same and all shares are lying in physical form.

Kavi Nagar Industrial Area, Ghaziabad 201002

Kavi Nagar Industrial Area, Ghaziabad 201002

Shareholders correspondence should be addressed to the Company at the Registered Office of the Company.

As stipulated in clause 49 of the listing agreement, the certificate from a practicing company secretary regarding compliance of condition of corporate governance is annexed herewith.

CEO CERTIFICATE

To
The Members
Swadeshi Polytex Limited

Declaration by Chief Executive Officer on Code of Conduct under Clause 49 of the Listing Agreement

I hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed in writing their adherence with the code of conduct adopted by the Company.

Place : Ghaziabad
Date : 9th August, 2011

(Bhuwan Chaturvedi)
CEO

SWADESHI POLYTEX LIMITED

COMPANY SECRETARY CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the members of **Swadeshi Polytex Limited**

We have examined the compliance of conditions of Corporate Governance by Swadeshi Polytex Limited for the year ended March 31, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

The Compliance with the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the company for ensuring compliance with the conditions of the corporate governance as stipulated in the said clause.

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 explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

For N. K. Rastogi & Associates
Company Secretaries

Place : Ghaziabad
Date : 9th August, 2011

Sd/-
Naveen Kumar Rastogi
Proprietor

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management of Swadeshi Polytex Ltd. presents its analysis report. The report contains expectations of the Company's business based on current environment. The Company was incorporated on 21st March, 1970. The Company was engaged in the business of trading of yarn & other related activities and had been doing reasonably well in the past. But due to overall depression in the polyester industry and high custom duty on import of raw material the Company started incurring losses in the late 1990's and had to suspend its manufacturing operations in the year 1998. Presently, however, the Company is carrying on the business of trading of yarn and textiles. Since the plant and machinery of the Company has become outdated, the production is not possible at all and therefore the Company could not start the manufacturing again. The Company therefore entered the Real Estate Industry during the year.

Industry Structure:

The economy has witnessed the signs of recovery though it's gradual from the drastic recession the world has passed through. Although the rate of economic growth has not been on a very higher side across the world in the recent few years, since the 1st half of the Financial Year 2009 the modest growth has been seen in all over the world. The main contributory for this been the stimulus packages offered by the controlling authorities which resulted in increased demand has put an end to recession at a faster pace than expected.

At present, the real estate and construction sectors are playing a crucial role in the overall development of India's core infrastructure. The Indian real estate sector has traditionally been dominated by a number of small regional players with relatively low levels of expertise and/or financial resources. Despite strong fundamentals backing the residential real estate, the segment is highly influenced by economic cycles. Owing to global meltdown, the residential real estate market in India too witnessed an astounding fall in demand and capital values, between first half of 2008 and first half of 2009. However, the sector experienced a pickup in demand during the second half of 2009 across major cities mainly attributed to improvement in economy. Residential projects across cities saw several new mid-income housing projects being launched by developers to attract potential buyers.

Outlook on opportunities, threats, risks and concerns

Your Company was under substantial debt burden and was mainly concentrating on settling of dues of NBFC's, Secured Lenders etc, thereby making it difficult for the Company to concentrate on constructive activities.

- However, the Company introduced itself in the Real Estate Industry during the year. The construction industry is the second largest industry of the country after agriculture accounting for 11 percent of India's GDP. Indian construction industry employs 32 million people and its total market size is estimated at Rs. 2,48,000 crores. The level of a country's development is reflected by its infrastructure and the desperate need for infrastructure development has increased the demand of the construction industry in India.
- The Company has identified several opportunities in the market which the Company wishes to exploit and the threats it is prepared to face.

SWADESHI POLYTEX LIMITED

Financial performance

During the period under review as explained elsewhere, the Company has incurred a loss during the year of Rs 3,19,22,353/- as against Rs. 4,48,78,176/- loss in the previous year.

Human Resources / industrial relations

Presently the Company has not employed any employees and the services of consultants are being utilized in the Company.

Internal control systems

The Company has proper and adequate systems of internal controls commensurate with its size and nature of operations that provides reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes and corporate policies are duly complied with. We have a qualified Independent Audit Committee comprising of members of the Board of Directors. The Company has also appointed M/s. SSKM as internal auditors to the Company who carry out ongoing audit and controls on the affairs of the Company.

The Audit Committee reviews the adequacy and efficiency of internal controls and makes suggestion for improvements. The Internal Audit function reviews the execution of all ongoing projects involving significant expenditure to ensure that project management controls are adequate.

The Audit Committee of your Board duly met 4 (four) times during the year. It reviewed the adequacy and effectiveness of the internal control environment and monitored implementation of internal audit recommendations. It also actively engaged in overseeing financial disclosures and in reviewing your Company's risk management policies, so that vision and mission of the Company can be achieved.

SWADESHI POLYTEX LIMITED

AUDITORS REPORT

To,
The Members,
Swadeshi Polytex Limited
Ghaziabad

1. We have audited the attached Balance Sheet of Swadeshi Polytex Limited as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 (as amended) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give our comments in the annexure on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representation received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) A) Without qualifying our opinion, we draw attention to note B-10 of Schedule 11 regarding approval from UPSIDC for sub division of lease hold land of the company into industrial plots subject to complying with various terms & conditions.
B) We have relied upon the management representation in respect of the following matters in view of the pending availability / verification of relevant documents and records.
 - a) Balance confirmation in respect of certain inoperative Bank Accounts, debtors, creditors, loans, advances and other parties (Refer note no. B-7 of Schedule-11)
 - b) Status of assessment/ cases relating to Income tax, and Wealth Tax (Refer note no B-6 of Schedule-11)
 - c) Sundry debtors outstanding for long being considered good and not provided for (Amount Rs. 450.49 lacs previous year Rs.450.49 Lacs, being net of provision already made of Rs. 36.93 Lacs)
 - d) Provisions of interest on secured loans taken from a body corporate. (Refer note No. B-8 of Schedule 11)

In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to our comments in para 4(vi) (B) above, impact on Balance Sheet and Profit

SWADESHI POLYTEX LIMITED

& Loss Account for the year ended 31st March 2011 not ascertained and read together with the Notes to Accounts given in Schedule - 11 give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- (b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Suresh Bansal & Co.
Chartered Accountants
Firm's Regn. No. 003343N
S. K. Bansal
Partner
(Membership No. : 82242)

Place : Faridabad
Date : 30th May 2011
Camp : Ghaziabad

Annexure referred to in paragraph 3 of our report of even date to the members of Swadeshi Polytex Limited on the accounts for the year ended 31st March, 2011.)

- (i) (a) The Company has maintained records showing full particulars including quantitative details and situation of fixed assets but the same are still pending for updation.
- (b) We have been explained that the management had taken the stock of the status of various fixed assets after taking over the possession of the Plant in the preceding years. Based on the assessment and technical evaluation by an independent agency and the decision to sell the Buildings and Plant, the Company has scrapped off the Plant & Machinery and buildings under the head 'Assets held for disposal'. The reconciliation between the physical and book records in respect of all assets is pending and in progress. Hence discrepancies, if any, between the physical and book records will be ascertained and adjusted in the books of accounts on the finalization of the aforesaid reconciliation.
- (c) The Company has entered into an agreement to dispose off its entire Plant & Machinery kept under the head 'Plant & Machinery held for disposal' and all its buildings. Further, as informed, the company has decided to commence the new business of dealing in real estate and accordingly has converted its factory land into tradable stock in trade. In view of the ongoing trading activities and the informed intention of the company to continue the business in the future, we are of the opinion that the going concern assumption will not be affected due to the disposal of the aforesaid Plant & Machinery, buildings and other assets.
- (ii) (a) After taking the possession, the management has engaged an external agency to carry out the physical verification and technical evaluation of the entire inventory held for disposal. In our opinion considering the nature of inventory such verification frequency is reasonable.
- (b) In our opinion and in view of nature of inventory, the action taken and procedures followed by the management for physical verification of inventory were generally reasonable and adequate.
- (c) In respect of the trading activity of real estate, the company is in the process of identifying and maintaining records in respect of various plots of land. Regarding scrapped inventory the records maintenance work in respect thereof is in progress. In the absence of such records, the question of adjustment of difference of book balance with physical balance does not arise.
- (iii) (a) We are explained that the Company has not granted any loans secured or unsecured to any Company, firm or other party required to be listed in the register maintained under Section 301 of the Companies Act 1956. In view of clause (ii) (a) above, the clauses (iii)(b), (iii)(c) and (iii)(d) are not applicable.

SWADESHI POLYTEX LIMITED

- (e) The company had taken secured loan from a body corporate and unsecured loans from two bodies corporate listed in the register maintained under Section 301 of the Companies Act 1956. The maximum amount involved for the said loans was Rs. 1553.26 lacs for Secured Loan and Rs. 522.98 Lacs for unsecured loans.
- (f) In our opinion, the terms and conditions of the aforesaid loans taken by the company are prima facie prejudicial to the interest of the company;
- (g) We are explained that the above loans are repayable on demand. We are also informed that no such demand was raised for repayment of aforesaid loan during the year and therefore we are unable to comment upon the regularity of payment or otherwise of the balance amount.
- (iv) In our opinion, given the nature, size and scale of the activity carried out by the company during the year, there is adequate internal control system with respect to Trading activities. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weakness in the aforesaid internal control procedures.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the company has not entered into any transactions exceeding the aggregate amount of Rs. five lacs in respect of aforesaid parties during the year except the transactions under loan and reimbursement accounts. Accordingly this clause has not been commented upon.
- (vi) In view of the fact that during the year no new deposits are received by the Company from the public, we are of the opinion that there are no pending deposits for which company has to comply with the provisions of section 58A and 58AA of the Companies Act, 1956 and relevant rules framed there under.
- Further, we have been explained that no order has been passed by the Company Law Board or the National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We are informed that the Company had not maintained the cost accounting records as required u/s 209 (1) (d) of the Companies Act 1956 since no manufacturing activities were carried out by the company during the year under report.
- (ix) (a) According to the information and explanation given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing the 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 any other material statutory dues applicable to it with the appropriate authorities except TDS on Interest of Rs. 5,93,517, remaining outstanding for more than six months as at 31st March 2011
- (b) The details of sales tax/income tax/custom duty/wealth tax/service Tax/excise duty/cess, which have not been deposited on account of dispute are given hereunder, to the extent available with the company:

Name of Statute	Nature of Dues	Amount (in lacs)	Period	Forum at which dispute is pending
Various Sales Tax Acts	Sales Tax Demand	133.86	Various Years	Various Forum
The Central Excise Act, 1944	Excise Duty on unauthorised removal of goods	165.22	Various Years	Commissioner Central Excise and CESAT
The Central Excise Act, 1944	Penalty on Excise Duty.	25.00	2011	CESAT

SWADESHI POLYTEX LIMITED

- (x) At the end of the current financial year, company's accumulated losses were more than 50% of its net worth.
The company had incurred cash losses during the current financial year as well as in the immediately preceding financial year.
- (xi) According to the information and explanation given to us, we are informed that the company had not borrowed any money from any bank or financial institution and had not issued debentures during the year under report.
- (xii) We are informed that the company had not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's report) Order, 2003 (as amended) are not applicable to it.
- (xiv) On the basis of examination of books of accounts and according to information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanation given to us by the Management, the Company had not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) We are informed that the Company had not obtained any term loans during the current financial year.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that the company had not raised any funds on short-term basis.
- (xviii) According to the information and explanation given to us, the company had not made any preferential allotment of shares to parties or companies covered in register maintained under Section 301 of the Act.
- (xix) The company had not issued any debentures, consequently the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to it.
- (xx) The company had not raised any money by means of public issue.
- (xxi) During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the Management.

For Suresh Bansal & Co.
Chartered Accountants
Firm's Regn. No. 003343N

S. K. Bansal
Partner
(Membership No. : 82242)

Place : Faridabad
Date : 30th May 2011
Camp : Ghaziabad

SWADESHI POLYTEX LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule	As At	
		31st March, 2011	31st March, 2010
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	39,000,000	39,000,000
Reserves and Surplus	2	19,517,691	19,694,387
		<u>58,517,691</u>	<u>58,694,387</u>
LOAN FUNDS			
Secured Loan	3	441,526,992	389,249,442
Unsecured Loans		23,021,497	52,297,597
		<u>464,548,489</u>	<u>441,547,039</u>
TOTAL		<u>523,066,180</u>	<u>500,241,426</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	12,641,930	47,311,953
Less: Depreciation		11,621,353	33,476,999
Net Block		1,020,577	13,834,954
Assets Held for Disposal		32,799,119	22,274,006
		<u>33,819,696</u>	<u>36,108,960</u>
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES	5	5,400	5,400
Inventories	6	6,530,058	10,324,000
Sundry Debtors		60,319,007	46,759,245
Cash & Bank Balances		24,375,965	27,375,658
Loans & Advances		11,727,383	12,721,352
Other Current Assets		354,010	24,022
		<u>103,306,424</u>	<u>97,204,277</u>
Less: Current Liabilities & Provisions	7		
Liabilities		115,433,568	127,501,084
Provisions		28,645,614	3,667,617
		<u>144,079,182</u>	<u>131,168,701</u>
NET CURRENT ASSETS		(40,772,759)	(33,964,424)
PROFIT & LOSS ACCOUNT		689,669,819	657,747,465
Less: GENERAL RESERVE		(159,655,975)	(159,655,975)
		<u>530,013,844</u>	<u>498,091,490</u>
TOTAL		<u>523,066,180</u>	<u>500,241,426</u>

SIGNIFICANT ACCOUNTING POLICIES & PRACTICES AND NOTES ON ACCOUNTS 11

The Schedule referred to above form an integral part of the Balance Sheet.

As per our report of even date attached

For Suresh Bansal & Co.
Chartered Accountants

Sd/-

S. K. Bansal

Partner

Place: Faridabad

Date: 30th May, 2011

Camp: Ghaziabad

Sd/-
(R.K. Sharma)
Director

Sd/-
(B. Mehrotra)
Director

SWADESHI POLYTEX LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	Current Year	Previous Year
INCOME			
Sales		31,876,578	20,730,489
Other Income	8	87,545,215	7,456,176
TOTAL		119,421,793	28,186,665
EXPENDITURE			
Cost of Traded Items sold		30,032,247	19,753,165
Administrative, Legal & Other Expenses	9	46,455,140	18,180,253
Financial Expenses	10	74,277,194	34,448,966
TOTAL		150,764,582	72,382,384
LOSS BEFORE DEPRECIATION		31,342,789	44,195,719
Depreciation	756,260		595,520
Less: Charged from Revaluation Reserve	(176,696)	579,564	(213,063)
LOSS AFTER DEPRECIATION		31,922,353	44,878,176
LOSS AFTER TAX FOR THE YEAR		31,922,353	44,878,176
Loss brought forward from previous year		657,747,465	612,869,289
Balance carried forward to Balance Sheet		689,669,819	657,747,465
BASIC & DILUTED EARNING PER SHARE (IN RS.) (Equity Shares of Rs. 10 each)		(8.19)	(11.51)

Significant Accounting Policies & Practices and Notes on Accounts

11

The Schedule referred to above form an integral part of the Profit & Loss Account.

As per our report of even date attached

For **Suresh Bansal & Co.**
Chartered AccountantsSd/-
S. K. Bansal
PartnerSd/-
(R. K. Sharma)
DirectorSd/-
(B. Mehrotra)
DirectorPlace : Faridabad
Date : 30th May, 2011
Camp : Ghaziabad

SWADESHI POLYTEX LIMITED

SCHEDULES FORMING PART OF THE BALANCES SHEET

Particulars	As At			
	31st March, 2011	31st March, 2010		
SCHEDULE 1 : SHARE CAPITAL				
AUTHORISED				
22500000 Equity Shares of Rs.10/-each	225,000,000	225,000,000		
250000 9.5% Redeemable cumulative Preference Shares of Rs. 100/- each	25,000,000	25,000,000		
	<u>250,000,000</u>	<u>250,000,000</u>		
ISSUED, SUBSCRIBED & PAID UP				
3900000 Equity Shares of Rs. 10/- each fully paid up	39,000,000	39,000,000		
	<u>39,000,000</u>	<u>39,000,000</u>		
	Balance as on 01.04.2010	Additions during the year	Withdrawals during the year	As at 31.03.2011

SCHEDULE 2 : RESERVES AND SURPLUS

Capital Reserve	506,250	-	-	506,250
Revaluation Reserve	8,213,137	-	176,696	8,036,441
Capital Redemption Reserve	10,975,000	-	-	10,975,000
Closing Balance	<u>19,694,387</u>	<u>-</u>	<u>176,696</u>	<u>19,517,691</u>
Previous Year	<u>19,907,450</u>	<u>0.00</u>	<u>213,063</u>	<u>19,694,387</u>

Particulars	As At	
	31st March, 2011	31st March, 2010

SCHEDULE 3 : LOAN FUNDS

SECURED LOANS

Term Loan from Body Corporates	264,276,100	275,000,000
Interest Accrued and Due there on	177,250,892	114,249,442
	<u>441,526,992</u>	<u>389,249,442</u>

Rupee term loans are secured by way of charges ranking pari-passu inter se, on the land and buildings situated at Kavi Nagar, Ghaziabad, UP and all movable assets/properties both existing and future.

UNSECURED LOANS

From Body Corporates (Interest Free)	23,021,497	52,297,597
	<u>23,021,497</u>	<u>52,297,597</u>

SWADESHI POLYTEX LIMITED

SCHEDULE 4 : FIXED ASSETS

DESCRIPTION (1)	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS AT 31/03/2010 Rs. (2)	ADDITIONS Rs. (3)	SALES/DE- STIMENT Rs. (4)	AS AT 31/03/2011 Rs. (5)	AS AT 31/03/2010 Rs. (6)	FOR THE YEAR Rs. (7)	SALES/DE- STIMENT Rs. (8)	AS AT 31/03/2011 Rs. (9)	AS AT 31/03/2011 Rs. (10)	AS AT 31/03/2010 Rs. (11)
	Land (Lease hold)	2,200,100	-	2,200,100	-	993,548	10,081	993,538	-	-
Buildings	32,449,923	-	32,449,923	-	30,852,190	670,167	21,622,377	-	-	11,457,733
Plant and Machinery	345,000	-	-	345,398	-	16,388	-	16,388	238,613	345,000
Furniture & Fixtures	11,399,531	-	-	11,399,531	11,290,233	36,338	-	11,231,791	984,738	701,331
Computers	118,338	-	-	116,988	90,402	10,017	-	88,973	18,024	30,041
Vehicles	183,403	-	-	183,403	173,085	1,130	-	174,233	9,178	(10,300)
Total(A)	47,311,963	-	34,879,023	12,841,330	33,476,969	796,260	22,611,906	11,621,383	1,000,377	13,834,954
Building Held for Disposal (B)	-	10,525,113	-	10,525,113	-	-	-	-	10,525,113	-
Plant & Machinery Held Disposal (C)	22,274,006	-	-	22,274,006	-	-	-	-	22,274,006	22,274,006
Assets Held for Disposal (D) (B+C)	22,274,006	10,525,113	-	32,799,119	-	-	-	-	32,799,119	22,274,006
Grand Total (A+D)	69,585,969	10,525,113	34,879,023	45,640,449	33,476,969	796,260	22,611,906	11,621,383	33,819,896	36,109,960
Previous year	13,785,037	345,000	4,344,096	18,584,333	32,591,479	895,920	-	33,476,999	56,108,990	41,303,579

Particulars	As At 31st March, 2011	As At 31st March, 2010
-------------	---------------------------	---------------------------

SCHEDULE 5 : INVESTMENTS

LONG TERM INVESTMENTS

NON - TRADE (AT COST)

UNQUOTED

National Saving Certificate

5,400

5,400

5,400

5,400

SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS:

INVENTORIES

(As taken, valued and certified by the management)

Scrapped Inventory held for disposal

5,334,500

10,324,000

Leasehold Land held for sale

1,195,558

6,530,058

SUNDRY DEBTORS (UNSECURED)

Considered good

- Over six months-Considered Good

46,392,185

46,759,245

- Considered Doubtful

3,693,476

3,693,476

- Other Debts-Considered good

13,926,822

64,012,483

50,452,721

Less: Provision for Doubtful Debts

(3,693,476)

60,319,007

(3,693,476)

46,759,245

SWADESHI POLYTEX LIMITED

Particulars	As At 31st March, 2011	As At 31st March, 2010
CASH AND BANK BALANCES		
Cash in hand	6,255,706	11,609,746
Cheques/draft in hand and remittances in transit	1,110,000	-
Balance with Scheduled Banks in :		
- Current Accounts	729,010	7,291,908
- Deposit Account	8,918,450	-
- Margin Money Accounts	7,362,799	8,474,004
	<u>24,375,965</u>	<u>27,375,658</u>
LOANS AND ADVANCES		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	10,860,757	11,339,746
Less: Provision for Doubtful Advances	(1,596,722)	(1,596,722)
Security Deposits	240,780	755,760
Balance with Excise Authorities	2,212,645	2,212,645
Deposit with IDBI for Investment Deposit Account	9,923	9,923
	<u>11,727,383</u>	<u>12,721,352</u>
	<u>102,952,414</u>	<u>97,180,255</u>
OTHER CURRENT ASSETS		
Interest Receivable	354,010	24,022
SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors : Other than Micro & Small Enterprises	88,442,767	78,937,607
Advances from Customers	10,048,612	37,117,660
Trade and other deposits	5,512,652	5,512,652
Other liabilities	11,429,537	5,933,165
	<u>115,433,568</u>	<u>127,501,084</u>
PROVISIONS		
Provision for Contingencies	28,200,000	3,200,000
Provision for Tax & Fringe Benefit Tax(Net of Advance Tax)	445,614	467,617
	<u>28,645,614</u>	<u>3,667,617</u>
	<u>144,079,182</u>	<u>131,168,700</u>

SWADESHI POLYTEX LIMITED

Particulars	As At 31st March, 2011	As At 31st March, 2010
SCHEDULE 8 : OTHER INCOME		
Miscellaneous Income	1,986,761	34,360
Interest Received (Tax Deducted at Source Rs. 129385 (previous year Rs. 62181)	1,135,100	621,816
Provisions no longer required written back	-	6,800,000
Profit from Sale of Fixed Assets	84,423,354	-
	<u>87,545,215</u>	<u>7,456,176</u>
SCHEDULE 9 : ADMINISTRATIVE, LEGAL AND OTHER EXPENSES		
OTHER EXPENSES		
Power, Fuel and Water Charges	112,080	6,007,115
Repairs and Maintenance		
- Buildings	23,425	187,005
- Others	386,842	146,858
Rent	12,400	26,540
Rates and Taxes	1,185,760	354,557
Directors sitting fee	265,000	31,000
Miscellaneous Expenses	2,546,367	1,163,977
Business Promotion Expenses	103,784	191,179
Advertisement	435,136	13,753
Security Expenses	1,772,005	1,244,227
Printing & Stationary	105,421	113,681
Conveyance & Traveling expenses	2,289,643	2,032,861
Loss on valuation/ reclassification of Inventory	4,989,500	1,821,964
Legal & Professional expenses	6,972,697	4,604,325
Communication Expenses	216,456	202,806
Provision for Contingencies	25,000,000	-
Payment to Auditors :		
- Audit Fee	38,605	38,605
	<u>46,455,140</u>	<u>18,180,253</u>
SCHEDULE 10 : FINANCIAL EXPENSES		
Interest on		
- Term Loan	74,290,207	34,275,080
- Others	8,233	13,157
Bank Charges	(21,245)	160,729
	<u>74,277,194</u>	<u>34,448,966</u>

SWADESHI POLYTEX LIMITED

SCHEDULE 11

SIGNIFICANT ACCOUNTING POLICIES & PRACTICES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES & PRACTICES

1 (a) ACCOUNTING CONCEPTS

The financial statements are prepared under the historical cost convention on accrual basis of accounting as going concern and in accordance with the generally accepted accounting principles, accounting standards as prescribed under companies Accounting Rules, 2006, as applicable and the relevant provisions, rules and disclosure requirements of the Companies Act, 1956.

(b) USE OF ESTIMATES

In preparing the financial statements in conformity with the generally accepted accounting principles management is required to make estimates and assumptions that may affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the amount of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

2 FIXED ASSETS, REVALUATION OF ASSETS AND DEPRECIATION

(a) Fixed assets are stated at their original cost of acquisition including cost of installation. MODVAT/CENVAT availed has been deducted from the cost of respective asset.

(b) Projects under Commissioning and other Capital Works-in-Progress are carried at cost, comprising direct cost and related incidental expenses.

(c) In case of Revaluation of Fixed Assets, the concerned asset is stated at revalued amount with the creation of Revaluation Reserve. Consequent depreciation on revalued portion of fixed assets based on the remaining useful life is being withdrawn from Revaluation reserve crediting the Profit & Loss Account.

(d) Depreciation on Plant & Machinery and Buildings is being provided on Straight Line Method, other assets except leasehold land is provided on written down value method at the rates specified in Schedule XIV (as amended) to the Companies Act, 1956.

(e) Premium on leasehold land is amortized over the period of lease and booked as depreciation.

3 IMPAIRMENT OF ASSETS

(i) The carrying amounts of fixed assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal /external factors.

(ii) An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount and the same is recognized as an expense in the statement of Profit & Loss and Carrying amount of the asset is reduced to recoverable amount.

(iii) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exists or have decreased.

4 REVENUE

Sales is recognized on dispatch of goods and includes excise duty but excludes sales tax, rebate & discount allowed, as applicable and is net of return/rejections. Certain incomes the accrual of which is ab-initio not agreed/disputed upon by the parties is not accounted for till such time is agreed / received. Similarly interest on receivables are accounted only on the receipt or settlement of the same, which ever is earlier.

SWADESHI POLYTEX LIMITED

5 INVENTORIES

Valuation of stocks is done as mentioned below:

Raw Material and Stores & Spares	: At lower of cost or Net realisable value
Work-in-Process	: At cost of material included therein or net realisable value whichever is lower.
Finished Goods	: At lower of cost or net realisable value
Leasehold Land held for sale	: At lower of book value or net realisable value
Saleable Waste, Inventory Held for Disposal and by products	: At Net estimated realisable value

(a) Cost is arrived at using monthly weighted average method.

(b) Cost of Finished Goods is inclusive of Excise Duty.

6 TAXATION

i) Current Tax

(a) Provision for Taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of Income Tax Act, 1961. However, where the tax is computed in accordance with the provision of Section 115 JB of the Income Tax Act, 1961, as Minimum Alternate Tax (MAT), it is charged off to the Profit & Loss Account of the relevant year.

(b) Advance Income Tax is finally adjusted against the provision made for tax liability on final completion of all matters relating to that assessment year.

ii) Deferred Tax

Deferred Income Tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income and accounting income computed for the current accounting year and reversal of earlier years' timing differences.

Deferred Tax assets are recognized and carried forward to the extent there is reasonable certainty, except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent of deferred tax liabilities or there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

7 Refunds of Taxes and Duties

Refund claims arising out of monies paid under protest or under appeals and charged to Revenue are accounted for at the time of receipt of orders or actual refunds whichever is earlier.

8 Contingent Liabilities

Disputed liabilities and claims against the company including claims raised by fiscal authorities (e.g. Sales Tax, Income Tax, Excise etc.) except frivolous claims for which no reliable estimate can be made of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in notes to accounts. However, present obligation as a result of past event with possibility of outflow of resources, when reliably estimable, is recognized in accounts.

SWADESHI POLYTEX LIMITED

B NOTES TO ACCOUNTS

1 Contingent Liabilities not provided for in respect of:

Claims against the Company not acknowledged as debts including excise, sales tax, Income Tax, Labour Disputes, Legal and other Disputes Rs. 1388.30 lacs (Previous year Rs. 2335 lacs) (Rs. in Lacs)

Particulars	Current Year	Previous Year
(a) PF Cases pending at various forums	200.00	199.43
(b) Labour Matters relating settlement pending at various forums	64.72	41.54
(c) Revenue collection charges by Tehsil & other authorities pending at Hon'able High Court	199.84	199.84
(d) Sales tax demand pending at various forums	133.86	133.74
(e) Excise demand for unauthorised removal of goods pending with CESTAT	190.22	165.22
(f) Interest on the Secured loan from Body corporate	496.72	1,526.86
(g) Other Matters	102.84	68.05

2. Information pursuant to AS 29, "Provisions, Contingent Liabilities and Contingent Assets issued by ICAI:

Brief particulars of provisions on disputed liabilities and old assets :-

Particular of Provisions	Opening	Made during the year	Used/Reversed during the year	Closing
Provision for Contingencies	3,200,000	25,000,000	-	28,200,000

- (i) Resulting outflows against above contingencies on account various disputed cases pending before various forums, if matured, are expected to be in succeeding financial year.
 - (ii) Provisions are made herein for medium risk oriented issues including old assets as a measure of abundant precaution.
 - (iii) Company presumes remote risk possibility of further cash outflow pertaining to contingent liabilities listed in para 1 above.
- 3 In view of the Economic/Financial non-viability and ongoing labour problems etc., the Company had discontinued its operations of manufacturing of Polyester Fibres and Chips, the resumption of which seems to be very unlikely. However, in continuation of its efforts to take up the additional business activity, Company has changed the Main object clause of the Memorandum of Association by including objects relating to real estate business during the year.
 - 4 The Company is in the process of obtaining confirmations from the suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the Company, no balance is due to Micro & Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as on 31st March 2011. Further during the year no interest has been paid or payable under the terms of the said Act.
 - 5 The Company had received Rs. 148.60 Lacs (Including Interest Rs. 83.40 Lacs) based on the order of Hon'able National Consumer Disputes Redressal Commission, New Delhi (NCDRC) in respect of ongoing case against a debtor in the previous year. This amount was released on furnishing of Bank Guarantee. Subsequent to the balance sheet date, remanded case to NCDRC by Hon'able Supreme Court for

SWADESHI POLYTEX LIMITED

reconsideration was decided against the company with the directions to deposit the entire money alongwith interest. The company has since filed an appeal against the order of NCDRC in Hon'able Supreme Court. Accordingly, the amount so received alongwith Interest continued to be shown as current liability in balance sheet.

- 6 Income Tax and Wealth Tax assessments have been completed upto Assessment year 1998-99 and against some of the orders, appeals are still pending. The Company has claimed losses in the return filed for subsequent years till Assessment years 2010 – 2011 and is of the view that majority of the losses will be available for set off against profits. In view of the losses and unabsorbed depreciation and based on the legal opinion obtained by the company, no provision for tax has been considered necessary in the accounts.
- 7 Balances appearing for certain inoperative bank accounts, debtors, creditors, loans, advances and other parties are subject to confirmation, reconciliation and adjustments, if any, by the respective parties.
- 8 The Company is in the process of settling the dues relating to the interest on secured loan taken from a Body Corporate. Based on the initial discussions with the aforesaid body corporate, the management anticipate that the One Time Settlement of the interest will be around Rs. 345 Lacs. Accordingly, necessary provision thereof has been made in the accounts. Additional liability, if any will accounted for in the year of final settlement.
- 9 Subsequent to the Balance Sheet date Company has entered into an agreement for sale of Building and Plant & Machinery held for disposal subject to approval of shareholders and secured lenders. Till the completion of sale transaction, carrying value of the aforesaid assets continued to be shown at the book value to the company as Assets Held for Disposal.
- 10 During the year, company has got the approval for sub-division of leasehold land into industrial plots from the UPSIDC subject to complying with various terms and conditions. Further, Management has, subject to approval of Secured lenders decided to convert the said land into saleable inventory and also is in process of selling the aforesaid industrial plots. Till the completion of the sale transaction, carrying value of the aforesaid leasehold land continued to be shown at the book value to the company as "Leasehold Land Held for Sale" under the head inventory.
- 11 During the year, the Secured Loan with all related dues from SREI Equipment Finance Pvt (SREI), Limited was assigned in favor of Pranjal Vypar Pvt. Limited (PVPL). In view of the existing defaults in the payment of dues to SREI and PVPL and ongoing dispute on the arbitration award for conversion of aforesaid secured loan into equity shares of the company, pending before the Hon'able Kolkata High Court, the company continued to provide interest on the entire amount on the terms agreed with the lender and assignor.
- 12 Revaluation of fixed assets (Factory building & Plant and Machinery) was carried out during the year 1986-87 and accordingly increase in values due to revaluation had been credited to Revaluation Reserve. Since then, each year's withdrawal amount has been credited to Profit & Loss Account. During the year Rs. 1.77 Lacs (Previous Year Rs. 2.13 Lacs) has been withdrawn from the Revaluation Reserve and credited to Profit & Loss Account
- 13 Related Party disclosure in accordance with the Accounting Standard-18, issued by the Institute of Chartered Accountants of India is given below:

(1) Associates	:	National Textile Corporation Ltd. (Holding more than 20% shareholding in the Company)
Nature of Transactions	:	Unsecured Loan taken as on 31-03-2011 : Rs. 2,30,21,497 (Previous Year Rs. 2,30,21,497)
(2) Associates	:	Paharpur Cooling Towers Ltd. (Holding indirectly more than 20% shareholding in the company)

SWADESHI POLYTEX LIMITED

Nature of Transactions :

Reimbursement for various expenses	:	Rs. 12,64,857 (Previous Year Rs.11,16,712)
Unsecured Loan repaid	:	Rs. 2,92,76,100 (Previous Year Rs. Nil)
Secured Loan repaid	:	Rs. 1,07,23,900 (Previous Year Rs. Nil)
Interest Due	:	Rs. 3,45,00,000 (Previous Year Rs. Nil)
Outstanding Balance as on 31.03.2011		
Secured Loan Taken	:	Rs. 12,42,76,100 (Previous Year Rs. 13,50,00,000)
Interest accrued and due on 31.03.2011	:	Rs. 3,10,50,000 (Previous Year Rs. 2,92,76,100)
Unsecured Loan Taken	:	NIL (Previous Year Rs. 2,92,76,100)

14 In accordance with the Accounting Standard-22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the company has certain amounts eligible to create Deferred Tax assets (DTA). However, in the absence of virtual certainty with regards to realisation of DTA in the foreseeable future, DTA has not been recognised.

15 Previous years' figures have been regrouped/recast wherever considered necessary

16 The figures reported in financial statements have been rounded off to the nearest rupee

17 Information regarding Goods Traded (Rs. in lacs)

Particulars	OPENING		PURCHASE		SALES		CLOSING	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Fabric	-	-	202561	300.32	202561	318.77	-	-
	(-)	(-)	(136142)	(197.53)	(136142)	(207.3)	(-)	(-)

* Multiple UOM

Note: Figures in brackets represent previous year figures

For Suresh Bansal & Co.
Chartered Accountants

Sd/-
S. K. Bansal
Partner
(Membership No. : 82242)

Sd/-
(R. K. Sharma)
Director

Sd/-
(B. Mehrotra)
Director

Place : Faridabad
Date : 30th May, 2011
Camp : Ghaziabad

SWADESHI POLYTEX LIMITED

Registered Office: New Kavi Nagar, Industrial Area, Ghaziabad - 201 002 (UP)

ANNUAL GENERAL MEETING

PROXY FORM

Folio No. :

No. of Shares :

(To be filled in by the Member)

I/We being a Member/Members

of Swadeshi Polytex Limited, hereby appoint of

in the district of or failing him of

..... in the district of as my/our proxy to attend

and vote for me /us and on my/our behalf at the 41st Annual General Meeting of the company to be held at the

registered office of the Company at New Kavi Nagar, Industrial Area, Ghaziabad - 201002 (Uttar Pradesh) on

21st September 2011 at 12:00 Noon and at any adjournment thereof.

Signed this day of 2011

Signature of Member 1.

Signature of proxy 1.

Signature attested by member 1. 2.

Affix
Re. 1/-
Revenue
Stamp

Note:

1. A proxy need not be a member of the company.
2. The Proxy duly completed must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting.

SWADESHI POLYTEX LIMITED

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH, 2011

DESCRIPTION	2010-2011 Rs	2009-2010 Rs
A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	(31,922,353)	(44,878,176)
ADJUSTMENTS FOR		
1. DEPRECIATION	579,564	682,457
2. INTEREST EXPENSES	74,277,194	34,448,966
3. PROFIT/ LOSS ON SALE OF FIXED ASSETS	(84,423,354)	-
4. INTREST, RENT, LEASE RENT AND DIVIDEND INCOME	(1,135,100)	(621,816)
5. PROVISION/BALANCES WRITTEN BACK	-	(6,800,000)
6. PROVISION FOR CONTINGENCIES	25,000,000	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(17,624,050)	(17,168,569)
ADJUSTMENTS FOR		
1. INCREASE/(DECREASE) IN TRADE AND OTHER PAYABLE	(11,964,973)	15,114,690
2. DECREASE/(INCREASE) IN TRADE & OTHER RECEIVABLE	(12,587,294)	1,367,149
3. DECREASE/(INCREASE) IN INVENTORIES	3,793,942	6,591,935
CASH GENERATED FROM OPERATIONS	(38,382,375)	5,905,204
INCOME TAXES REFUND/(PAID)	(22,002)	(94,414)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(38,404,377)	5,810,790
NET CASH FLOW FROM OPERATING ACTIVITIES	(38,404,377)	5,810,790
B) CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	-	345,000
SALES / TRANSFER OF FIXED ASSETS	(85,956,358)	(4,544,098)
INTEREST RECEIVED	(805,112)	(1,033,651)
NET CASH USED IN INVESTMENT ACTIVITIES	(86,761,470)	(5,232,749)
C) CASH FLOW FROM FINANCING ACTIVITIES		
PAYMENT OF SHORT TERM BORROWINGS	29,276,100	473,760
PAYMENT OF LONG TERM BORROWINGS	10,723,900	-
INTREST PAID	11,356,787	310,986
NET CASH USED IN FINANCING ACTIVITIES	51,356,787	784,746
NET INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS(-A+B+C)	2,999,693	(10,258,793)
CASH AND CASH EQUIVALENTS AS AT (OPENING BALANCE)	27,375,658	17,116,865
CASH AND CASH EQUIVALENTS AS AT (CLOSING BALANCE)	24,375,965	27,375,658

As per our report of even date attached
For **Suresh Bansal & Co.**
Chartered Accountants

sd/-
S.K.Bansal
Partner

Place : Faridabad
Camp: Ghaziabad
Date : 30.05.2011

Certified True Copy

For Swadeshi Polytex Limited


(Director)
Director

SWADESHI POLYTEX LIMITED

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH, 2011

DESCRIPTION	2010-2011 Rs	2009-2010 Rs
A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	(31,922,353)	(44,878,176)
ADJUSTMENTS FOR		
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2. INTEREST EXPENSES	74,277,194	34,448,966
3. PROFIT/ LOSS ON SALE OF FIXED ASSETS	(84,423,354)	-
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CASH GENERATED FROM OPERATIONS	(38,382,375)	5,905,204
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NET CASH FLOW FROM OPERATING ACTIVITIES	(38,404,377)	5,810,790
B) CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(85,956,358)	(4,544,098)
SALES / TRANSFER OF FIXED ASSETS	(805,112)	(1,033,651)
INTEREST RECEIVED	(86,761,470)	(5,232,749)
NET CASH USED IN INVESTMENT ACTIVITIES		345,000
C) CASH FLOW FROM FINANCING ACTIVITIES		
PAYMENT OF SHORT TERM BORROWINGS	29,276,100	473,760
PAYMENT OF LONG TERM BORROWINGS	10,723,900	-
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CASH AND CASH EQUIVALENTS AS AT (CLOSING BALANCE)	24,375,965	27,375,658

As per our report of even date attached
For Suresh Bansal & Co.
Chartered Accountants

sd/-
S.K.Bansal
Partner

Place : Faridabad
Camp: Ghaziabad
Date : 30.05.2011

Certified True Copy

For Swadeshi Polytex Limited

[Signature]
Director

Director Director