



PROUD TO BE INDIAN  
PRIVILEGED TO BE GLOBAL



**CHALLENGES INSPIRE  
NEW OPPORTUNITIES.**

Annual Report 2008-2009



**Bhilwara Spinners Limited**



PROUD TO BE INDIAN  
PRIVILEGED TO BE GLOBAL

## Group Salient Features

- The exports constitute 46% of the total turnover.
- The Group's Textile Business has 4.83 lacs spindleage.
- HEG Ltd. has undertaken a capacity expansion to raise its Graphite production to 66,000 TPA.
- The Power Generation up from 90 crore units to 113 crore units during the year because of RSWM TPP and Maral TPP being fully operational.
- RSWM's 46 MW and Maral's 10 MW capacity Thermal Power plants running successfully.
- HEG's additional 33 MW Captive Thermal Power Plant commissioned in May, 2009.
- AD Hydro Power Ltd. 192 MW Hydro Power Project at Manali (H.P.) scheduled to be commissioned by the end of 2009.
- The Group is committed to achieve over 3,000 MW of Power Generation by the year 2017.
- Bhilwara Energy Ltd. collaborated with Mannvit Engineering, Iceland for developing Geothermal Power Projects in India and Nepal.
- The Group employing over 25,000 people and poised to establish its presence in a leadership position in its businesses.
- HEG has won Dun & Bradstreet Corporate Award, 2008 for the best category in Graphite Electrodes.
- RSWM was felicitated with the 14th Rajiv Gandhi National Quality Award and "Niryat Shree" and SRTEPC Awards during the year.

## LNJ Bhilwara Group Companies



## Group Brands





## Annual Report 2008-2009

## CORPORATE INFORMATION

## BOARD OF DIRECTORS

L. N. Jhunjhunwala	<i>Chairman-Emeritus</i>
Ravi Jhunjhunwala	<i>Chairman</i>
R. N. Gupta	<i>Managing Director</i>
B. P. Singh	<i>Director</i>
B. N. Fitkariwala	<i>Director</i>
Ravindra Bhandari	<i>Director</i>

## KEY EXECUTIVE

Nirmal Kumar Jain	<i>Chief Executive Officer</i>
P. S. Puri	<i>Chief Financial Officer</i>

## BANKERS

State Bank of Bikaner & Jaipur  
 State Bank of Patiala  
 Bank of Baroda  
 The Bank of Rajasthan Ltd.

## AUDITORS

KSMN & Co., New Delhi

## REGISTERED OFFICE

26, Industrial Area  
 Bhilwara - 311 001, Rajasthan

## CORPORATE OFFICE

Bhilwara Towers,  
 A-12, Sector-1  
 Noida - 201 301 (U.P.)

## FINANCIAL HIGHLIGHTS

(Rs. in lac)

PARTICULARS	2006-07	2007-08	2008-09
Turnover	9441.94	8501.32	<b>5261.41</b>
Exports	-	-	-
PBIDT	639.22	690.05	<b>(155.91)</b>
Interest	290.06	283.45	<b>235.50</b>
PBDT	349.16	406.60	<b>(391.41)</b>
Depreciation	323.09	307.45	<b>254.50</b>
Taxation	37.09	0.21	<b>(271.73)</b>
PAT	(11.02)	98.94	<b>(374.18)</b>
Net worth	899.10	991.74	<b>611.26</b>
Capital expenditure	66.48	26.68	<b>23.86</b>
Book value per share (Rs.)	13.20	14.67	<b>9.04</b>

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## MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY STRUCTURE AND DEVELOPMENTS

The Government of India had set ambitious targets for the Indian Textile Industry in terms of turnover and exports. But there is likely to be huge shortfall in achieving the target, which may be attributable to general decrease in the volume of imports of textiles & clothing by the major buyer countries; erosion of competitive edge of the exporters in the global markets due to high domestic transaction costs and incidence of multiple duties, taxes and anti-dumping duties being imposed by select importing countries on selected textile product categories and high levels of volatility in the foreign exchange.

The year of 2008-09 had been a challenging one for the Company because of some of the factors mentioned below:-

- **Global Recessionary Trend :** Due to global recession and with consumer confidence at its lowest across the world specifically in developed economies, the spending on consumer products has shown a major downward trend. This has resulted in the poor retail sales resulting in inventory buildup at the downward supply chain. Because of the nature of apparel industry and fabric processing & weaving in India, most of the manufacturers are cutting down on their raw material inventories resulting in the stocking of finished goods inventory with the yarn manufacturers.
- **Finished Goods Realisation :** The sales realisations were far lower in the subdued domestic markets compared to realisations under normal circumstances because of the dumping of yarn meant for exports in the domestic markets.
- **Input Costs :** The key input for yarn is fiber, which accounts for more than 60% of the finished products cost. Compared to the subdued yarn prices, the fiber prices didn't show similar downward trends during the period under review.
- **Reduced Scale of Operations :** As a part of continuous restructuring and consolidation, the Company had reduced installed spindleage by approx. 2/3 of the earlier spindleage capacity. Due to reduced spindleage and exodus of workers, the scale of operations were much lower as compared to the previous years.
- **Financial Expenses :** The interest rates continued to remain on higher side during most part of the period under review, resulting in higher cash outflow toward interest payments for servicing of debts.

Due to continuation of above factors, there has been decline in the Company's financial performance during 2008-09.

## OPPORTUNITIES AND THREATS

With increase in population having taste for fashion, the consumer is getting more and more inclined towards man-made fabrics, as a result the synthetic blended yarn industry has wide prospects. The yarn produced by the Company is an intermediary product, and is dependent on other segments of industry in value chain. The other threats to the segment in which the Company operates are the intense competition, pricing pressures and stricter environmental laws. The Company is focused on the quality of its products and systems to overcome competition and pricing challenges.

## SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Since the Company is engaged primarily in the business of synthetic blended yarn, the operations of the Company are only for this product segment. The Management has put in efforts to improve

the operational performance by improving product-mix, controlling operating cost and better operational efficiencies.

## OUTLOOK

In spite of the continuing trend of global recession, the Company expects to improve its existing businesses, especially with the textile markets picking up of late in the domestic sector. Thus, despite uncertainties in yarn demand, the outlook for the next financial year is cautiously optimistic, based on the hopes of economic recovery expected in the second half of the Financial Year 2009-10.

## RISKS AND CONCERNS

The raw material prices are market driven and considerably impact the performance and profitability of the Company. Shift in consumer preferences and fashion trends also affect the industry as a whole and the Company in particular. Continuous rising labour cost and also its availability are also serious concerns. In view of poor financial health leading to its inability to keep pace with technological changes, operational flexibility and locational disadvantage remains serious concern.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has comprehensive systems of internal control in all operational areas and these are proper, adequate and commensurate with the size and level of operations of the Company. These are supplemented by internal/management audits conducted on a regular basis by independent auditors. The Top Management and Audit Committee reviews the recommendations of the Independent Auditors regularly and implements them wherever found desirable.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company, during the financial year under review managed a lower turnover of Rs. 52.61 crore against Rs. 85.01 crore in previous year. The Company produced 4672 Tons of yarn (7390 Tons in corresponding period). The Company made cash loss of Rs. 391.91 lac against cash profit of Rs. 406.60 lac in the previous year.

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Due to the reduced spindleage and thus reduced scale of operations, there was exodus of staff and workers resulting in reduced workforce. The employee strength at the end of financial year was approximately 460.

## CAUTIONARY STATEMENT

*Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Forward-looking statements are identified in this report by using words like 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on 'Risk Management'. The Company takes no responsibility for any consequence of decisions made based on such statements, and holds no obligation to update these in the future.*



## DIRECTORS' REPORT

### To The Members,

The Directors of your Company have pleasure in presenting their 28<sup>th</sup> Annual Report along with audited annual statements of Accounts for the financial year ended on 31<sup>st</sup> March, 2009.

### FINANCIAL RESULTS

	(Rs. in crore)	
	Financial Year ended 31 <sup>st</sup> March, 2009	Previous Year ended 31 <sup>st</sup> March, 2008
Turnover	52.61	85.01
Profit/(Loss) before Depreciation	(3.91)	4.07
Depreciation	2.55	3.07
Profit/(Loss) before Tax	(6.46)	0.99
Provision for Income Tax		
– Current Tax	0.03	0.15
– Deferred Tax	(2.75)	(0.15)
Profit/(Loss) after Tax	(3.74)	0.99
Balance brought forward	(1.09)	(2.02)
Balance carried forward	(4.83)	(1.09)

### OPERATIONS

During the financial year under review, the operational and financial performance suffered setback due to lower sales realisation on account of poor demand in domestic as well as international market which was hit by recession. The operations suffered because of workers agitation. Finally, workers of one unit have cleared their accounts with the Company after settlement with the union. The installed capacity has also been reduced to 8,640 spindles from 21,232 spindles during the year. Due to reduction in capacity and loss of productivity, the turnover during the current financial year has been Rs.52.61 crore as against Rs.85.01 crore in the previous year and net loss after tax has been Rs.3.74 crore as against net profit of Rs.99 lac.

Your Directors are hopeful that with the steps taken for improving product-mix, controlling operating cost and better operational efficiencies, the performance of the Company will improve.

### DIVIDEND

Your Directors are unable to recommend any Dividend on the Equity Shares in view of the financial position of the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors state that :

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and they have made judgements and estimates that

are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company on 31<sup>st</sup> March, 2009 and of the profit or loss of the Company for the financial year ended 31<sup>st</sup> March, 2009;

- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Annual Accounts have been prepared on a going concern basis.

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

A statement of information relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, is given in Annexure to the Directors' Report.

### DIRECTORS

Mr. L. N. Jhunjhunwala and Mr. B. P. Singh, Directors retire by rotation and being eligible, offer themselves for reappointment. During the period under review, Mr. Shekhar Agarwal ceased to be member of the Board of Directors of the Company. The Board places on record its deep appreciation of the services rendered by Mr. Shekhar Agarwal during his tenure.

### AUDITORS

The Company's Auditors, M/s. KSMN & Co. , will hold office till the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

The observations in the Auditors' Report are dealt within the notes to the accounts at appropriate places and are self-explanatory.

### PERSONNEL

There was no employee drawing remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975.

### ACKNOWLEDGMENTS

Your Directors appreciate the valuable cooperation and continued support extended by the Customers, Financial Institutions, Bankers, State and Central Government. The Board also wishes to place on record its appreciation for the dedicated services of employees at all levels of the Company.

for and on behalf of the Board

Place : Noida  
Date : 29<sup>th</sup> April, 2009

Ravi Jhunjhunwala  
Chairman

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## ANNEXURE TO DIRECTORS' REPORT

Statement of particulars pursuant to Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

## I. CONSERVATION OF ENERGY

## (a) Energy conservation measures taken:

1. Monitoring and tracking of all energy usage for continuous improvements.
2. Replacement of existing spindles with energy efficient high speed spindles in Ring frames
3. Usage of treated water for gardening and plantation.
4. Improvement in power factor through operation of capacitor banks and installation of energy efficient lightings.

## (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

Replacement of old spindles in Ring frames by light weight energy saving spindles.

## (c) Impact of the measures at (a) for reduction of energy consumption and consequent impact on the cost of production of goods:

The estimated saving on account of above measures is expected to be about Rs 0.50 Lac per month

## (A) POWER AND FUEL CONSUMPTION

		Current Year	Previous Year
<b>1. Electricity</b>			
(a) Purchased units	(No.)	1,41,48,720	1,94,40,828
Total Amount	(Rs.)	6,17,75,355	8,45,08,825
Rate per unit	(Rs.)	4.37	4.35
(b) Own generation			
Through Diesel Generator units	(No.)	3,236	6,850
Units per liter of Diesel/Oil	(No.)	3.10	2.89
Cost per unit	(Rs.)	10.62	10.00
Through Furnace oil Generator units	(No.)	79,283	32,35,459
Units per liter of furnace oil/diesel	(No.)	3.12	4.19
Cost per unit	(Rs.)	5.96	4.19
<b>2. Furnace Oil</b>			
Quantity	(Ltr.)	24,213	7,72,599
Total Cost	(Rs.)	4,50,802	1,35,62,041
Average Rate/ltr.	(Rs.)	18.61	17.55

## (B) CONSUMPTION PER UNIT OF PRODUCTION

<b>1. Products</b>			
Blended yarn	(lac kgs)	46.72	73.90
<b>2. Electricity Consumption</b>			
Blended yarn	(unit/kg)	3.05	3.07

## II. TECHNOLOGY ABSORPTION

## 1. RESEARCH AND DEVELOPMENT

The Company has a R & D department equipped with the sophisticated machines to monitor the quality parameters at each stage of production. This ensures consistently good quality of yarn.

## 2. TECHNOLOGY ABSORPTION

The Company is not using imported technology. Emphasis is on continuous improvement of the quality and development of new types of yarns.

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has earned during the period foreign exchange of Rs. Nil at FOB price against an outgo on CIF basis of Rs. 0.29 crore compared to previous period foreign exchange earning of Rs. NIL crores and outgo of Rs. 15 crore.





## CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance

The Company follows sound principles of Corporate Governance through a corporate culture of transparency, accountability and equity within the dynamics of business scenario and diverse interests of various stakeholders viz. shareholders, customers, employees, creditors, government, etc.

### 2. Board of Directors

The Company has six Directors on the Board of which five are non-executive including the Chairman Emeritus and the Chairman. Three directors are 'Independent' Directors.

The Composition of the Board of Directors and their attendance at the meetings during the financial year ended 31<sup>st</sup> March, 2009 and other relevant details are as follows:

Name	Title	Category	No. of Meetings		No. of other Directorships and Committee membership/chairmanship#		
			Held during tenure	Attended	Directorships* memberships	Committee chairmanships	Committee
Mr. L. N. Jhunjhunwala	Chairman Emeritus	Promoter - Non-Executive	4	4	7	3	1
Mr. Ravi Jhunjhunwala	Chairman	Promoter - Non-Executive	4	4	10	4	2
Mr. Shekhar Agarwal <sup>1</sup>	Director	Promoter - Non-Executive	1	1	-	-	-
Mr. R. N. Gupta	Managing Director	Non-Promoter - Executive	4	4	1	1	1
Mr. B. N. Fitkariwala	Director	Independent	4	4	1	-	-
Mr. B. P. Singh	Director	Independent	4	4	4	-	-
Mr. Ravindra Bhandari	Director	Independent	4	4	-	-	-

\* Excludes Directorships held in private limited companies, Foreign Companies, Membership of Management Committee of various chambers/bodies/Section 25 Companies

# Includes only Audit and Shareholders'/Investors' Grievance Committee

<sup>1</sup> Ceased to be Director with effect from 30<sup>th</sup> July, 2008.

The meetings of the Board of Directors during the financial year ended 31<sup>st</sup> March, 2009 were held on 30<sup>th</sup> April, 2008, 30<sup>th</sup> July, 2008, 25<sup>th</sup> October, 2008 and 27<sup>th</sup> January, 2009.

The last Annual General Meeting of the Company held on 26<sup>th</sup> September, 2008 was attended and chaired by Mr. R.N. Gupta, Managing Director. The Chairman of Audit Committee, Mr. B. N. Fitkariwala attended the Annual General Meeting. There were no clarifications sought relating to Audit by any member of the Company.

### 3. Audit Committee

The Audit Committee comprises of three Directors, namely, Mr. B. N. Fitkariwala and Mr. B. P. Singh and Mr. Ravindra Bhandari. All of them are non-executive and independent Directors. Mr. B. N. Fitkariwala, Independent Director is Chairman of the Audit Committee. The Company Secretary is the Secretary to the Committee.

The Audit Committee during the financial year ended 31<sup>st</sup> March, 2009, functioned in accordance with the prescribed terms of reference in Listing Agreement with Stock Exchanges and the Companies Act, 1956.

The Audit Committee met four times during the financial year under review. The Audit Committee meetings were held on 30<sup>th</sup> April, 2008, 30<sup>th</sup> July, 2008, 25<sup>th</sup> October, 2008 and 27<sup>th</sup> January, 2009. Attendance of the Committee Directors was as under.

Name of the Member	Position	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Shekhar Agarwal <sup>1</sup>	Promoter, Non executive	1	1
Mr. B. N. Fitkariwala	Independent	4	4
Mr. B. P. Singh	Independent	4	4
Mr. Ravindra Bhandari	Independent	4	4

<sup>1</sup> Ceased to be Director with effect from 30<sup>th</sup> July, 2008.

The functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors
- Reviewing, with the Management, the annual financial statements before submission to the board for approval, with particular reference to:
  - Matters required to be included in the 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

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## CORPORATE GOVERNANCE

- 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, 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 auditor 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
- Carrying out any other function as desirable

Bhilwara Spinners Limited has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors
- Internal audit reports relating to internal control weaknesses
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results
- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice

With regard to information on related party transactions, whenever applicable, the Audit Committee is presented with the following information:

- A statement in summary form of transactions with related parties in the ordinary course of business
- Details of material individual transactions with related parties which are not in the normal course of business
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with Management's justification for the same.

Pursuant to its terms of reference, the Audit Committee is empowered to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary

#### 4. Remuneration Committee

The Company pays remuneration only to Managing Director. The remuneration of Managing Director is approved by Board of Directors apart from Remuneration Committee and subsequently by the shareholders at the Annual/Extra Ordinary General meeting.

The Remuneration Committee of the Company comprises of Mr. B. N. Fitkariwala, Mr. B. P. Singh and Mr. Ravindra Bhandari, all of whom are non-executive and independent Directors. Mr. B. N. Fitkariwala, Independent Director is the Chairman of this Committee. During the financial year, no meeting of the Remuneration Committee was held.

Remuneration paid or payable to individual directors is as per table below:

(in Rs.)

Name	Title	Category	Sitting Fee	Salaries, allowances and perquisites*	Total
Mr. L. N. Jhunjhunwala	Chairman Emeritus	Promoter - Non-Executive	4,000	—	4,000
Mr. Ravi Jhunjhunwala	Chairman	Promoter - Non-Executive	4,000	—	4,000
Mr. Shekhar Agarwal <sup>1</sup>	Director	Promoter - Non-Executive	4,000	—	4,000
Mr. R. N. Gupta	Managing Director	Non-Promoter - Executive	—	32,11,200	32,11,200
Mr. B. N. Fitkariwala	Director	Independent	8,000	—	8,000
Mr. B. P. Singh	Director	Independent	14,000	—	14,000
Mr. Ravindra Bahndari	Director	Independent	10,000	—	10,000

\* Includes retirement benefits

<sup>1</sup> Ceased to be Director with effect from 30<sup>th</sup> July, 2008.

The Company does not pay any remuneration to its non-executive Directors apart from sitting fees for attending the meetings of the Board/Committee thereof. The Company does not have any Stock Option Scheme.

As on 31<sup>st</sup> March, 2009, none of the non-executive directors hold any convertible instruments or equity shares in the Company.





## CORPORATE GOVERNANCE

### 5. Shareholders'/Investors' Grievance Committee

The Shareholders/Investors Grievance Committee of the Company consists of the following Directors as its members:

- Mr. R. N. Gupta
- Mr. B. P. Singh

Mr. P.S. Puri, Chief Financial Officer, is the Compliance Officer. The composition of the committee is in conformity with clause 49(IV)(G)(iii) of the Listing Agreement

Shareholders/Investors Grievance Committee of the Company met four times during the financial year under review. The meetings were held on 30<sup>th</sup> April, 2008, 30<sup>th</sup> July, 2008, 25<sup>th</sup> October, 2008 and 27<sup>th</sup> January, 2009 and were attended by both the directors on the Committee. Shareholders/Investors Grievances were redressed on priority. The Company received 15 complaints during the financial year ended 31<sup>st</sup> March, 2009 from shareholders which were replied/resolved to the satisfaction of the shareholders.

As at 31<sup>st</sup> March, 2009, no request for dematerialisation of Equity Shares of the Company was pending for approval. Also no complaint was pending as at the financial year ended 31<sup>st</sup> March, 2009.

#### Share Transfer Committee

The Company also has a Share Transfer Committee to deal with the request of transfer/ transmission of equity shares, issue of duplicate share certificates and consolidation/split/replacement of share certificates etc. As a concern to expeditious approval of transfer of shares, Mr. B.P. Singh, Director and/or Mr. P. S. Puri, Chief Financial Officer also severally attend and approve the share transfer requests on fortnightly basis under delegated authorization of the Board of Directors.

All valid requests for share transfer received during the year have been acted upon by the Company within the stipulated time limit.

### 6. Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members and senior management of the Company. All Board members and designated senior management personnel have affirmed compliance with this Code of Conduct. The Code of Conduct is displayed on the websites viz. www.injbhilwara.com and www.bhilspin.com. A declaration signed by Mr. R. N. Gupta, Managing Director, to this effect is enclosed at the end of this report.

### 7. Management

- The Annual Report has separate section on Management Discussion and Analysis.
- Material related party transactions : During the financial year ended 31<sup>st</sup> March, 2009, there were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large.

### 8. General Body Meetings

The last three Annual General Meetings (AGM) were held at the Registered Office as per details given below:

Date of AGM	Relevant Financial Year	Venue / Location where held	Time of Meeting
17 <sup>th</sup> July, 2006	2005-2006 (Six Months)	26, Industrial Area, Bhilwara, Rajasthan	3:30 P.M.
27 <sup>th</sup> September, 2007	2006-2007	26, Industrial Area, Bhilwara, Rajasthan	3:30 P.M.
26 <sup>th</sup> September, 2008	2007-2008	26, Industrial Area, Bhilwara, Rajasthan	11.00 A.M.

The Company has unanimously passed special resolutions relating to re-appointment of Mr. R. N. Gupta as Managing Director at the Annual General Meetings held on 27<sup>th</sup> September, 2007 and revision on the terms and conditions of Mr. R. N. Gupta at the Annual General Meeting held on 26<sup>th</sup> September, 2008. There was no resolution required to be put through postal ballot during the financial year under review. Also no special resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

### 9. Compliances

The Company has been complying with all the requirements and there were no 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.

### 10. Compliance with clause 49

#### Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49.

#### Adoption of Non-Mandatory Requirements

Although it is not mandatory, the Board of Bhilwara Spinners Limited has constituted a Remuneration Committee. The details of the Remuneration Committee have been provided under the Section 'Remuneration Committee'. Also, the Company's Financial Statements are free from any qualifications by the Auditors.

### 11. Means of Communication

The Quarterly and Annual results of the Company are published within 48 hours in at least one national and one regional newspaper usually in The Pioneer and Rajasthan Patrika. These results are also displayed on the website <http://www.sebidifar.nic.in>