

25th Annual Report 2011 - 2012



TUNI TEXTILE MILLS
LIMITED

Tuni Textile Mills Limited

25th Annual Report 2011 - 2012

BOARD OF DIRECTORS

Narendra Kumar Sureka
Pradeep Kumar Sureka
Pramod Kumar Bajaj
Jayaram Jaithlaya
Ashish P Bajaj

Chairman & Managing Director
Whole Time Director
Independent Director
Independent Director
Independent Director

AUDITORS

R S Agrawal & Associates
Chartered Accountant

BANKERS

Indian Overseas Bank

REGISTERED OFFICE

63/71, Dadiseth Agiary Lane
3rd Floor, Kalbadevi Road
Mumbai - 400 002.

WORKS

1, B-4 & B-5, MIDC Murbad,
Dist. Thane (Maharashtra)

REGISTRAR & SHARE TRANSFER AGENT

Purva Sharegistry (India) Pvt. Ltd.
No. 9, Shiv Shakti Ind. Estate,
Gr. Floor, J. R. Boricha Marg,
Lower Parel, Mumbai-400 011

ANNUAL GENERAL MEETING

Date : 28th September, 2012
Time : 11.30 A.M.
Venue : Ramee Guest Line Hotel
462, A. B. Nair Road,
Opp. Sun-N-Sand Hotel, Juhu,
Vile Parle (W), Mumbai - 400 49.

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Members are requested to bring their copy of Annual Report at the time of Meeting

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the members of TUNI TEXTILE MILLS LIMITED will be held on Friday, the 28th day of September, 2012 at 11.30 A.M. at Ramee Guest Line Hotel, 462, A. B. Nair Road, Opp. Sun-N-Sand Hotel, Juhu, Vile Parle (W), Mumbai-400 049 to transact the following business as :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st March 2012.
2. To appoint Director in place of Mr. Jayaram Jaithlaya, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in place of Mr. Ashish P. Bajaj, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting and to fix their remuneration.

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
3. The Register of Member and the Share Transfer Books of the Company will remain closed from 21st September 2012 to 28th September 2012 (both days inclusive).
4. A detail of Director seeking re-appointment in this Annual General Meeting is attached separately to the notice.
5. Shareholders/Investors are advised to send their queries/complaints through the dedicated e-mail Id tunitextilemills@gmail.com for quick and prompt redressal of their grievances.
6. The Shares of the Company are mandated by the Securities & Exchange Board of India (SEBI) for trading in dematerialized form by all investors.
7. The identity/signature of Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL. Such Members are advised to bring the relevant identity card issued by the Depository Participant to the Annual General Meeting.
8. Members desirous of getting any information about the accounts of the Company, are requested to send their queries so as to reach at-least ten days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting.
9. Members are requested to intimate change in their address immediately to M/s Purva Sharegistry (India) Pvt. Ltd., the Company's Registrar and Share Transfer Agents, at their

office at No. 9, Shiv Shakti Ind. Estate, Gr. Floor, J. R. Boricha Marg, Lower Parel, Mumbai-400 011.

10. Members holding shares in physical form in the same set of names under different folios are requested to apply for consolidation of such folios along with relevant Share Certificates to M/s Purva Sharegistry (India) Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above.
11. Pursuant to SEBI Circular, the Shareholders holding shares in physical form are requested to submit self attested copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.
12. Members holding shares in physical form and wishing to avail of the nomination facility, are requested to send the duly filled in nomination in the prescribed form (form 2B) to M/s Purva Sharegistry (India) Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above or to the Compliance Officer at the Registered Office of the Company.
13. Members are requested to bring copies of Annual Report to the Annual General Meeting.
14. Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
15. Members are requested to quote Folio Number in their correspondence.
16. Members are requested to send their queries in regard to the accounts at-least 10 days in advance to the Registered Office of the Company.
17. The Equity shares of the Company are listed on Bombay, Ahmedabad, Jaipur and Madhya Pradesh Stock Exchanges and Listing Fees for the financial year 2011-2012 have been paid to Bombay Stock Exchange Ltd.
18. Green initiatives in Corporate Governance to receive documents through email by registering your email address :

The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in the Corporate Governance" by providing an opportunity to the shareholders to register their email address with Company and changes therein from time to time.

The Company will send notices/documents such as Annual Reports and notices by email to the shareholders registering their email address. To support this laudable move of the Government, the members who have not registered their email address, so far, are requested to do so at the earliest, in respect of demat holding through the respective Depository Participant (DP) and in respect of physical holding through the Registrar and Share Transfer Agent (RTA) M/s. Purva Sharegistry (India) Pvt. Ltd.

While every notice/document will be sent through email address registered with the Company, in case you desire to receive any notice/document in physical form, please intimate by email and the same shall be sent to your address registered with the Company/DP.

We solicit your patronage and support in joining hands with the Company to implement the e-governance initiative.

Details of Director seeking re-appointment in the 25th Annual General Meeting on 28th September 2012 (in term of Clause 49 of the Listing Agreement)

<p>Jayaram Jaithlaya</p> <p>Fathers' Name Date of Birth Date of Appointment Expertise in specific functional areas Years of Experience Qualifications List of outside Directorship held Member of Committee on the Board Member/Chairman of Committee in other Companies No. of Shares held in own name or in the name of Relatives</p>	<p>Sitaram Jaithalaya 23rd November 1981 1st February 2005 Accounts, Taxation, Fabric Merchandise etc. 6 Years B. Com. None Audit Committee - Member, Remuneration Committee & Investor Grievance Committee - Chairman None Nil</p>
<p>Ashish P. Bajaj</p> <p>Fathers' Name Date of Birth Date of Appointment Expertise in specific functional areas Years of Experience Qualifications List of outside Directorship held Member of Committee on the Board Member/Chairman of Committee in other Companies No. of Shares held in own name or in the name of Relatives</p>	<p>Premkishan Bajaj 6th October 1988 23rd July 2008 Accounts, Taxation and Management Consultancy 5 Years B. Com. None Share Transfer Committee - Member None Nil</p>

Mumbai, August 21, 2012

By order of the Board
For TUNI TEXTILE MILLS LIMITED

Registered Office :
63/71, Dadiseth Agiary Lane
3rd Floor, Kalbadevi Road, Mumbai-400002

Narendra Kumar Sureka
Chairman

DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting the 25th Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2012.

(₹ in Lacs)

Financial Results	Year Ended 31.03.2012	Year Ended 31.03.2011
Income	2208.19	1842.73
Profit before Tax & Extraordinary Items	29.61	33.24
Less/(Add) : Provision for Taxation	9.39	10.27
Profit after Tax	20.22	22.96
Add : Profit/(Loss) brought forward from Previous Year	(268.14)	(291.21)
Balance carried forward	(247.92)	(268.14)

BUSINESS OPERATIONS

The Business environment remains extremely challenging and the recessionary economic conditions leading to slowdown in demand and inflation pushed scale up of input costs left its adverse imprint on overall performance for 2011-2012. Directors are pleased to inform that in spite of difficult times, your Company, based on its intrinsic strength, has broadly maintained its performance. Gross income from operations remained positive at figure of ₹ 29.61 Lac during the year.

The Company is in the Business of manufacturing Grey Cloth.

FUTURE PLANS

The Current financial year was a satisfactory year for the Company looking the current business scenario, lack of demand in fabric market, steep pricing competition, higher inflation rate etc. The Company has expanded its business and has done well in spite of adverse market situation and tight monetary situation. The Company is willing to expand this business more and more and is planning to set-up new plant apart from replacing existing machinery in order to have better quality of products.

DIVIDEND

In view of inadequate profit and in order to meet financial requirement to implement its future plans, your Directors do not propose any dividend for the year under review.

SUBSIDIARY COMPANY

The Company does not have subsidiary.

MANAGEMENT DISCUSSION & ANALYSIS

As required by Clause 49 of Listing Agreement, the Management Discussion and Analysis is annexed and forms part of the Directors' Report.

MANAGEMENT

There is no Change in Management of the Company during the year under review.

DIRECTORS

In accordance with the provisions of Act and Articles of Association of your Company, Mr. Jayaram Jaithlaya & Mr. Ashish P. Bajaj, Directors of your Company, retires by rotation and are due for election at the ensuing Annual General Meeting. Both Mr. Jayaram Jaithlaya & Mr. Ashish P. Bajaj, being eligible, offers themselves for re-appointment.

The Board recommends the appointment of both Mr. Jayaram Jaithlaya & Mr. Ashish P. Bajaj pursuant to the applicable provisions of the Act. The resolutions seeking your approval on this item along with the requisite disclosures/explanatory statement are included in the Notice for convening the Annual General Meeting.

Further, none of the Directors of the Company are disqualified under section 274(1)(g) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. In the preparation of the annual accounts, for the year ended 31st March 2012, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed;
2. The Directors had adopted such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The Directors had prepared the annual accounts on a going concern basis.

INFORMATION TECHNOLOGY

Your Company believes that in addition to progressive thought, it is imperative to invest in research and development to ascertain future exposure and prepare for challenges. In its endeavor to obtain and deliver the best, your Company has entered into alliances/tie-ups with an IT solution Company to harness and tap the latest and the best of technology in the world and deploy/absorb technology wherever feasible, relevant and appropriate.

RESEARCH & DEVELOPMENT

The Company believes that technological obsolescence is a reality. Only progressive research and development will help us to measure up to future challenges and opportunities. We invest in and encourage continuous innovation. During the year under review, expenditure on research and development is not significant in relation to the nature size of operations of your Company.

AUDITORS

The Auditors M/s R. S. Agrawal & Associates, Chartered Accountants, Mumbai holds the office until the conclusion of ensuing Annual General Meeting. Your Company has received certificate from the Auditors U/S 224(1B) of the Companies Act, 1956 to the effect that their reappointment if made, will be within the limit prescribed. The shareholders are requested to appoint Auditors and fix their remuneration.

COMMENTS ON AUDITOR'S REPORT :

The notes referred to in the Auditor's Report are self explanatory and as such they do not call for any further explanation as required under section 217(3) of the Companies Act, 1956.

STATUTORY INFORMATION**PARTICULARS OF EMPLOYEES**

The information as required by provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) amendments rules, 1975 is reported to be NIL.

PARTICULARS UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

The Company is engaged in the business of manufacturing Synthetic Fabric. The information regarding Conservation of Energy, Technology Absorption, Adoption and Innovation, the information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is reported to be as under:

MURBAD UNIT- ELECTRICITY	2011-2012	2010-2011
Electricity Purchased [Units (KWH)]	1264087	910963
Total Amount (₹)	4886690	3160305
Average Rate (₹)	3.86	3.47
<u>Consumption Per Unit of Production</u>		
Cloth Production (Mtrs.)	3218098	2642452
Cost of Electricity Consumption (₹) / Mtrs.	1.52	1.20

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has not earned or used foreign exchange earnings/outgoings during the year under review.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the rules there under.

REPORT ON CORPORATE GOVERNANCE

The Company conforms to the norms of Corporate Governance as envisaged in the Companies Act, 1956 and the Listing Agreement with the Bombay Stock Exchange Limited. Pursuant to Clause 49 of the Listing. Agreement, a Report on the Corporate Governance and the Auditors Certificate on Corporate Governance are annexed to this report.

APPRECIATION

Your Directors wish to place on record their appreciation towards the contribution of all the employees of the Company and their gratitude to the Company's valued customers, bankers, vendors and members for their continued support and confidence in the Company.

Mumbai, August 21, 2012

By order of the Board
For TUNI TEXTILE MILLS LIMITED

Registered Office :

63/71, Dadiseth Agiary Lane
3rd Floor, Kalbadevi Road, Mumbai-400002

Narendra Kumar Sureka
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The growth in global economy during 2011-2012 was affected due to impact of high oil prices and certain other commodity prices, the spillover from the Japanese natural disasters and monetary tightening in the Emerging Market Economies (EMEs) to contain inflationary pressures. The global market was also disturbed by perceptions of inadequate solutions to the Euro zone sovereign debt problem, exposure of banks to Euro zone and renewed fears of recession. However, during the last quarter of 2011, the immediate financial market pressures in the Euro zone have been alleviated to some extent, by the European Central Bank (ECB) injecting liquidity of more than one trillion Euros through the two long term refinancing operations. Growth in the Euro zone, however, was negative in quarter IV. The Emerging and Developing Economies (EDEs) are showing signs of slowdown in growth. As a result, the global growth for 2012 and 2013 is expected to be lower than anticipated earlier.

In US, apart from fiscal concerns, high unemployment and weak housing markets continued to weigh on consumer confidence and private consumption. The recent macroeconomic data for the US economy show some positive signs. In particular, the labour market conditions have improved.

Indian Economy has witnessed a disturbing turn of events. During the year under review, the Indian Economy recorded a growth of 6.9 percent as compared to 8.4 percent in previous year. Both foreign and domestic investors became jittery in the last few months owing to persistent inflation, fiscal deficits, and lack of meaningful reforms in the Indian economy and continued global uncertainty that lead to lower capital inflows. This has also resulted in sharp depreciation of rupee against US dollar from a level of INR 43.94 per USD on 27th July, 2011 to an all-time low of INR 54.23 per USD on 15th December, 2011.

Rupee depreciation has also resulted in an increase in fuel prices as well as commodity prices. High volatility in Forex Market prompted RBI to take several measures for augmenting foreign exchange reserves and for curbing the speculation in foreign exchange.

Reserve Bank of India made adjustments 13 times in policy rates since March 2010 to control inflation and this lead to an increase in lending rate for commercial borrowings and thus resulting in lower growth in the Indian Economy.

However in March 2012, Reserve Bank of India reduced the CRR from 5.5 percent to 4.75 percent to take care of structural liquidity deficit. Further on 17th April, 2012 Reserve Bank of India cut the repo rate by 50 bps to 8 percent with immediate effect, reverse repo rate, with a spread of 100 bps below repo rate adjusted to 7 percent. This decision to cut the rate was due to growth decelerating significantly to 6.1 percent in the 3rd quarter of the last year and also due to WPI inflation moderating to below 7 percent by March 2012.

REVIEW OF OPERATIONS

The operational performance of the Company during the year was satisfactory looking to the weak market scenario, lack of demand by consumers due to high inflation rate, steep competition in profit margin of products, increase in cost of production due to high wages and electricity rate etc.

The Company registered a gross turnover / income of ₹ 2208.19 Lacs as compared to ₹ 1842.73 Lacs in previous financial year. PBIT Margin during the year remains ₹ 29.61 Lacs in comparison to last years' figure of ₹ 33.24 Lacs whereas Net Profit remains at ₹ 20.22 Lac in comparison to last years' figure of ₹ 22.96 Lacs.

BUSINESS SEGMENT

During the year, the Company is into the business of fabric manufacturing i.e. manufacturing of Synthetic Fabric, a part of textiles products in accordance with the Accounting Standard 17 notified by Companies (Accounting Standards) Rules 2006.

OPPORTUNITIES

The Indian textile industry which accounts for about 4% of Gross Domestic Product (GDP) has witnessed turbulence during 2011 owing to high volatility in cotton prices as well as large scale unit closures in the Assam, an important center for the textile industry. The free trade agreement and duty free import of 48 textile items from Bangladesh and comparative low manpower costs has led to substantial rise in import of fabrics and apparels and export of yarn. Textile companies are fast shifting their base to Bangladesh to take advantage of low costs and tariff concessions. The Government has set an export target of \$ 33 billion for the textiles sector for 2012-13 despite the global slowdown as against target of \$ 28 billion for 2011-12. The ambitious targets is expected to provide opportunities to the textile segment to move up in value chain in the expanding market of fashion, formal and leisurewear garments. The Textile industry has the advantage of low cost manpower and pool of technical experts. However, with shifting base, the industry may face threat of competition from low cost countries.

THREATS & CONCERNS

India may actually end up seeing off an opportunity as a threat. This would largely be driven by the country's weak ability to carry out plans in time due to its political and bureaucratic quality, which is increasingly being accepted as corrupt and inefficient.

Why we say that it would pass off the opportunity as a threat is because this may happen despite India having a top class think tank alive to possible solutions and various scenarios that may emerge.

The current recession does not appear as a purely economic one, and nor will the fallouts be restricted to economics alone. While factors that lead me to conclude this are many, one can quickly look at the maddening fluctuation in oil prices and try convincing them that this is truly economic demand and supply at work. I stand unconvinced.

This recession is a test of political leadership across the world and of the belief in a global economic order.

Unfortunately, performance on both these counts by India's politicians has been far from impressive. One can see it in the state of infrastructure, the delay in taking crucial action and the immediate raising of protective barriers when a global meltdown commenced.

However this can be handled by way of undertaking large private participation projects, Investment and regulate education with a twofold objective - Improve the quality of India's huge population presently in working age group and second undertake effective and radical reforms to ensure all children visit at least part time school, by way of Tax reforms that bring some order in central vs. state taxation. Cracking down on corruption, which is India's single most important threat. Empowering the Vigilance Commission and set up an executive body not answerable from the political framework (like the army / judiciary) with special windows with judiciary for time bound trials. Focus on ground level corruption initially to ensure public's respect for the law is reinforced first. It would also be more agreeable to the politicians, so there may be a chance that it happens.

RISK MANAGEMENT

We follow Enterprise Risk Management (ERM) tool designed to clarify the risk levels and encourage behavior throughout the Group. The process considers opportunities and threats to short and medium term objectives as defined. ERM ensures the coordination and development of risk management activities throughout all decision making levels and communicates all significant risks to the top level of management. The tool is designed to provide the risk score measures for each of the potential risk as well as its financial, reputational and operational impact by way of quarterly report. The report provides for categorization of risk into threat or opportunity and provides brief statement on its cause, impact, treatment, control measures, level of confidence in the controls, acceptability of identified risks, potential improvements, risk improvement plans critical success factors and target dates to control the risk. The risk assessment is done annually with quarterly updates. The process has been designed to deliver timely results.

The Company has aligned its policy on risk assessment in line with global approach and risk assessment reports are reviewed on regular intervals. The Company has adopted a focused approach towards risk management in the form of a corporate insurance program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer. The program covers all potential risks relating to business operations of the Company at its various locations.

The Company's business critical software is operated on a server with regular maintenance and back-up of data and is connected to centralized computer center with two physically separated server parks operated by the Company. The system's parallel architecture overcomes failures and breakdowns. Reliable and permanently updated tools guard against virus attacks. The global communication network is managed centrally and is equipped to deal with failures and breakdowns. Updated tools are regularly loaded to ensure a virus free environment.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has implemented a comprehensive system of internal controls and risk management systems for achieving operational efficiency, optimal utilisation of resources, credible financial reporting and compliance with local laws. These controls are regularly reviewed by both internal and external agencies for its efficiency and effectiveness. Management information and reporting system for key operational activities form part of overall control mechanism.

The Company has retained the services of independent firms of professionals to function as internal auditors and provide reports on various activities covering observations on adequacy of internal controls and their recommendations. Findings of internal audit reports and effectiveness of internal control measures are reviewed by top management and audit committee of the Board. During the year, internal audit team of Company performed audits of major operational areas of the Company and carried out elaborate checks and verification and shared their findings with top management for remediation of minor gaps wherever required.

HUMAN RESOURCES

The Company recognizes that its success is deeply embedded in the success of its human capital. During 2011-2012, the Company continued to strengthen its HR processes in line with its objective of creating an inspired workforce. The employee engagement initiatives included placing greater emphasis on learning and development, launching leadership development programme, introducing internal communication, providing opportunities to staff to seek inspirational roles through internal job postings, streamlining the Performance

Management System, making the compensation structure more competitive and streamlining the performance-link rewards and incentives.

The Company believes that learning is an ongoing process. Towards this end, the Company has built a training infrastructure which seeks to upgrade skill levels across grades and functions through a combination of in-house and external programme.

The total no. of employees on the roll of the company as on 31st March, 2012 were 12 as against 9 as at 31st March, 2011.

CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Company constantly strives to meet and exceed expectations in terms of the quality of its business and services. The Company commits itself to ethical and sustainable operation and development of all business activities according to responsible care and its own code of conduct. Corporate Social Responsibility is an integral part of the Company's philosophy and participates in activities in the area of education and health.

CAUTIONARY STATEMENT

Certain statements under "Management Discussion & Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statement within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

COMPLIANCE

The Compliance function of the Company is responsible for independently ensuring that operating and business units comply with regulatory and internal guidelines. The Compliance Department of the Company is continued to play a pivotal role in ensuring implementation of compliance functions in accordance with the directives issued by regulators, the Company's Board of Directors and the Company's Compliance Policy. The Audit Committee of the Board reviews the performance of the Compliance Department and the status of compliance with regulatory/internal guidelines on a periodic basis.

New Instructions/Guidelines issued by the regulatory authorities were disseminated across the Company to ensure that the business and functional units operate within the boundaries set by regulators and that compliance risks are suitably monitored and mitigated in course of their activities and processes. New products and process launched during the year were subjected to scrutiny from the Compliance Standpoint and proposals of financial services were screened from risk control prospective.

The Company has complied with all requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years except reinstatement fees paid to BSE for revocation of suspension from trading in the Equity Shares of the Company.

Mumbai, August 21, 2012

By order of the Board
For TUNI TEXTILE MILLS LIMITED

Registered Office :

63/71, Dadiseth Agiary Lane
3rd Floor, Kalbadevi Road, Mumbai-400002

Narendra Kumar Sureka
Chairman

Annexure to the Directors' Report

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Compliance with the requirements of Corporate Governance is set out below :-

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the set of systems and practices to ensure that the affairs of the Company are being managed in a way that ensures accountability, transparency and fairness in all its transactions and meet its stakeholders' aspirations and societal expectations.

The Company believes that adherence to business ethics and commitment to corporate governance will help the Company to achieve its goal of maximizing value for all its stakeholders and endeavors to not only match international standards but also strives to set a benchmark for corporate governance initiatives.

BOARD OF DIRECTORS

Composition of Directors

The Board has five members with an executive Chairman. The Independent Directors on the Board are competent and highly respected professionals from their respective fields and have vast experience in general corporate management, finance, banking and other allied fields which enable them to contribute effectively to the Company in their capacity as members of the Board. The day to day management of the Company is conducted by Managing Director subject to supervisions and control of the Board.

All the Directors are liable to retire by rotation as per Article 128 of the Article of Association and eligible for re-election.

None of the non-executive directors has any material pecuniary relationships or transactions with the company, its promoters, directors and associates which in their judgment would affect their independence. None of the directors are inter-se related to each other.

The Board of Directors met 5 times on 13th May, 12th August, 19th August and 10th November in year 2011 and on 14th February in the year 2012 during the financial year 2011-2012.

The composition and category of the Board of Directors as at March 31, 2012, the number of other Directorships/Committee memberships held by them and also the attendance of the Directors at the Board meetings of the Company are as under:

Name	Designation	Board Meetings Attended	Whether Attended AGM	Committee Membership of other Public Limited Co.	Committee Chairmanship of other Public Limited Co.	No. of Directorship of other Public Ltd. Co.
Narendra Kumar Sureka*	Managing Director & CEO	5	Yes	Nil	Nil	Nil
Pradeep Kumar Sureka	Executive Director	5	Yes	Nil	Nil	Nil
Pramod Kumar Bajaj	Non-Executive Director, Independent	5	Yes	Nil	Nil	Nil
Mr. Jayaram Jaithlaya	Non-Executive Director, Independent	5	Yes	Nil	Nil	Nil
Mr. Ashish P Bajaj	Non-Executive Director, Independent	5	Yes	Nil	Nil	Nil

*Chairman of the Board

AUDIT COMMITTEE

The Audit Committee of the Board consists of three Non-executive Directors out of which two are independent. The Chairman is an Independent and Non-executive Director. All members of the Audit Committee are financially literate and they have accounting or related financial management expertise.

The primary purpose of the Audit Committee is to assist the Board of Directors (the "Board") of Tuni Textile Mills Limited, (the "Company") in fulfilling its oversight responsibilities with respect to (a) the accounting and financial reporting processes of the Company, including the integrity of the audited financial results and other financial information provided by the Company to its stockholders, the public, any stock exchange and others, (b) the Company's compliances with legal and regulatory requirements, (c) the Company's independent auditors' qualification and independence, (d) the audit of the Company's Financial statements, and the performance of the Company's internal audit function and its Independent Auditors.

AUTHORITY AND RESPONSIBILITIES

1. The Audit Committee reviews the Company's financial reporting process, disclosure of accounting treatment, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter, Compliance with listing and other legal requirements relating to financial statements, disclosure norms, internal control systems, risk management policies, accounting policies and practices, ensuring the quality and appropriateness of the Company's accounting and financial disclosures as well as quarterly/half yearly financial statements. It recommends appointment of Statutory Auditors fixes audit fees and reviews internal control systems, 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, scope for observations of the auditors and adequacy of the internal audit function, discussion with internal auditors any significant findings and follow up there on.

In addition to the above, Audit Committee reviews the followings :

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors and qualification in draft audit report;
4. Internal audit reports relating to internal control weaknesses;
5. To review the annual financial statements and to recommend their adoption to the Board, with particular reference to disclosure of any related party transaction;
6. To review the Quarterly financial statements and recommend their adoption to the Board;
7. The appointment, removal and terms of remuneration of the Chief internal auditor;

As required under Section 292A of the Companies Act, 1956 and Clause 49 of Listing Agreement, the new "Terms of Reference" of the Audit Committee were approved by the Board of Directors at its meeting held on 25th January, 2010.

The members of Audit Committee met five times on 13th May, 12th August, 19th August and 10th November in year 2011 and on 14th February in the year 2012 during the financial year ended on 31st March, 2012.

Name	Number of Meetings Held	Meetings Attended
Mr. Pramod Kumar Bajaj *	5	5
Mr. Jayaram Jaithlaya	5	5
Mr. Pradeep Kumar Sureka	5	5

*Chairman of Committee

REMUNERATION COMMITTEE

The Company has constituted Remuneration Committee. The Company at present does not have any written policy for the remuneration to its Directors and Senior Executives, however the Company is planning to have a Remuneration Policy that would be based on 3 parameters i.e. to pay for responsibility, pay for performance and potential and pay for growth.

The Company's Remuneration Committee is vested with all necessary powers and authority to ensure appropriate disclosure on the remuneration of Whole-time Directors and to deal with all the elements of remuneration package of all such Directors.

As for non-whole time Directors their appointments are for the benefit of their professional expertise in their individual capacities as independent business executive. Accordingly the service contract, notice period and severance fees if any are not applicable to such Directors. However as a Company's Policy, upon attaining the age of 70 years the non-whole time Directors seek retirements by not offering themselves for re-appointment at the Annual General Meeting of the Company.

The Committee met four times during the year on dated 13th May, 12th August and 10th November in year 2011 and on 14th February in the year 2012 during the financial year ended on 31st March 2012. The Composition of the Remuneration Committee and their attendance to the meetings of the committee are as under :-

Name	Number of Meetings Held	Meetings Attended
Mr. Jayaram Jaithlaya *	4	4
Mr. Pramod Kumar Bajaj	4	4
Mr. Pradeep Kumar Sureka	4	4

*Chairman of Committee

DETAILS OF REMUNERATION PAID TO DIRECTORS

The Company has constituted a Remuneration Committee to look into payment of remuneration to the executive Directors.

The Company has no pecuniary relationship or transaction with its Non-Executive Independent Directors. The Company does not have an incentive plan, which is linked to performance and achievement of the Company's objectives. The Company has no stock option and pension scheme.

During the period under consideration, the Company has not paid any sitting fees to Non-Executive Directors. The details of remuneration paid to the Executive Directors of the Company during the year ended 31st March, 2012 are given as under:

	Particulars	Unit	Narendra Kr. Sureka	Pradeep Kr. Sureka
a)	Salary (p.a.)	₹	4,75,000/-	4,70,000/-
b)	Fixed Component - contribution to P.F.	₹	21,600	21,600
c)	Bonus, benefits and other allowances	₹	Nil	Nil
d)	Service contract	Years	3	3
e)	Notice period	Months	Nil	Nil
f)	Severance fees	₹	Nil	Nil

*Chairman of Committee

Further, no Stock option has been allotted to any of the Directors during the financial year 2011-2012.

None of the Independent Directors holds any shares in their name or in the name of their relatives as on 31st March, 2012.

SHARE TRANSFER COMMITTEE

The Board of Directors has constituted Share Transfer Committee under the Chairmanship of Mr. Pramod Kr. Bajaj, Independent Director with two other Directors namely Mr. Ashish P. Bajaj & Mr. Narendra Kr. Sureka.

The members of Share Transfer Committee met eleven times on 30th April, 15th June, 30th June, 15th July, 13th August, 31st August, 15th September and on 10th November in year

2011 and on 14th February, 10th March and on 31st March in year 2012 during the financial year ended on 31st March 2012.

Name	Number of Meetings Held	Meetings Attended
Mr. Pramod Kr. Bajaj *	11	11
Mr. Ashish P. Bajaj	11	11
Mr. Narendra Kr. Sureka	11	11

*Chairman of Committee

INVESTOR GRIEVANCE COMMITTEE

The Board of Tuni Textile Mills Limited has constituted a Committee of Directors, which inter-alia also functions as "Shareholders/Investors" Grievance Committee, consisting of three members, chaired by a Non-Executive, Independent Director. The Committee meets once in a month and inter-alia, deals with various matter relating to:

- Transfer/transmission/transposition of shares;
- Consolidation/splitting of shares/folios;
- Issue of Share Certificates for lost, sub-divided, consolidated, defaced etc;
- Investors' grievances and redressal mechanism and recommend measures to improve the level of Investor Services.

The Share Department of the Company and the Registrar and Share Transfer Agent, Purva Sharegistry (India) Pvt. Ltd. attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges and Registrar of Companies etc.

The Minutes of Shareholders/Grievances Committee are noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and email addresses to facilitate prompt action.

COMPLIANCE OFFICER

The Company has appointed Ms. Reshma Wadkar as a Compliance Officer within the meaning of Listing Agreement.

COMPOSITION OF COMMITTEE AND MEETINGS ATTENDED

During the year, twelve meetings of the Committee of Directors were held on April 4, May 2, June 1, July 1, August 2, September 1, October 3, November 14, and December 1st in year 2011 and on January 3, February 1 and March 2 in year 2012.

Brief Details of Names, Position, Category and meeting attended by Members of Committee is as follows:

Name	Position	Category	Meetings Attended
Mr. Narendra Kr. Sureka	Chairman	Chairman & Managing Director	12
Mr. Jayaram Jaithlaya*	Member	Independent, Non-Executive	12
Mr. Pramod Kr. Bajaj	Member	Independent, Non-Executive	12

*Chairman of Committee

DETAILS OF SHAREHOLDERS' COMPLAINTS

During the year the Company has received 5 Complaints pertaining to forfeiture of Shares from its Investors and all the compliant have been resolved during the year and there was no pending complaint at the beginning or close of the financial year. Further, as required under Clause 47C of the Listing Agreement, a Certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to the Stock Exchanges within stipulated time.

GENERAL BODY MEETINGS

Location & time for the last three Annual General Meetings :

Annual General Meeting	Date & Time	Venue
24th Annual General Meeting	30th September 2011, 11.30 AM	Ramee Guest Line Hotel, 462, A. B. Nair Road, Opp. Sun-N-Sand Hotel, Juhu, Vile Parle (W), Mumbai-400 049
23rd Annual General Meeting	30th September 2010, 12.30 PM	Registered Office
22nd Annual General Meeting	30th September 2009, 12.30 PM	Registered Office

LOCATION AND TIME OF EXTRA-ORDINARY GENERAL MEETINGS :

No Extra-Ordinary General Meeting was being held during last three financial years.

POSTAL BALLOT

At the forthcoming Annual General Meeting, there is no item on the agenda that needs approval by Postal Ballot.

SPECIAL RESOLUTION PASSED AT LAST THREE ANNUAL GENERAL MEETINGS:

No Special Resolution has been passed during last three financial years.

BOARD DISCLOSURES**Risk Management**

The Company has a Risk Management Policy which has been adopted by the Board of Directors, currently, the Company's risk management approach comprises of the following :-

- Governance of Risk
- Identification of Risk
- Assessment of Control of Risk

The risks have been prioritized through a companywide exercise. Members of Senior Management have undertaken the ownership and are working on mitigating the same through co-ordination among the various departments, insurance coverage, security policy and personal accident coverage for lives of all employees.

The Company has appointed a Risk Officer and also put in place the risk management framework, which helps to identify various risks cutting across its business lines. The risks are identified and are discussed by the representatives from various functions.

Risk Officer will make a presentation periodically on risk management to the Board of Directors and the Audit Committee. The Board and the Audit Committee provide oversight and review the risk management policy periodically.

INSIDER TRADING

The Securities and Exchange Board of India (SEBI) has over the years introduced various amendments to the Insider Trading Regulations of 1992 which ordain new action steps by corporate and other market intermediaries for the purposes of prevention of Insider Trading.

Pursuant to the above requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a `Code of Conduct` for Prevention of Insider Trading (The Code) with effect from October 1, 2002. The Code is applicable to all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Compliance Officer has been appointed for monitoring adherence to the said Regulations.

DISCLOSURES

- (a) There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, Subsidiaries or Relatives that may have potential conflict of interest with the Company at large.
- (b) Attention to the Members is drawn to the disclosures of transactions with the related parties set out in the Note No. 33 of Financial Statement.
- (c) There has been no instance of non-compliance by the Company on any matter related to Capital Markets and hence the question of penalties or strictures being imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority does not arise. However, the Equity Shares of Company is being suspended from trading because of non-compliance as per Listing Agreement with BSE in December 2001. Now the Company has filed all requisite documents seeking revocation of suspension from trading in equity shares of the Company.
- (d) In Compliance with the Securities & Exchange Board of India (Prohibition of Insider Trading Regulations, 1992) as amended till date, on Prohibition of Insider Trading, the Company has a comprehensive Code of Conduct and the same is being strictly adhered to by its management, staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of non-compliance thereof.
- (e) Reconciliation of Share Capital : A qualified Practicing Company Secretary carries out Secretarial Audit on quarterly basis to reconcile the total capital and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form as the Company is yet to sign agreements with NSDL and CDSL to admit its Securities on both Depositories.

DISCLOSURES ON NON-MANDATORY REQUIREMENTS

The Company has adopted/complied with the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of Listing Agreement with the Stock Exchange :-

- a) None of the Independent Directors on the Board of the Company has served for the tenure of exceeding nine years. The Company has ensured that the person who is being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which in the opinion of the Company would enable him to contribute effectively to the Company in his capacity as an Independent Director.

- b) There were no other related party transactions of material nature with the promoters, directors, the management or their subsidiaries or relatives during the year that may have potential conflict with the interest of the company at large.
- c) The Company has generally complied with the requirements of regulatory authorities on Capital Markets however a penalty of ₹ 1,70,000/- was imposed on the Company during financial year 2003-04 by Securities & Exchange Board of India (SEBI) for non-compliance of disclosure norms laid down under SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 1997. The Company has applied for remission of the said penalty.
- d) The Board of Directors of the Company has adopted the whistle Blower Policy for establishing the mechanism of employees to report to management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The Company affirms that no employee has been denied access to the Audit Committee.
- e) The Company follows Accounting Standards issued by Institute of Chartered Accountants of India and qualification in the auditors' report have been explained in directors' report.
- f) The Company has complied with all mandatory requirement as stated in clause 49 of Listing Agreement and the non-mandatory requirement have been complied with to the extent feasible.
- g) The Company is committed to conducting its Business in conformity with ethical standards and applicable Laws and Regulations .This commitment stands evidenced by model code of conduct adopted by Board of Directors at their meeting which is applicable to each member of the Board of Director and senior management of the Company.

MEANS OF COMMUNICATIONS

- The Company regularly provides information to the Stock Exchanges as per the requirements of the listing Agreement.
- The Quarterly/Half Yearly/Nine Months & Annual Results have been submitted to Bombay Stock Exchange Ltd. and published in the leading English Newspapers i.e. "Asian Age" and in vernacular language Newspaper i.e. "Mahanayak".
- Company posts its Quarterly Results/Half Yearly/Nine Months & Annual Results on its website www.tunitextiles.com.
- Official News releases have been posted on its web portal www.tunitextiles.com.
- No formal representations were made to Institutional Investors or Analysts during the year under review.
- Management Discussion and Analysis forms part of the Annual Report will be posted to our website as well as will be dispatched to the shareholders of the Company, if they ask for the same.

GENERAL SHAREHOLDER INFORMATION

Detailed information in this regard is provided in section "Shareholders Information" which forms part of this Annual Report.

SHAREHOLDERS' INFORMATION

a. Next Annual General Meeting

The information regarding 25th Annual General Meeting for the financial year ended on 31st March, 2012 is as follows :-

Date : Friday, 28th September, 2012

Time : 11.30 A.M.

Venue : Ramee Guest Line Hotel, 462, A. B. Nair Road, Opp. Sun-N-Sand Hotel, Juhu, Vile Parle (W), Mumbai-400 049

b. Financial Calendar : 1st April to 31st March.

c. Future Calendar :

Subject Matter	Date
Financial Reporting of 1st Quarter ended on 30th June, 2012	Before 14th August, 2012
Financial Reporting of 2nd Quarter ended on 30th September, 2012	Before 15th November, 2012
Financial Reporting of 3rd Quarter ended on 31st December, 2012	Before 15th February, 2013
Financial Reporting of 4th Quarter ended on 31st March, 2013	Before 15th May, 2013
Date of Annual General Meeting	During September, 2013

d. Date of Book Closure : September 21 to September 28, 2012. (Both days inclusive)

e. Dividend Payment : Nil

f. Listing of Shares : Bombay, Ahmedabad, Jaipur and M P Stock Exchanges.

g. Stock Code & ISIN : Scrip Code 531411 on BSE.
ISIN INE560D01027 on NSDL & CDSL

h. Market Price Data :

Month	Price on BSE (₹) & Volume			BSE Sensitive Index	
	High	Low	Volume	High	Low
April 2011	329.40*	34.50	4,141,685	19811.14	18976.19
May 2011	46.00	29.25	4,657,839	19253.87	17786.13
June 2011	32.50	28.10	4,354,622	18873.39	17314.38
July 2011	37.80	30.80	6,450,045	19131.70	18131.86
August 2011	35.80	29.00	4,646,428	18440.07	15765.53
September 2011	38.75	27.45	4,436,528	17211.80	15801.01
October 2011	38.45	27.35	2,104,235	17908.13	15745.43
November 2011	35.45	24.20	2,795,382	17702.26	15478.69
December 2011	40.30	29.95	2,652,106	17003.71	15135.86
January 2012	65.80	36.50	1,890,850	17258.97	15358.02
February 2012	79.55	55.40	1,882,181	18523.78	17061.55
March 2012	96.00	73.70	8,915,710	18040.69	16920.61

*The face value of Equity Shares has been divided from face value of ₹ 10/- to ₹ 1/- in the month of April 2011.

i. REGISTRAR & SHARE TRANSFER AGENT.

M/s. Purva Sharegistry (India) Pvt. Ltd. has been appointed as Registrar & Share Transfer Agent for all work relating to share registry in terms of both physical mode. All transfer, transmission, request related to correspondence/queries, intimation of change of address etc. should be addressed to our RTA directly at the following Address:

M/S. PURVA SHAREGISTRY (INDIA) PRIVATE LIMITED

9, Shiv Shakti Ind. Estate, Ground Floor, J. R. Boricha Marg, Lower Parel, Mumbai-400 011
Tel : 022-23016761, Website : www.purvashare.com

j. SHARE TRANSFER SYSTEMS

The Trading in Equity Shares of the Company is permitted only in physical form as the Company is yet to sign Tri-partite agreements with both depositories; NSDL and CDSL.

The Share transfer is processed by the Registrar & Share Transfer Agent, Purva Sharegistry (India) Pvt. Ltd. and approved by Share Transfer Committee, if the documents are complete in all respects, within 21 days from the date of lodgment.

k. DISTRIBUTION SCHEDULE AS ON 31ST MARCH 2012

No. of Equity Shares	No. of Share Holders	% of Share Holders	Total No. of Shares Held	% of Share Holding
1-5000	892	40.69	2059502	1.58
5001-10000	421	19.21	3657986	2.80
10001-20000	348	15.88	5524483	4.23
20001-30000	130	5.93	3412207	2.61
30001-40000	73	3.33	2747280	2.10
40001-50000	81	3.70	3865500	2.96
50001-100000	141	6.43	11052140	8.46
100001 and Above	106	4.84	98311902	75.26
Total	2192	100.00	130631000	100.00

l. Shareholding Pattern with Categories of Shareholders as on 31st March 2012

Categories	No. of Shares	% of Shareholding
Promoters, Directors, Relatives & Person acting in concert	28382750	21.72
Indian Mutual Fund	494000	0.38
Private Corporate Bodies	50290434	38.50
Indian Public	43350578	33.19
Others (Clearing Members)	1714535	1.31
NRIs	15010	0.01
Hindu Undivided Families	6383693	4.89
Total	130631000	100.00

m. Dematerialization of Equity Shares & Liquidity

The Company's Equity Shares are in Physical/Demat trading segment and the Company had established connectivity with both NSDL & CDSL by signing the necessary agreements.

Procedures for dematerialization / rematerialization of Equity Shares:-

Shareholders seeking demat / remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificates to Registrar and Share Transfer Agents of the Company. Upon receipt of the request and share certificates, the Registrar will verify the same. Upon verification, the Registrar will request NSDL/CDSL to confirm the demat request. The demat account of the respective share holder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder.

In case of remat, upon receipt of the request from the shareholder, the DP generates a request and verification of the same is done by the Registrar. The Registrar then requests NSDL or CDSL to confirm the same. Approval of the Company is being sought and equivalent numbers of shares are issued in physical form to the shareholder. The share certificates are dispatched within one month from the date of issue of Shares.

The Shares of Company are admissible for trading on Bombay Stock Exchange Ltd. as on 31st March 2012, 97.19% Equity Shares of the Company are in dematerialized form.

The Shares of Company are under "B" category on Bombay Stock Exchange Ltd.

n. Listing Fees & Custodial Fees

The Company has paid the Annual Listing Fees for year 2012-13 to Bombay Stock Exchange Ltd. and Annual Custodial Fees of the both Depositories for the year 2012-13 has been paid.

o. Nomination

Individual Shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s).

p. Requirement of PAN Card in case of Transfer of Shares in Physical Form

Pursuant to SEBI Circular, the shareholders holding shares in physical form are requested to submit self certified copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.

q. For the Attention of Shareholders holding shares in electronic form

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

r. Details on use of Public Funds Obtained in the last three years :

₹ 7.50 Crore was raised during financial year 2009-10 by way of allotment of shares on preferential basis. Out of ₹ 7.50 Crore, 5.25 Crore was utilized for Advance against Machinery and balance was utilized as Working Capital for day to day affairs.

- s. Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion data likely impact on Equity :

Not Applicable.

t. Investors' Correspondence

Shareholders can contact the following Officials for secretarial matters of the Company:-

Ms. Reshma Wadkar - tunitextilemills@gmail.com

u. Code of Conduct

The Board of Directors of the Company has laid down Code of Conduct for Directors and for Senior Management & Employees. All Board Members and Senior Management have affirmed compliance with the Code of Conduct for the year under review. Declaration to this effect signed by the Managing Director & Chief Executive Officer is annexed to this report.

v. Address for Correspondence

Tuni Textile Mills Limited

63/71, Dadiseth Agiary Lane, 3rd Floor, Kalbadevi Road, Mumbai-400002.

w. Plant Location

Tuni Textile Mills Limited

1, B-4 & B-5, MIDC Murbad, Dist. Thane (Maharashtra)

CHAIRMAN & MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of Listing Agreement, the Managing Director and CEO's Declaration for Code of Conduct is given below:

To,
The Members of
Tuni Textile Mills Limited

- (a) I, Narendra Kr. Sureka, Managing Director and CEO of Tuni Textile Mills Limited certify to the Board in terms of requirements of Clause 49(V) of the Listing Agreement, that we have reviewed financial statements and the cash flow statement for the year 2011-2012 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
- (i) no significant changes in internal control over financial reporting during the year;
 - (ii) no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For TUNI TEXTILE MILLS LIMITED

Narendra Kr. Sureka
Managing Director

**ANNUAL CERTIFICATE UNDER CLAUSE 49(I)(D) OF THE LISTING
AGREEMENT WITH THE STOCK EXCHANGES**

I, Narendra Kr. Sureka, Managing Director of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct during the year ended 31st March 2012.

By Order of the Board
For **Tuni Textile Mills Limited**

Mumbai, dated 21st August 2012

Narendra Kr. Sureka
Managing Director

SECRETARIAL COMPLIANCE REPORT FOR THE YEAR ENDED 31ST MARCH 2012

The Board of Directors,
M/s. Tuni Textile Mills Limited
Mumbai

We have examined the registers, records, books and papers of M/s. Tuni Textile Mills Limited as required to be maintained under the Companies Act, 1956, (hereinafter referred to as "The Act"), the rules made there under and also the provisions contained in the Memorandum of Association and Articles of Association of the Company for the year ended 31st March 2012. In our opinion and to the best of our information and according to the examinations carried out by 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 and records as per Annexure "A" to this certificate, as per the provisions of the Companies Act 1956 (the Act) and the rules made there under and all entries therein have been duly recorded during the year.
2. The Company has filed the forms and return as stated in Annexure "B" to this certificate, with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company has given proper notice along with the agenda for convening of Board Meeting, Committee Meetings and Annual General Meetings during the year.
4. The proceedings of the Meetings were properly recorded in the Minutes Books during the year.
5. The Company has closed its Register of Members from 23rd September 2011 to 30th September 2011 (both days inclusive) during the financial year and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended 31st March 2011 was held on 30th September 2011 for which due notice were given to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during financial year 2011-12.
8. The Board of Directors of the Company is duly constituted during the year.
9. The Company has obtained all the necessary approvals from the Board and Shareholders as required by the Act during the year.
10. The Company has not accepted any Deposit in terms of Section 58A of the Act read with Companies (Acceptance of Deposit) Rules, 1975 during the year.
11. The Company has not declared dividend as required to be disclosed in compliance with the provisions of section 205 of the Act during the year.
12. The Company has paid remuneration to the Managing Director and sitting fees to the

Directors of the Company during the year in terms of section 198, 269, 309 read with Schedule XIII of the Act.

13. The Company has not appointed any sole selling agent in terms of section 294 of the Act during the year.
14. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under section 295 of the Act during the year.
15. The Company has not entered into any transactions, which falls under section 297 of the Act during the year.
16. The Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of section 299 of the Act.
17. The Company has not appointed any person as a place of profit in terms of section 314 of the Act during the year.
18. The Company has not issued any duplicate share certificate during the financial year.
19. The Company has complied with the provisions of section 372A of the Act.
20. The Company :
 - a) has delivered all the Share Certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - b) was not required to deposit amount in a separate Bank Account as no dividend has been declared during the year.
 - c) was not required to post warrants to members of the Company as no dividend has been declared during the year.
 - d) Was not required to transfer any amount to Investor Education and Protection Fund; and
 - e) Has duly complied with the requirement of section 217.
21. The Board of Directors of the Company is duly constituted and there was no appointment of Additional Director/s alternate Director/s and Directors to fill the casual vacancy during the financial year.
22. The Company was not required to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under the various provisions of the Act.
23. The Company has not issued any Shares, Debentures or other Securities during the financial year.
24. The Company has not bought back any share during the financial year.
25. There was no redemption of preference shares or debentures during the financial year.
26. 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.

27. As per the information and explanation given, the Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 15A during the financial year.
28. The Company has not borrowed fund from its Directors, members, public, financial institutions, banks and others during the financial year ending on 31st March 2012.
29. 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
30. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
31. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
32. The Company has not altered its Memorandum of Association and Articles of Association with respect to the Share Capital of the Company.
33. There was no prosecution initiated against the Company, or Show Cause Notices received by the Company, for offences under the Act.
34. The Company has not received any money as security from its employees during the financial year 2011-12.

For **P. D. Pandya & Associates**
Company Secretaries

Place : Mumbai
Date : June 30, 2012

PARESH D. PANDYA
Partner
C. P. No. 4869

Annexure "A"

Registers and Records maintained by the Company -

1. Registers of Members under Section 150.
2. Register of Transfer.
3. Registers and Returns under Section 163.
4. Register of Contracts under Section 301.
5. Register of Directors, Managing Directors, Manager and Secretary under Section 303.
6. Register of Directors' Shareholding under Section 307.
7. Register of Charges under Section 143.
8. Register of Share Application and Allotment.
9. Minutes Book under Section 193.
10. Books of Accounts under Section 193.
11. Register of Inter Company Investments and Guarantes under Section 372A.
12. Index of Members under Section 151.

Annexure "B"

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31st March 2012 :-

Form No.	Section	Filing Date	Purpose
Form 20B	159	28/11/2011	Filing of Annual Return
Form 23AC	220	17/12/2011	Filing of Balance Sheet
Form 23ACA	220	17/12/2011	Filing of Profit & Loss Account
Form 8 Premises	125, 127, 130,132 & 135	03/10/2011	Creation of Charges for Factory
Form 8 Premises	125, 127, 130,132 & 135	13/02/2012	Creation of Charges for Factory

For P. D. Pandya & Associates
Company Secretaries

Place : Mumbai
Date : June 30, 2012

Paresh D. Pandya
Proprietor
C. P. No. 4869

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

Certificate on Compliance with the mandatory conditions as per Clause 49 of Listing Agreement

To the Members of TUNI TEXTILE MILLS LIMITED

We have examined the compliance of the conditions of Corporate Governance by Tuni Textile Mills Limited (The Company) for the year ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with all stock exchanges where the Shares of Company are listed, with relevant records and documents maintained by the Company and furnished to us and report of Corporate Governance as approved by the Board of Directors of the Company.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement subject to that:

The Composition of Audit Committee is not in conformity with requirements of Clause 49 of the Listing Agreement with the Stock Exchanges as whole time Company Secretary is not with the Company to act as the Secretary to the Audit Committee.

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

For **R. S. Agrawal & Associates**
Chartered Accountants

Place : Mumbai
Date : August 21, 2012

Anuja Dedhia
Partner
Membership No. 123589

AUDITORS' REPORT

To
The Members of
TUNI TEXTILE MILLS LIMITED

1. We have audited the attached Balance Sheet of TUNI TEXTILE MILLS LIMITED (hereinafter referred to as "the company") as at 31st March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. 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 test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as 'the CARO 2003') issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, (hereinafter referred to as 'the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3-C) of section 211 of the Act;
 - (v) based on the representation made by the directors of the company and information and explanation given to us, none of the directors is prima-facie disqualified as on 31st March, 2012, from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Act on the said date;

- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and notes on financial statements give the information required by the Act, 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 Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration no. 100156W)

Place : Mumbai
Date : August 21, 2012

Anuja Dedhia
Partner
Membership No. 123589

Annexure referred to in Paragraph (3) of Auditors' Report of even date on the Accounts for the year ended 31st March, 2012 of Tuni Textile Mills Limited on the basis of such checks as we considered appropriate and in terms of the information and explanation given to us, we state that:

- (i) in respect of fixed assets:
 - a) the company has generally maintained records showing particulars, including quantitative details and situation of its fixed assets;
 - b) we have been informed that the management has, at reasonable intervals during the year, physically verified major portion of the fixed assets. No material discrepancies, as represented to us, were noticed on such verification; and
 - c) during the year the company has not disposed off a substantial part of its fixed assets which affects the going concern status of the company;
- (ii) in respect of Inventory:
 - a) as explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
 - b) the procedures, as explained to us, of physical verification of inventories followed by the management are, in our opinion; reasonable and adequate in relation to the size of the company and the nature of its business; and
 - c) the company, for inventory, has maintained proper records. No material discrepancies, as informed to us, have been noticed on physical verification of stock as compared to book records;
- (iii) a) the company has not granted, during the year, any secured or unsecured loans to the companies, firm or other parties covered in the register maintained under section 301 of the Act, therefore provisions of clause 4(iii) (a) to (d) of the CARO,2003 are not applicable to the company; and
 - b) the company has taken, during the year, unsecured loans from the companies, firm or other parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 900,458.04 from 2 parties. The year end balance was 'Nil'.
 - c) The above unsecured loan taken was free of interest and in our opinion the other terms and conditions are not prima facie prejudicial to the interest of the company.
- (iv) in our opinion, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, no major weakness has been noticed in these internal control systems;
- (v) a) to the best of our knowledge and belief and representations given to us, we are of the opinion that the particulars of the contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under section 301 of the Act; and

- b) in our opinion, there were no transactions, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act, exceeding the value of ₹ 5,00,000 in respect of any party during the year.
- c) have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time were such market prices are available.
- (vi) in our opinion, the company has not accepted any deposit from the public; within the meaning of section 58A and 58AA of the Act and the Rules framed thereunder.
- (vii) the company is required to have an internal audit system as the company's paid up capital and reserves at the commencement of financial year exceeds ₹ 50,00,000 and its average annual turnover of preceding three years also exceeds ₹ 5,00,00,000 however, the company, during the year, had no such internal audit system;
- (viii) we have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government, for the maintenance of cost records under section 209(1)(d) of the Act, and are of the opinion that prima facie the prescribed records have been made and maintained by the company;
- (ix) In respect of Statutory Dues:
- a) according to the information and explanations given to us, the company is generally regular in depositing with the appropriate authorities undisputed current statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. There are no arrears except ₹ 4743/- towards Labour welfare Fund as at 31st March, 2012 for the period of more than six months from they became payable; and
- b) according to the information, the dues in respect of income tax / sales tax / wealth tax / service tax / custom duty / excise duty / cess that have not been deposited with the appropriate authorities on account of dispute, where the disputes are pending, are as under:

Name of the Statute	Nature of dues	Amount (₹)	Period to which the amount relates*	Due date as per notice of demand
Income Tax Act	Interest	947334	1995-1996	10.05.2001
Income Tax Act	Interest	338640	1996-1997	19.09.2003
Income Tax Act	Interest	158134	1997-1998	19.09.2003

*assessment year

- For the above demands, as informed to us, the company has filed waiver petitions before Chief Commissioner of Income Tax for waiver of interest, those petitions are pending to be heard; and
 - The waiver of above demands has been considered in scheme of rehabilitation by BIFR;
- (x) the company has not incurred cash losses in the year under review and in the immediately preceding financial year; and its accumulated losses at the end of the financial year under review are not more than fifty percent of its networth;

- (xi) according to the records examined by us, the company has not defaulted in repayment of dues to the banks. There are no dues to a financial institution or debenture holders;
- (xii) the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities; therefore, reporting requirement under clause 4(xii) of the CARO 2003 is not applicable to the company;
- (xiii) the company is not a chit fund or a nidhi mutual benefit fund/ society; therefore, reporting requirement under clause 4(xiii) of the CARO 2003 is not applicable to the company;
- (xiv) the company is not dealing or trading in shares, securities, debentures and other investments; therefore, reporting requirement under clause 4(xiv) of the CARO 2003 is not applicable to the company;
- (xv) the company has not given any guarantee for loans taken by others from bank or financial institutions; therefore reporting requirement under clause 4(xv) of the CARO 2003 is not applicable to the company;
- (xvi) on the basis of the records examined by us, and relying on the information complied by the company for co-relating the funds raised to the end use of the term loans, we have to state that, the company has, prima facie, applied the term loan for the purpose for which they were obtained.;
- (xvii) on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have, prima facie, been used for long-term investment;
- (xviii) the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act; therefore, reporting requirement under clause 4(xviii) of the CARO 2003 is not applicable to the company;
- (xix) the company has not even issued any secured debentures; therefore reporting requirement under clause 4 (xix) of the CARO 2003 is not applicable to the company;
- (xx) the company has not raised any money through a public issue during the year; therefore, reporting requirement under clause 4(xx) of the CARO 2003 is not applicable to the company; and
- (xxi) according to the representation made, and to the best of our knowledge and belief, no fraud on or by the company, has been noticed or reported by the company during the course of our audit.

For and on behalf of
R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration no. 100156W)

Place : Mumbai
Date : August 21, 2012

Anuja Dedhia
Partner
Membership No. 123589

BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	As at 31.3.2012 Amount in ₹	As at 31.3.2011 Amount in ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	131,792,500	131,792,500
(b) Reserves and surplus	3	(12,706,812)	(14,728,961)
Non-current liabilities			
(a) Long-term borrowings	4	15,810,741	15,912,972
(b) Long-term provisions	5	449,508	294,973
Current liabilities			
(a) Short-term borrowings	6	31,072,935	24,904,945
(b) Trade payables	7	37,155,303	47,766,344
(c) Other current liabilities	8	10,609,972	11,626,526
(d) Short-term provisions	9	1,004,859	1,321,248
TOTAL		215,189,006	218,890,546
ASSETS			
Non-current assets			
(a) Fixed assets	10	51,559,985	41,920,536
(b) Non-current investments	11	952,500	952,500
(c) Deferred tax assets (net)	12	7,507,199	8,429,977
(d) Long-term loans and advances	13	38,955,987	48,705,987
(e) Other non-current assets	14	2,948,222	2,272,276
Current assets			
(a) Current investments		-	-
(b) Inventories	15	69,812,087	60,047,859
(c) Trade receivables	16	38,716,820	52,580,242
(d) Cash and cash equivalents	17	679,889	598,104
(e) Short-term loans and advances	18	3,272,826	2,776,673
(f) Other current assets	19	783,492	606,393
TOTAL		215,189,006	218,890,546
Contingent Liabilities and Commitments	29		
Significant Accounting Policies	1		

As set out in our attached report of even date
For and on behalf of

On behalf of the Board

R. S. AGRAWAL & ASSOCIATES

Chartered Accountants
(Registration no. 100156W)

Narendra Kumar Sureka
Chairman and Managing Director

Anuja Dedhia

Partner

Membership No. 123589

Mumbai, 21st August, 2012

Pradeep Kumar Sureka

Whole Time Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

	Note No.	year ended 31.03.2012 Amount in ₹	year ended 31.3.2011 Amount in ₹
I. Revenue from operations	20	220,101,306	183,029,640
II. Other income	21	717,417	1,243,288
III. Total Revenue (I + II)		220,818,723	184,272,928
IV. Expenses:			
Cost of materials consumed	22	79,404,213	63,374,135
Purchases of Stock-in-Trade	23	105,186,243	96,623,957
Changes in inventories	24	(7,119,958)	(10,825,833)
Employee benefits expense	25	8,287,563	7,773,268
Finance costs	26	8,443,650	5,027,788
Depreciation and amortization expense		4,826,956	2,955,009
Other expenses	27	18,828,570	16,021,048
Total expenses		217,857,237	180,949,372
V. Profit before exceptional and extraordinary items and tax (III-IV)		2,961,486	3,323,556
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		2,961,486	3,323,556
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		2,961,486	3,323,556
X Tax expense:			
(1) Current tax		568,504	623,929
(2) Deferred tax		922,778	1,008,985
(3) MAT Credit Entitlement		(551,946)	(605,756)
XI Profit (Loss) for the period from continuing operations (VII-VIII)		2,022,149	2,296,398
XII Less/(Add) : Adjustments for earlier years			
Tax adjustments		-	-
MAT Credit Entitlement		-	(10,444)
XIII Profit (Loss) for the period from continuing operations (VII-VIII)		2,022,149	2,306,842
XIV Profit/(loss) from discontinuing operations		-	-
XV Tax expense of discontinuing operations		-	-
XVI Profit/(loss) from Discontinuing operations (after tax) (XIII-XIV)		-	-
XVII Profit (Loss) for the period (XIII + XVI)		2,022,149	2,306,842
XVIII Earnings per equity share:			
Basic and Diluted	28	0.02	0.17
Significant Accounting Policies	1		

As set out in our attached report of even date
For and on behalf of

R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration no. 100156W)

Anuja Dedhia
Partner
Membership No. 123589
Mumbai, 21st August, 2012

On behalf of the Board

Narendra Kumar Sureka
Chairman and Managing Director

Pradeep Kumar Sureka
Whole Time Director

Statement of Cash Flow for the year ended 31st March, 2012

	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
A. Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	2,961,486	3,323,556
Adjustment for		
Depreciation	4,826,956	2,955,009
Profit / Loss on sale of fixed assets	441,334	32,701
Interest / other income	(1,158,651)	(1,275,989)
Dividend	(100)	-
Interest expenses	8,443,650	4,986,033
Operating profit before working capital changes	15,536,679	10,063,065
Adjustment for		
Trade and other receivables	12,942,169	6,563,949
Inventories	(9,764,228)	(18,200,820)
Trade payables	(10,959,940)	(4,084,811)
Cash generated from operations	7,754,681	(5,658,617)
Direct taxes paid	(906,891)	(527,802)
Cash flow before extraordinary items	6,847,790	(6,186,419)
Prior period items	-	-
Extraordinary items	-	-
Net Cash Flow From Operating Activities	6,847,790	(6,186,419)
(B) Cash Flow From Investing Activities		
Purchase of fixed assets	(15,185,516)	(19,512,690)
Sale of fixed assets	277,777	475,000
Movement of advances for capital goods	9,750,000	5,218,462
(Purchase) / sale of investments (Net)	-	-
(Increase) / decrease in deposits	-	-
Interest / other income	1,158,651	1,275,989
Dividend received	100	-
Net Cash Used in Investing Activities	(3,998,988)	(12,543,239)
(C) Cash Flow From Financing Activities		
Proceeds from issue of share capital	-	143,250
Proceeds from long term borrowings	8,333,000	19,131,347
Repayment of long term borrowings	(8,688,357)	(5,977,481)
Proceeds from short term borrowings	-	-
Repayment of short term borrowings	(492,224)	492,224
Change in working capital borrowing from banks	6,400,214	8,697,487
Interest paid	(8,443,650)	(4,986,033)
Net Cash From Financing Activities	(2,891,017)	17,500,794
Net Increase In Cash And Cash Equivalants (A+B+C)	(42,216)	(1,228,864)
Opening Balance Of Cash And Cash Equivalants	544,104	1,772,968
Closing Balance Of Cash And Cash Equivalants	501,889	544,104

Notes to cash flow statement:

- All the figures in brackets are outflow.
- Previous year's figures have been regrouped wherever necessary.

As set out in our attached report of even date

On behalf of the Board

For and on behalf of

R. S. AGRAWAL & ASSOCIATES

Chartered Accountants

(Registration no. 100156W)

Narendra Kumar Sureka
Chairman and Managing Director**Anuja Dedhia**

Partner

Membership No. 123589

Mumbai, 21st August, 2012

Pradeep Kumar Sureka
Whole Time Director

NOTE "1": SIGNIFICANT ACCOUNTING POLICIES**1. SYSTEM OF ACCOUNTING**

- a) The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the provisions of the Companies Act 1956 following the mercantile system of accounting and recognising income and expenditure on accrual basis.
- b) The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.
- c) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

2. FIXED ASSETS:

Fixed assets are stated at cost of acquisition or construction inclusive of freight, duties and taxes and incidental expenses, less accumulated depreciation (except land), amortisation and impairment loss, if any.

3. INVESTMENT:

- a) Investments are classified into Non Current and Current investments.
- b) Non Current investments are being valued at cost of acquisition. Provision is made to recognise a decline other than temporary, in the carrying amount of long term investments.
- c) Current investments are being valued at cost or market value whichever is lower.

4. DEPRECIATION:

- a) No depreciation is provided for leasehold land and freehold land.
- b) Depreciation on fixed assets is being provided on "straight line method" basis at the rates and manner specified in Schedule XIV to the Companies Act, 1956, till the WDV is reduced to 5% of the gross value. No further depreciation is provided on such balance amount of 5%.
- c) Depreciation in respect of addition to fixed assets is provided on pro-rata basis from the month in that such assets are acquired/installed/started commercial production.
- d) Depreciation on fixed assets sold, discarded or demolished during the year is

being provided at their respective rates up to the month in which such assets are sold, discarded or demolished.

5. VALUATION OF INVENTORIES:

- a) Valuation of inventories is inclusive of taxes or duties incurred and on FIFO basis except otherwise stated.
- b) Raw materials and Work in progress are being valued at cost or net realisable value whichever is lower.
- c) Stores, Spares and Tools are being valued at weighted average cost.
- d) Goods in Transit, if any, are stated at actual cost up to the date of the Balance Sheet.
- e) Finished Stocks are being valued at direct cost or net realisable values whichever is lower.

6. REVENUE RECOGNISATION:

- a) Sale of Goods is recognized on transfer of significant risks and rewards of ownership which is on the dispatch of goods.
- b) Sales are stated net of discount, claims, and shortage. Commission, brokerage and incentives on sales, wherever applicable, have been separately recognized as an expense.
- c) Incomes from job charges are recognized as and when the services are rendered.
- d) Interest income is accounted on accrual basis.

7. RETIREMENT AND OTHER BENEFITS TO EMPLOYEES:

- (a) Employees' benefit under defined contribution plan such as contribution to provident fund and employees' benefits under defined benefit plan for leave encashment are charged off at the undiscounted amount in the year in which the related service provided.
- (b) Post employment benefits under defined benefit plan such as gratuity are charged off in the year in which the employee has rendered services at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and/or losses in respect of post employment benefits are charged to profit and loss account or capitalised in case of new projects are taken up by the company.

8. CAPITAL WORK IN PROGRESS:

The cost incurred for fixed assets, the construction of which is not completed, are included under "capital work-in-progress" and the same are classified and added to the respective assets on the completion.

9. PRIOR PERIOD EXPENSES / INCOME:

The company follows the practice of making adjustments, as a result of errors and

omissions, through "prior period items" in respect of all material transaction pertaining to the period prior to current financial year.

10. INCOME FROM INVESTMENTS:

Income from investments, where appropriate, is taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

11. TREATMENT OF CONTINGENT LIABILITIES:

Contingent liabilities are not recognised but are disclosed by way of notes to accounts. Disputed demands in respect of central excise, customs, income tax and other proceedings etc. are disclosed as contingent liabilities. Payments in respect of such demands, if any, are shown as advances till the final disposal of the matter.

12. EXCISE DUTY & CENVAT CREDIT

- a) CENVAT credit available as per the provisions of the Excise Rules on raw material, packing material, etc purchased, is accounted for by reducing the cost of the respective items.
- b) Excise duty payable on finished goods lying at the factory premises at the close of the year is provided in the books as per the Excise Rules.
- c) CENVAT credit available as per the provisions of the Excise Rules on capital goods is accounted for by reducing the cost of capital goods.

13. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

14. IMPAIRMENT LOSS

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amounts(s). Recoverable amount is the higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm length transaction between knowledgeable, willing parties, less the cost of disposal.

15. SEGMENT REPORTING

Segments have been identified in line with the Accounting Standard-17, taking into account the organisational structure as well as the differing risks and returns. The business segment is disclosed as primary segment.

16. BORROWING COSTS

The company capitalises interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset or a new unit, the company uses the interest rates applicable

to that specific borrowing as the capitalisation rate. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete. Other borrowing costs are charged to Profit & Loss Account.

17. TRANSACTION IN FOREIGN CURRENCIES

- a) Transactions denominated in foreign currencies are recorded by applying the exchange rates prevailing at the date of the transactions.
- b) Monetary items denominated in foreign currencies remaining unsettled at the end of the year, are restated using the closing rates. The exchange difference arising as a result of the above is recognised in the profit and loss account.
- c) In case the monetary items are covered by the forward exchange contracts, the difference between the year end exchange rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference.
- d) In respect of hedging transactions, the premium/discount represented by difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract is amortised as expense or income over the life of the contract.

Exchange differences on such contracts are recognised in the statement of profit and loss account in the year in which the exchange rate changes.

Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

- e) Non-monetary foreign currency items such as investments are carried at cost.

Notes on Financial Statements for the year ended March 31, 2012

Note "2" SHARE CAPITAL

Particulars	31.03.2012		31.03.2011	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹ 10/- each	-	-	13500000	135,000,000
Equity Shares of ₹ 1/- each	135000000	135,000,000	-	-
Issued,Subsribed and Paid up				
Equity Shares of ₹ 10/- each	-	-	13063100	130,631,000
Equity Shares of ₹ 1/- each	130631000	130,631,000	-	-
Add: Forfeited shares (amount originally paid up in respect of 227500 shares		1,161,500		1,161,500
Total	130631000	131,792,500	13063100	131,792,500

2.a : Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period :-

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number	Amount	Number	Amount
(i) Equity Shares of ₹ 10/- each				
At the beginning of the year	13063100	130,631,000	13290600	132,906,000
Less: Forfeited during the year	-	-	227500	2,275,000
Less: Sub-divided into shares of ₹ 1/- #	13063100	130,631,000	-	-
At the end of the year	-	-	13063100	130,631,000
(ii) Equity Shares of ₹ 1/- each				
At the beginning of the year	-	-	-	-
Add: Sub-divided into shares of ₹ 1/-	130631000	130,631,000	-	-
At the end of the year	130631000	130,631,000	-	-

#During the year, the Company's existing equity shares were sub-divided from every ONE equity share of ₹ 10/- each into TEN equity shares of ₹ 1/- each, Record Date being 8th April 2011.

Notes on Financial Statements for the year ended March 31, 2012

2.b : Details of Shareholders holding more than 5% of shares of the company:-

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Prabhudayal Sureka	8713000	6.67	565050	4.33
Mr.Narendra Sureka	9946000	7.61	948800	7.26

2.c : Terms/Rights attached to Equity Shares:-

- (i) The company has only one class of Equity shares having par value of ₹ 1/- per share.
- (ii) Each holder of Equity share is entitled to one vote per share.
- (iii) In the event of Liquidation of the Company, the holders of Equity shares will be entitled to receive the realised value of the assets of the company, remaining after payment of all preferential dues(if any). The distribution will be in proportion to the number of equity shares held by the shareholders.

2.d : Details of Forfeited Shares:-

Number of Shares Forfeited	Nil	227,500
Amount originally paid up (including premium)	Nil	1,161,500

Note "3" : RESERVES AND SURPLUS

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
a. Capital Reserves		
Balance as per the last financial statements	4,500,000	4,500,000
Sub-total	4,500,000	4,500,000
b. Securities Premium Account		
Balance as per the last financial statements	7,585,627	7,585,627
Sub-total	7,585,627	7,585,627
c. Surplus in the Statement of Profit and Loss		
Balance or (deficit) as per the last financial statements	(26,814,588)	(29,121,430)
Add/(Less): Net Profit/(Loss) for the year	2,022,149	2,306,842
Sub-total	(24,792,439)	(26,814,588)
Total	(12,706,812)	(14,728,961)

Notes on Financial Statements for the year ended March 31, 2012

Note "4": LONG-TERM BORROWINGS

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Secured		
Term Loans from banks (refer note no. 4.1)	15,810,741	15,652,972
Unsecured		
Loans and advances from related parties [refer note no. 33(c)(iii)]	-	260,000
Total	15,810,741	15,912,972

4.1 : Terms of Repayment and Security details of Term Loans :

Name of the Bank	HDFC Bank	HDFC Bank	HDFC Bank	Indian Overseas Bank	Indian Overseas Bank
Type of Loan	Vehicle Loan	Vehicle Loan	Vehicle Loan	Term Loan	Term Loan
Loan Account No.	018405632	015611288	016603817	062503260900001	062503261000001
Amount sanctioned	630,000	1,410,000	911,000	10,000,000	26,000,000
Amount availed	630,000	1,410,000	911,000	10,000,000	25,033,640
Sanction Date	13.04.2011	05.11.2009	26.05.2010	13.05.2009	29.04.2010
Rate of Interest	12.00%	9.75	10.50	14.25	14.25
Total No.of Instalments	36	44	36	60	60
No.of Instalments paid	25	29	24	27	18
No.of balance Instalments to be paid	11	15	12	33	42
Amount of Instalment	EMI of ₹ 20500	EMI of ₹ 37900	EMI of ₹ 28870	59 instalments of ₹ 166600 and last instalment of ₹ 170600	59 instalments of ₹ 435000 and last instalment of ₹ 335000
Repayment Type	Monthly	Monthly	Monthly	Monthly	Monthly
Security on loans	Hypothecation of specific vehicles.			First charge by way of hypothecation of machineries purchased under expansion projects.	Collaterally secured by equitable mortgage of lands and buildings located at B-4 and B-5 MIDC industrial Area, Murbad, Dist. Thane.
				Personally guaranteed by two directors of the company.	
Installments falling due in respect of all the above loans upto 31.03.2013 have been taken in "Other current liabilities" under the head "Current maturities of long term debts" (Refer note no.8)					

Notes on Financial Statements for the year ended March 31, 2012

Note 5: LONG TERM PROVISIONS

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Provision for employee benefits		
Gratuity (unfunded)	439,312	277,323
Leave Encashment (unfunded)	10,196	17,650
Total	449,508	294,973

5.a : The Disclosures required under Accounting Standard 15" Employee Benefits notified in the Companies (Accounting Standards) Rules, 2006 are given below:

i) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged off for the year are as under:-

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Employer's Contribution to Provident Fund	83,735	99,362
Employer's Contribution to superannuation Fund	-	-
Employer's Contribution to Pension Fund	-	-

ii) Defined Benefit Plan

Leave Encashment: During the year 2011-12, the amount paid to employees as leave encashment is ₹ 10196/-

Gratuity: The employee's gratuity scheme is non-fund based. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

I. Reconciliation of Opening and closing balances of Defined Benefit Obligation:

Particulars	Gratuity (Unfunded)	
	2011-2012 Amount in ₹	2010-2011 Amount in ₹
Defined Benefit obligation at beginning of the year	287,203	330,306
Current Service Cost	195,294	184,589
Interest Cost	39,876	42,353
Actuarial (gain) / loss	982,824	(270,045)
Benefits paid	(1,056,012)	-
Settlement cost	-	-
Defined Benefit obligation at year end		
Current Liability	9,873	9,880
Non-Current Liability	439,312	277,323

Notes on Financial Statements for the year ended March 31, 2012

II. Reconciliation of Opening and closing balances of fair value of plan assets:

Particulars	Gratuity (Unfunded)	
	2011-2012 Amount in ₹	2010-2011 Amount in ₹
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial (gain) / loss	-	-
Employer contribution	1,056,012	-
Benefits paid	(1,056,012)	-
Fair value of plan assets at year end	-	-
Actual return on plan assets	-	-

III. Reconciliation of fair value of assets and obligations:

Particulars	Gratuity (Unfunded)	
	2011-2012 Amount in ₹	2010-2011 Amount in ₹
Fair value of plan assets	-	-
Present value of obligation	-	-
Amount recognised in balance sheet	-	-

IV. Expense recognized during the year (under the head "Payments to and Provisions for Employees").

Particulars	Gratuity (Unfunded)	
	2011-2012 Amount in ₹	2010-2011 Amount in ₹
Current Service Cost	195,294	184,589
Interest Cost	39,876	42,353
Expected return on plan assets	-	-
Actuarial (gain) / loss	982,824	(270,045)
Net Cost	1,217,994	(43,103)

V. Actuarial Assumption

Particulars	Gratuity (Unfunded)	
	2011-2012 Amount in ₹	2010-2011 Amount in ₹
Mortality Table (LIC)	LIC 1994-96 Mortality Table	LIC 1994-96 Mortality Table
Discount rate (per annum)	8.70	8.35
Expected return on plan assets (per annum)	7.00	7.00
Rate of escalation in salary (per annum)	-	-

The estimates of rates of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Notes on Financial Statements for the year ended March 31, 2012

Note 6: SHORT TERM BORROWINGS

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Secured		
Loans repayable on demand from banks:		
Working Capital Loan from Indian Overseas Bank	31,072,935	24,672,721
Nature of Security :		
1. Hypothecation of stocks and book debts of the company.		
2. Collaterally secured by equitable mortgage of lands and buildings located at B-4 and B-5 MIDC industrial Area, Murbad, Dist. Thane.		
3. Also Personally guaranteed by two directors of the company.		
Unsecured		
Borrowings from related party [refer Note no. 33 (c) (iii)]:	-	232,224
Total	31,072,935	24,904,945

Note 7: TRADE PAYABLES

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Due to Micro and Small Enterprises*	-	-
Others	37,155,303	47,766,344
* Based on the information available with the company in response to the enquiries from all existing suppliers with whom the company deals, there are no suppliers who are registered as micro and small enterprises under 'The Micro, Small and Medium Enterprises Development Act, 2006' as at 31.03.2012		
Total	37,155,303	47,766,344

Notes on Financial Statements for the year ended March 31, 2012

Note 8: OTHER CURRENT LIABILITIES

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Current maturities of long-term debts	8,175,231	8,688,357
Statutory Liabilities	534,471	605,826
Security deposits	846,530	335,340
Other accrued expenses	546,952	451,438
Other current Liabilities	506,788	525,458
Advance from Customers	-	1,020,106
Total	10,609,972	11,626,526

Note 9: SHORT TERM PROVISIONS

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Provision for employee benefits	9,873	9,880
Provision for Taxation (net of taxes paid)	994,986	1,311,368
Total	1,004,859	1,321,248

Notes on Financial Statements for the year ended March 31, 2012

Note 10 :FIXED ASSETS

(Amount in ₹)

Particulars	Gross Blocks/(At Cost)			Depreciation			Net Block			
	As at 31.03.2011	Additions during the year	Sold during the year	As on 31.03.2012	Total Upto 31.03.2011	Provided for the year	Written back during the year	Total Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS :										
Leasehold land	205,329	-	-	205,329	-	-	-	-	205,329	205,329
Freehold land and site development	5,966,514	-	-	5,966,514	-	-	-	-	5,966,514	5,966,514
Factory building	7,098,412	-	-	7,098,412	3,019,376	237,087	-	3,256,463	3,841,949	4,079,036
Office premises	913,147	-	-	913,147	102,762	14,884	-	117,646	795,501	810,385
Plant and machinery	44,731,947	13,958,633	650,000	58,040,580	19,252,843	3,707,185	617,500	22,342,529	35,698,052	25,479,104
Electrical equipments	2,258,229	300,000	-	2,558,229	1,462,864	114,055	-	1,576,919	981,310	795,365
Furniture and fixtures	297,295	-	-	297,295	289,510	-	-	289,510	7,785	7,785
Office equipments	303,666	145,699	-	449,365	131,699	14,424	-	146,123	303,242	171,967
Computers	445,433	121,363	-	566,796	402,571	72,205	-	474,775	92,021	42,862
Vehicles	6,857,313	659,821	1,028,630	6,488,504	2,495,125	667,115	342,019	2,820,221	3,668,283	4,362,188
TOTAL AS AT 31.03.2012	69,077,285	15,185,516	1,678,630	82,584,171	27,156,749	4,826,956	959,519	31,024,186	51,559,985	41,920,536
TOTAL AS AT 31.03.2011	51,357,614	19,512,690	1,793,019	69,077,285	25,487,058	2,955,009	1,285,318	27,156,749		

Notes on Financial Statements for the year ended March 31, 2012

Note 11: NON CURRENT INVESTMENTS

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Long term investments (at cost)		
Immovable Properties [refer note no.29(b)(i)]	952,500	952,500
Total	952,500	952,500

Note 12: DEFERRED TAX ASSETS(net)

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Deferred Tax Liabilities:		
Difference between book and tax depreciation	2,261,022	1,868,969
Deferred Tax Assets:		
Gratuity	135,747	88,746
Business Losses	9,495,741	10,043,015
Deferment of Allowances	136,733	167,185
Total	7,507,199	8,429,977

Note 13: LONG TERM LOANS AND ADVANCES
(Unsecured considered good)

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Advance for Capital Goods [refer note no.29(b)(ii)]	38,416,934	48,166,934
Security Deposits	539,053	539,053
Total	38,955,987	48,705,987

Note 14: OTHER NON CURRENT ASSETS

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Long term deposits with banks having maturity more than 12 months	674,200	550,200
MAT Credit Entitlement	2,274,022	1,722,076
Total	2,948,222	2,272,276

Notes on Financial Statements for the year ended March 31, 2012

Note 15:INVENTORIES

(Refer note 1.5)

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Raw Materials and components	12,293,511	10,230,189
Work-in-progress	2,121,600	1,645,000
Finished goods	54,651,476	48,008,118
Stores and spares	745,500	164,552
Total	69,812,087	60,047,859

Note 16:TRADE RECEIVABLES

Unsecured, considered good

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Outstanding over six months	2,636,134	6,539,912
Others	36,080,686	46,040,330
Total	38,716,820	52,580,242

Note 17:CASH AND BANK BALANCES

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Cash and Cash equivalents		
Balances with Bank		
In Deposit accounts (less than 3 months maturity)	57,000	-
Cash on hand	444,889	544,104
Other Bank Balances		
Long term deposits with maturity more than 3 months but less than 12 months	178,000	54,000
Long term deposits with banks having maturity more than 12 months	674,200	-
Less:- Long term deposits with maturity more than 12 months considered under "Other Non Current Assets"	674,200	-
Total	679,889	598,104

Notes on Financial Statements for the year ended March 31, 2012

Note 18:SHORT TERM LOANS AND ADVANCES

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Sales Tax Receivable	1,955,414	903,767
Advance to suppliers	907,308	1,703,571
Prepaid expenses	128,545	102,590
Others	281,560	66,745
Total	3,272,826	2,776,673

Note 19:OTHER CURRENT ASSETS

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Interest accrued but not due on fixed deposits	136,617	72,018
Other Current Assets	646,875	534,375
Total	783,492	606,393

Note 20: REVENUE FROM OPERATION

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Sale of Products :	-	-
Fabrics:		
Grey Fabrics	97,039,227	82,914,183
Finished Fabrics	120,375,166	98,094,429
	217,414,393	181,008,612
Sale of Services :		
Job charges	2,686,913	2,021,028
Total	220,101,306	183,029,640

Note 21:OTHER INCOME

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Rent (Refer note 21.a)	944,642	769,048
Interest	214,009	133,229
Net gain/(loss) on sale of investments/ fixed assets	(441,334)	(32,701)
Dividend Income	100	-
Interest on unpaid allotment money	-	373,712
Total	717,417	1,243,288

Notes on Financial Statements for the year ended March 31, 2012

21.a The company has given Office Premises on operating lease for a period of 3 years commencing from 16th February 2012 which is non cancellable for 3 years. Interest free refundable deposit received by the company has been taken under current liabilities as security deposits. Other information as required under AS-19 are as under :

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
(i) Information as to Office Premises:		
Gross carrying amount	795,501	810,385
Depreciation for the year	14,884	14,884
Accumulated depreciation	117,646	102,762
(ii) The total future minimum lease rentals receivable at the balance sheet is as under:		
For a period not later than one year	1,341,360	818,220
For a period later than one year and not later than five years	1,509,030	1,090,960
For a period later than five years	-	-

Note 22: COST OF MATERIALS CONSUMED

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Yarn	79,404,213	63,374,135
Total	79,404,213	63,374,135

Note 23 : PURCHASES OF STOCK IN TRADE

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Grey Fabrics (returned)	(982,072)	3,612,431
Finished Fabrics	106,168,315	93,011,526
Total	105,186,243	96,623,957

Note 24: CHANGES IN INVENTORIES

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Opening Stock:		
Finished Goods	19,642,366	24,599,420
Stock in trade	28,365,752	12,839,628
Stock in process	1,645,000	1,388,237
Closing Stock:		
Finished Goods	21,210,876	19,642,366
Stock in trade	33,440,600	28,365,752
Stock in process	2,121,600	1,645,000
Total	(7,119,958)	(10,825,833)

Notes on Financial Statements for the year ended March 31, 2012

Note 25: EMPLOYEE BENEFIT EXPENSE

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Salaries and Wages	6,931,023	7,699,359
Contribution to Provident and Other Funds	1,356,540	73,909
Total	8,287,563	7,773,268

Note 26: FINANCE COST

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
Term Loans	3,308,407	1,949,576
Working Capital Loans	3,517,142	2,150,598
Others	1,596,097	885,859
Interest on delayed payment of taxes	22,005	41,755
Total	8,443,650	5,027,788

Note 27: OTHER EXPENSES

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
A) Manufacturing Expenses		
Job charges	2,723,060	1,138,320
Dyeing Charges	-	236,043
Beam Making and mending charges	1,845,410	1,647,446
Picking & testing charges	5,515	30,000
Power and fuel	4,886,690	3,160,306
Water expenses	169,720	156,390
Stores and spares consumed	3,590,629	3,936,376
Repairs and maintenance :		
Building	106,301	126,769
Machine	246,652	-
Others	245,495	520,927
Total- (A)	13,819,472	10,952,577

Notes on Financial Statements for the year ended March 31, 2012

Particulars	31.03.2012 Amount in ₹	31.03.2011 Amount in ₹
B) Administrative and General Expenses		
Printing and stationery	193,696	121,165
Postage, telegrams and telephones	253,637	260,753
Rent	245,381	162,031
Rates and taxes	264,552	20,161
Insurance	209,708	175,117
Auditors remuneration (refer note no. 30)	235,633	277,410
Bank commission/charges	124,802	448,211
Exchange Rate Diff.	-	46,416
Electricity expenses	118,595	146,476
Legal and professional charges	260,111	532,645
Computer and software expenses	31,350	40,000
Membership & Subscription	-	22,000
Donation	32,200	-
Freight and forwarding	50,942	36,393
Listing fees	153,107	82,725
Travelling and conveyance	741,869	1,202,769
Office expenses	1,027,383	664,903
Total- (B)	3,942,965	4,239,175
C) Selling and Distribution Expenses		
Sales Promotion Expenses	806,742	294,153
Advertisement Expenses	37,827	22,958
Brokerage and commission	221,563	512,185
Total- (C)	1,066,132	829,296
Total (A+B+C)	18,828,570	16,021,048

Note 28 : EARNING PER EQUITY SHARE

	UNIT	2011-2012	2010-2011
Weighted average number of Equity Shares	Numbers	130,631,000	13,242,380
Nominal Value of a Share	₹	1	10
Profit/ (Loss) for the year	₹ in lacs	2,022,149	2,296,398
Basic and Diluted Earning Per Share	₹	0.02	0.17

Notes on Financial Statements for the year ended March 31, 2012

Note 29 : Contingent liabilities and commitments:

	UNIT	2011-2012	2010-2011
(a) Contingent liabilities not provided:			
(i) Penalty levied by SEBI for delay in submission of certain information to BSE	₹	170,000	170,000
(ii) Disputed income tax matters in appeal	₹	71,881	71,881
(iii) Undertaking given under EPCG Scheme for fullfilment of export obligation	₹ in lacs	151	67
(b) Commitments:			
(i) Uncalled money payable for residential flat to the developers	₹	1,422,500	1,422,500
(ii) Estimated amount of contracts, net of advances, remaining to be executed on capital account	₹	23,230,000	23,230,000

Note 30 : PAYMENT TO AUDITORS

Audit Fees	140,450	137,875
Tax Audit Fees	39,326	38,605
Taxation Matters	16,854	60,665
Certification	36,474	38,015
Out of Pocket expenses	2,529	2,250
	<u>235,633</u>	<u>277,410</u>

Note 31 : The company operates in a single segment i.e. textile having the same risk and return. Hence reporting as per Accounting Standard 17 'Segment Reporting' is not applicable.

Note 32 : The management is of view that as per Accounting Standard-28, no impairment loss is required to be recognised, as the present values of assets are higher than the carrying amount of such assets.

Note 33 : Related Party Disclosure

Related party disclosures as required by Accounting Standard (AS) -18 "Related Party Disclosures" notified by Companies (Accounting Standards) Rules, 2006 (as amended) are given below :

(a) Key Management Personnel and their relatives :

Key Management

Shri Pradeep Kumar Sureka

Shri Narendra Kumar Sureka

Relatives

Smt. Geetadevi Sureka (Mother of Key management personnel)

(b) Enterprises over which Key Management Personnel and their relatives have significant influence :

True Capital and Finance Private Limited

Notes on Financial Statements for the year ended March 31, 2012

(c) Transactions during the year and balances outstanding as at year end with the related parties are as follows:

Particulars	Volume of the transaction (₹)		Balance as on (₹)	
	2011-12	2010-11	2011-12	2010-11
Remuneration /Payables				
Shri Pradeep Kumar Sureka	448,400	266,400	-	-
Shri Narendra Kumar Sureka	453,400	278,400	-	-
Rent paid /Payables				
Smt. Geetadevi Sureka	102,000	102,000	-	76,500
Loan taken / (repayments) made				
Shri Pradeep Kumar Sureka	(232,682)	232,224	-	232,224
True Capital and Finance Pvt. Ltd.	(260,000)	300,000	-	260,000

Related party relationship is identified by the company and relied upon by the auditors.

Note 34 : Value of Raw Material, Spare Parts, Components consumable as a % of the total consumption

	2011-12		2010-11	
	Value (₹)	%	Value (₹)	%
i. Raw Materials:-				
Indigenous	79,404,213	100	63,374,135	100
Imported	NIL	NIL	NIL	NIL
ii. Spare parts and Components:-				
Indigenous	3,590,629	100	3,936,376	100
Imported	NIL	NIL	NIL	NIL

Note 35 : CIF value of imports

	2011-12		2010-11	
	Quantity (No's)	Value (₹)	Quantity (No's)	Value (₹)
Machineries Purchased	12	13,415,892	20	12,653,870

Note 36 : During the year ended 31st March, 2012 the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

As set out in our attached report of even date
For and on behalf of

On behalf of the Board

R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration no. 100156W)

Narendra Kumar Sureka
Chairman and Managing Director

Anuja Dedhia
Partner
Membership No. 123589
Mumbai, 21st August, 2012

Pradeep Kumar Sureka
Whole Time Director

Tuni Textile Mills Limited

63/71, Dadiseth Agiary Lane, 3rd Floor, Kalbadevi Road, Mumbai-400002

PROXY FORM

I/We _____ resident of _____
in the district of _____ being member/members of the above
named Company, hereby appoint _____
resident of _____ in the district of _____ or failing
him _____ resident of
_____ in the district of _____
_____ as my/our proxy to attend and vote for me/us on my/our behalf
at the 25th Annual General Meeting of the Company to be held Friday, the 28th day of
September 2012 at 11.30 A.M., at Ramee Guest Line Hotel, 462, A. B. Nair Road, Opp.
Sun-N-Send Hotel, Juhu, Vile Parle (W), Mumbai-400 049 and any adjournment thereof.

Registered Folio No./DP-Client ID _____ No. of Shares held _____

Signed on this _____ day of _____ 2012.

Signed by the said _____

Signature of Proxy _____

Attested by Shareholder _____

Affix
Revenue
Stamp



Tuni Textile Mills Limited

63/71, Dadiseth Agiary Lane, 3rd Floor, Kalbadevi Road, Mumbai-400002

ATTENDANCE SLIP

I hereby record my presence at the 25th Annual General Meeting of the Company held on
Friday, the 28th day of September 2012 at 11.30 A.M., at Ramee Guest Line Hotel, 462, A. B.
Nair Road, Opp. Sun-N-Send Hotel, Juhu, Vile Parle (W), Mumbai-400 049.

Name of Shareholder/s _____

Father/Husband's Name _____

Name of Proxy or Company Representative _____

Registered Folio No./DP-Client ID _____ No. of Shares held _____

Signature of the Shareholder(s) or Proxy or Company Representative _____

BOOK-POST

If undelivered, please return to :

TUNI TEXTILE MILLS LIMITED

63/71, Dadiseth Agiary Lane, 3rd Floor, Kalbadevi Road, Mumbai-400 002.