

WHEEL & AXLE TEXTILES LIMITED

NOTICE is hereby given that the TWENTY FIRST ANNUAL GENERAL MEETING of the members of Wheel & Axle Textiles Limited will be held at the Registered office of the Company at Dr. Amichand Shah's Wadi, Rampura Tunki, Surat 395 003 on Monday, September 25, 2006 at 12.00 noon. to transact the following business;

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet and Profit and Loss account for the year ended March 31, 2006 and the Reports of Auditors and Directors thereon.
2. To declare a dividend on the Equity shares of the Company
3. To appoint a Director in place of Shri N. K. Desai who retires by rotation and being eligible offers himself for reappointment.
4. To re-appoint existing Auditors to hold office from the conclusion of the forthcoming Annual General Meeting till the conclusion of the next Annual General and to fix their remuneration

Notes

1. *A member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself and the proxy need not be a member of the company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.*

Place : Surat
Date : August 30, 2006

By Order of the Board


Yusuf Akikwala
Director

WHEEL & AXLE TEXTILES LIMITED

DIRECTORS' REPORT

To
The Members of;
Wheel & Axle Textiles Limited

The Directors of your Company have pleasure in presenting the Twenty first Annual Report of the Company together with the audited accounts for the financial year ended on March 31st, 2006

FINANCIAL RESULTS

	2005-06 (Rs.)	2004-05 (Rs.)
Profit before Interest & Tax	76,61,411	47,09,296
Less : Interest	0	0
Provision for taxation	1,80,000	98,000
Provision for deferred tax	3,37,546	1,05,933
Net Profit	71,43,865	45,05,363
Add : Excess provision	0	0
Add : Prior year adjustments	0	0
Add : Balance brought forward	2,73,77,102	2,29,28,752
Profit available for appropriation	3,45,20,967	2,74,34,114
Appropriations		
Proposed Dividend	50,000	50,000
Tax on proposed dividend	7,013	7,013
General Reserve	0	0
Balance carried to Balance Sheet	3,44,63,954	2,73,77,102
Total	3,45,20,967	2,74,34,115

DIVIDEND

The Directors have pleasure in recommending a dividend at the rate of 1% on the Equity Shares of the Company which will result in a net outflow of Rs.57,013/- including dividend tax of Rs. 7013/-. The dividend, if approved by the members at the meeting, will be paid to such share holders whose names appear on the Register of Members on the date of the Annual General Meeting.

DEPOSITS

The Company has not accepted or renewed any deposits from the public during the year under review.

DETAILS UNDER SECTION 217(2A) AND 217 (1) (e) OF THE COMPANIES ACT, 1956

There are no employees drawing a salary of more than Rs. 2,00,000 per month, if employed for part of the year or more than Rs. 24,00,000 per annum if employed for the entire year, hence the details as required by Section 217(2A) of the Companies Act, 1956 are not furnished.

Regd. Off. : Garden House, Dr. Amichand Shah's Wadi, Rampura Tunki, Surat - 395 003.
Tel. : (0261) 2419019. 2430054 Fax : (0261) 2418980
e-mail : amica_ad1@sancharnet.in

The Company has not carried on any manufacturing activity during the year, neither has it dealt with foreign exchange for the year under review and hence the particulars under Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not furnished.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and of the profit of the Company for the year ended March 31, 2006
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
4. The Directors had prepared the annual accounts on a going concern basis.

DIRECTORS

There was no change in the composition of the Board of Directors during the year under review

AUDITORS

The term of the existing Statutory Auditors of the Company expires at the forthcoming Annual General Meeting. They may be reappointed a certificate stating that the appointment as Statutory Auditors, if made, will be within the limits prescribed under Section 224(1B) has been received from Bipinchandra J. Modi & Co., Chartered Accountants, the existing auditor.

COMMENTS ON THE AUDITOR'S REPORT

The observations made in the Auditor's Report are self explanatory and do not call for any further comments.

COMPLIANCE CERTIFICATE

In terms of Section 383A(1) of the Companies Act, 1956, and Companies (Compliance Certificate) Rules, 2001 the certificate issued by a Company Secretary in Whole-time Practice certifying that the Company has complied with all the provisions of the Companies Act, 1956 is annexed to the Report.

Date : August 30th, 2006
Place : Surat

For and on behalf of the Board



CHAIRMAN

Bipinchandra J. Modi & Co.

Chartered Accountants

Partners :

BIPIN MODI

B.Com., F.C.A., DISA

RAKESH PATEL

B.Com., A.C.A. DSM

Office
Bungalow No. 18/A, Prakash Co-op. H. Soc. Ltd.,
Behind Intelligent Guidance Class,
Athwalines, SURAT-395 001.
Phone : 2665349
C. EX/BJM/017/98-DT. 9/11/98
Email : bipinchandrajmodi@yahoo.com

Ref. :

Auditors' Report


To the Members,

Wheel & Axle Textiles Limited

Date :

1. We have audited the attached Balance sheet of **Wheel & Axle Textiles Limited** as at 31st March, 2006 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, 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:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31st March, 2006 and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information, and according to the explanations given to us, the said accounts read along with Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2006;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Bipinchandra J. Modi & Co.
Chartered Accountants


(Bipinchandra J. Modi)
Partner

Membership No. 31687

Surat, dated: August 30, 2006

Bipinchandra J. Modi & Co.

Chartered Accountants

Partners :

BIPIN MODI

B.Com., F.C.A., DISA

RAKESH PATEL

B.Com., A.C.A. DSM

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Phone : 2665349
C. EX/BJM/017/98-DT. 9/11/98
Email : bipinchandrajmodi@yahoo.com

Ref. :

Date :

Annexure referred to in paragraph 3 of our report of even date on the accounts
for the year ended 31st March, 2006

- i. The Company has no fixed assets, hence paragraphs (i)(a), (b) and (c) of the Order are not applicable.
- ii. (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. (a) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(b), (c) and (d) of the Order are not applicable.
- iv. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and with regard to the sale of goods. During the course of our audit, I have not observed any continuing failure to correct major weaknesses in internal control.

v. (a) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in to the register maintained under Section 301 of the Companies Act, 1956, paragraph (v)(b) of the Order is not applicable.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
- ix. (a) According to information and explanations given to us, the Company is generally been regular in depositing undisputed statutory dues as applicable with the appropriate authorities during the year.

(b) According to information and explanation given to us, there are no statutory dues as applicable which have not been deposited on account of any dispute.
- x. The Company does not have accumulated losses as at 31st March, 2006 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi. The Company has not taken any loans from financial institutions or banks or debenture holders and hence the question of default in repayment of dues and the period and amount does not arise.
- xii. In our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and any other securities.

Bipinchandra J. Modi & Co.

Chartered Accountants

Partners :

BIPIN MODI

B.Com., F.C.A., DISA

RAKESH PATEL

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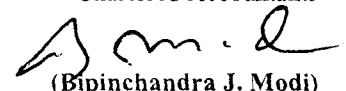
Ref. :

Date :

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- xiii. The provisions of any special statute as specified under paragraph (xiii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to information and explanation given to us, the Company is not a dealer or a trader in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi. The Company has not taken any term loan during the current year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investment, and vice versa.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **Bipinchandra J. Modi & Co.**
Chartered Accountants



(**Bipinchandra J. Modi**)

Partner

Membership No. 31687

Surat, dated: August 30, 2006

WHEEL AND AXLE TEXTILES LIMITED

BALANCE SHEET as at 31st March, 2006

	Schedule	31-3-2006 Rs.	31-3-2005 Rs.
I. SOURCES OF FUNDS :			
Shareholders' Funds:			
(a) Share Capital	1	5,000,000	5,000,000
(b) Reserves & Surplus	2	53,646,546	46,222,148
Total		<u>58,646,546</u>	<u>51,222,148</u>
II. APPLICATION OF FUNDS :			
Investments	3	56,160,680	50,136,731
Current Assets, Loans & Advances:			
(a) Stock in trade	4	32,432	174,073
(b) Sundry Debtors		2,531,149	1,323,868
(c) Cash and Bank Balances		1,297,645	271,926
(d) Other current assets		1,087,188	750,224
(e) Loans and Advances		419,550	274,550
		<u>5,367,964</u>	<u>2,794,641</u>
Less : Current Liabilities & Provisions :			
(a) Current Liabilities	5	2,447,085	1,454,211
(b) Provisions		435,013	255,013
		<u>2,882,098</u>	<u>1,709,224</u>
Net Current Assets		<u>2,485,866</u>	<u>1,085,417</u>
Total		<u>58,646,546</u>	<u>51,222,148</u>
Notes forming part of the accounts	9		

As per our report of even date

For and on behalf of the Board

Lalbihari

M M M

Directors

Rajivpal
Secretary

Place : Surat

Date : 30-08-2006

For **Bipinchandra J. Modi & Co.**
Chartered Accountants

A m d
(Bipinchandra J. Modi)
Partner

Place : Surat

Date : 30-08-2006

WHEEL AND AXLE TEXTILES LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2006

	Schedule	2005-06 Rs.	2004-05 Rs.
INCOME :			
Sales		9,925,855	3,329,256
Other Income	6	7,783,453	5,317,565
Total		<u>17,709,308</u>	<u>8,646,821</u>
EXPENDITURE :			
Purchases		9,648,678	3,459,451
(Increase)/Decrease in Closing stock	7	141,641	(174,073)
Operating, Administrative and other expenses	8	257,578	652,147
Total		<u>10,047,897</u>	<u>3,937,525</u>
Profit before tax		7,661,411	4,709,296
Less : Taxation - Current tax		180,000	98,000
- Deferred tax		337,546	105,933
Profit after tax		7,143,865	4,505,363
Add : Balance brought forward		27,377,102	22,928,752
Balance available for Appropriation		<u>34,520,967</u>	<u>27,434,115</u>
APPROPRIATION :			
Proposed dividend		50,000	50,000
Tax on proposed dividend		7,013	7,013
Balance carried to Balance Sheet		34,463,954	27,377,102
		<u>34,520,967</u>	<u>27,434,115</u>
Basic & diluted earning per share (Face value of Rs.10)		14.29	9.01
Notes forming part of the accounts	9		

As per our report of even date

For and on behalf of the Board

J. K. Khat

M. M. N.

Directors

S. Rajpat
Secretary

For Bipinchandra J. Modi & Co.
Chartered Accountants

Bipinchandra J. Modi
(Bipinchandra J. Modi)
Partner

Place : Surat

Date : 30-08-2006

Place : Surat

Date : 30-08-2006

WHEEL AND AXLE TEXTILES LIMITED

Schedules annexed to and forming part of Accounts

	31-3-2006 Rs.	31-3-2005 Rs.
<u>Schedule 1 : Share Capital</u>		
Authorised:		
500,000 equity shares of Rs.10 each	5,000,000	5,000,000
	5,000,000	5,000,000
Issued, subscribed and paid up:		
500,000 equity shares of Rs.10 each fully paid.	5,000,000	5,000,000
	5,000,000	5,000,000

Schedule 2 : Reserve & Surplus

General Reserve :		
As per last Balance Sheet	9,636,174	9,530,241
Add : Deferred tax asset	337,546	105,933
	9,973,720	9,636,174
Capital Reserve :		
As per last Balance Sheet	9,208,872	9,208,872
Balance in Profit and Loss account	34,463,954	27,377,102
	53,646,546	46,222,148

Schedule 3 : Investments

	Actual Cost Rs.	Amount Rs. 31-3-2006	Amount Rs. 31-3-2005
<u>Long Term Investments :</u>			
Trade Investments :			
<u>Quoted Shares :</u>			
330,503 (330,503) Equity shares of Garden Silk Mills Ltd. of Rs.10 each fully paid.	3,042,430	10,185,967	10,185,416
<u>Un quoted Shares :</u>			
1,000,000 (1,000,000) 1% Cumulative Redeemable Preference shares of Amichand Textiles Ltd. of Rs.10 each fully paid.	10,000,000	10,000,000	10,000,000
275,000 (-) 1% Cumulative Participating Redeemable Preference shares of Vareli Fabrics P.Ltd. of Rs.10 each fully paid.	2,750,000	2,750,000	--
<u>Others :</u>			
Art pieces	20,003	20,003	20,003

WHEEL AND AXLE TEXTILES LIMITED

Schedules annexed to and forming part of Accounts

	Actual Cost Rs.	Amount Rs. 31-3-2006	Amount Rs. 31-3-2005
<u>Schedule 3 : Investments (Contd.)</u>			
Investment in Partnership Firms :			
In Capital Account	585,076	<u>585,076</u>	<u>7,198,154</u>
		<u>23,541,046</u>	<u>27,403,573</u>
Non Trade Investments :			
<u>Unquoted Units :</u>			
47,004 (-) Units of Birla Sun Life Buy India Fund (Dividend plan) of Rs.10 each.	1,200,000	1,200,000	--
-- (450,887) Units of ING Vysya Floating Rate Fund (Growth plan) of Rs.10 each.	--	--	4,580,717
-- (415,910) Units of Kotak Mahindra Liquid Fund (Growth plan) of Rs.10 each.	--	--	5,443,716
243,056 (-) Units of Prudential ICICI Discovery Fund (Dividend plan) of Rs.10 each.	3,500,000	3,500,000	--
506,402 (750,424) Units of Reliance Equity Opportunities Fund (Dividend plan) of Rs.10 each.	5,064,019	5,064,019	7,504,242
1,147,861 (--) Units of Reliance Equity Fund (Dividend plan) of Rs.10 each.	11,478,612	11,478,612	--
144,958 (150,045) Units of Reliance Growth Fund (Dividend plan) of Rs.10 each.	6,877,003	6,877,003	5,204,483
413,766 (--) Units of Reliance Floating Rate Fund (Growth plan) of Rs.10 each.	4,500,000	<u>4,500,000</u>	--
		<u>32,619,634</u>	<u>22,733,158</u>
		<u>56,160,680</u>	<u>50,136,731</u>
Aggregate value of Investments :		Rs.	Rs.
Quoted: Cost		3,042,430	3,042,430
Quoted : Market Value		19,268,325	17,318,357
Unquoted: Cost		45,974,713	39,951,315

WHEEL AND AXLE TEXTILES LIMITED

Schedules annexed to and forming part of Accounts

	31-3-2006 Rs.	31-3-2005 Rs.
<u>Schedule 4 : Current Assets, Loans & Advances</u>		
A. Current Assets :		
Stock in trade :		
(as valued at cost or market price whichever is lower)	32,432	174,073
 Sundry Debtors :		
(Unsecured, considered good)		
- Debts due for less than six months	2,531,149	1,323,868
 Cash and Bank Balances :		
- Cash on hand	8,706	2,445
- Balance with Scheduled Banks in current account	1,288,939	269,481
 Other current assets :		
- Income receivables	1,087,188	750,224
	<u>4,948,414</u>	<u>2,520,091</u>
 B. Loans and Advances :		
Taxes paid in advance	419,550	274,550
	<u>419,550</u>	<u>274,550</u>
	<u>5,367,964</u>	<u>2,794,641</u>

Schedule 5 : Current Liabilities & Provisions

A. Current Liabilities:		
Sundry creditors	2,446,085	1,453,211
Others	1,000	1,000
	<u>2,447,085</u>	<u>1,454,211</u>
 B. Provisions:		
For Proposed dividend	50,000	50,000
For Tax on proposed dividend	7,013	7,013
For Income tax	378,000	198,000
	<u>435,013</u>	<u>255,013</u>
	<u>2,882,098</u>	<u>1,709,224</u>

2005-06	2004-05
Rs.	Rs.

Schedule 6 : Other income

Dividend income	3,178,939	2,426,794
Interest income	151,362	191,646
Share of profit in partnership firm	370,560	354,656
Profit on sale of Investments	4,045,553	2,335,358
Miscellaneous income	37,040	9,111
	<u>7,783,453</u>	<u>5,317,565</u>

WHEEL AND AXLE TEXTILES LIMITED

Schedules annexed to and forming part of Accounts

	2005-06 Rs.	2004-05 Rs.
<u>Schedule 7 : (Increase)/Decrease in Stock in trade :</u>		
Opening stock as on 1st April.	174,073	--
Less : Closing stock as on 31st March.	32,432	174,073
	<u>141,641</u>	<u>(174,073)</u>

Schedule 8 : Operating, Administrative and other expenses

Advertisement expenses	46,309	43,077
Audit fees	8,418	8,265
Bad & doubtful advance written off	--	287,500
Bank charges	1,065	1,363
Business center expenses	--	40,000
Director sitting fees	12,000	13,500
Donation	--	50,000
Freight expenses	5,797	--
General charges	53,128	30,921
Insurance	230	230
Professional & legal fees	40,892	141,179
Professional tax	1,000	5,000
Securities transaction tax	80,604	31,112
Stationery & Printing	8,135	--
	<u>257,578</u>	<u>652,147</u>

Schedule 9 : Notes forming part of the Accounts :

1 SIGNIFICANT ACCOUNTING POLICIES :

A. SYSTEM OF ACCOUNTING :

The Company follows the mercantile system of accounting and recognises income and expenditure on the accrual basis.

B. INVESTMENTS :

i) Long Term investments of the company are stated at their cost of acquisition. However long term investments acquired upto 31st March, 1996 were revalued at the estimated realisable value as on 31st March, 1996 and are stated at the same value on the Balance Sheet date. The difference on account of such revaluation had been taken to Capital Reserve account. Necessary adjustments are made in the Capital Reserve account whenever any of the revalued investments are sold.

ii) Provision for diminution in the value of long term investments is made only if, such a decline is other than temporary in the opinion of the management.

C. SALES & PURCHASES :

Sales & Purchases are recognised net of returns.

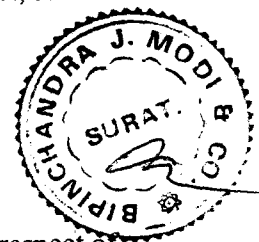
D. STOCK IN TRADE :

Closing stock in trade valued at cost or market price whichever is lower.

E. TAXATION :

i) Current tax has been determined and provided as the amount of tax payable in respect of taxable income for the year.

ii) Deferred tax has been recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.



WHEEL AND AXLE TEXTILES LIMITED

Schedules annexed to and forming part of Accounts

Schedule 9 : Notes forming part of the Accounts (Contd.) :

2 The Company has invested in the capital of the following partnership firms :

a) Name of the Partnership Firm : ALLIANCE INVESTMENTS

Total Capital of the Firm : Rs.16,851,850/-

Name of the partners

- 1 Wheel & Axle Textiles Ltd.
- 2 Pashah Textiles Ltd.
- 3 Rosekamal Textiles Ltd.
- 4 Amichand Textiles Ltd.
- 5 Bijlee Textiles Ltd.
- 6 SPS Silk Ltd.
- 7 Jarigold Textiles Ltd.
- 8 Prabhat Silk Mills Ltd.

All the partners are sharing Profit and Losses equally.

b) Name of the Partnership Firm : RAYBAN INVESTMENTS

Total Capital of the Firm : Rs.16,936,007/-

	<u>Name of the partners</u>	<u>Share of Profit/Loss</u>
1	Wheel & Axle Textiles Ltd.	14.00%
2	Pashah Textiles Ltd.	14.00%
3	Rosekamal Textiles Ltd.	14.00%
4	Amichand Textiles Ltd.	14.00%
5	SPS Silk Ltd.	28.00%
6	Jarigold Textiles Ltd.	7.00%
7	Prabhat Silk Mills Ltd.	3.50%
8	Vareli Fabrics Pvt. Ltd.	3.50%
9	Special Prints Ltd.	1.00%
10	Tissue Textiles (India) Pvt. Ltd.	1.00%

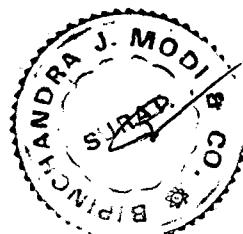
3 Deferred Taxation :

As per Accounting Standard-22 issued by the Institute of Chartered Accountants of India on Accounting for taxes on Income, the company has recorded, on the basis of prudence, deferred tax assets amounting to Rs.337,546/-, on account of brought forward losses till 31st March, 2005 and the same has been credited to the General Reserve account. Deferred tax liability for the year ended 31st March, 2006 amounting to Rs.337,546/- has been recognised in the Profit & Loss account.

4 Income from Investments :	2005-06	2004-05
	Rs.	Rs.
a) From Trade Investments	747,117	995,880
b) From Other Investments	2,583,184	1,619,972

5 Payment to Auditors : (including service tax)

a) For Statutory audit	6,734	6,612
b) For Tax audit	1,684	1,653
c) For Certification & Other services	5,235	5,174



WHEEL AND AXLE TEXTILES LIMITED

Schedules annexed to and forming part of Accounts

Schedule 9 : Notes forming part of the Accounts (Contd.) :

6 Particulars of investments purchased and sold during the year :

<u>Name of Mutual Fund</u>	<u>Cost (Rs.)</u>
ING Vysya Mutual Fund	2,000,000
Principal Mutual Fund	2,000,000
Reliance Capital Mutual Fund	56,148,454

7 Profit / (Loss) on Investments :	2005-06	2004-05
	Rs.	Rs.
a) Long Term Investments	4,045,553	904,228
b) On account of membership of partnership firm	370,560	354,656

8 Quantitative details :	2005-2006		2004-05	
Fabrics :	Meters	Amount	Meters	Amount
Sales	268,647.80	9,925,855	114,308.50	3,329,256
Purchases	263,249.20	9,648,678	120,444.20	3,459,451
Opening Stock	6,135.70	174,073	---	---
Closing Stock	737.10	32,432	6,135.70	174,073

9 Provision for current tax has been made as per the provisions of Minimum Alternate Tax.

10 The Company has no information as to whether any of its supplier constitutes small scale Industrial undertaking and therefore the amount due to such supplier has not been identified.

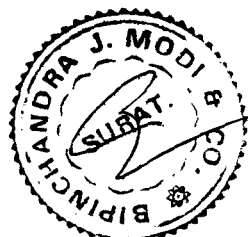
11 The Company principally engaged in the business of Textiles. Accordingly there are no reportable segments as per Accounting Standard No.17 issued by the Institute of Chartered Accountants of India on 'Segment Reporting'.

12 Earnings per share :	2005-06	2004-05
a) Weighted average number of shares outstanding	500,000	500,000
b) Net Profit after tax available for Equity shareholders	7,143,865	4,505,363
c) Basic and diluted Earning per share	14.29	9.01
(On Face value per share of Rs.10 each)		

13 The equity shares of the company are listed on the following Stock Exchanges and company has duly paid the requisite amount of annual listing fees for the year 2005-06 to both the Stock Exchanges.

a) Ahmedabad Stock Exchange Limited
Kamdhenu Complex, Opp. Sahajanand College,
Panjarapole, Ahmedabad - 380 015.

b) Bombay Stock Exchange Limited
Phiroz Jeejeebhoy Tower,
Dalal Street, Mumbai-01.



Schedules annexed to and forming part of Accounts

Schedule 9 : Notes forming part of the Accounts (Contd.) :

14 Related party disclosures as required by Accounting Standard No.18 issued by the Institute of Chartered Accountants of India are as follows :

(a) Relationships :

i) Joint Ventures / Partnerships :

Alliance Investments
Rayban Investments

ii) Related enterprises where transactions have taken place :

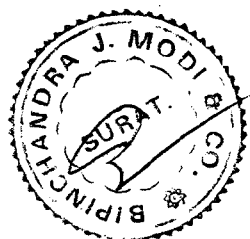
Amichand Textiles Ltd.
Armorax Business Centre Pvt. Ltd.
Vareli Fabrics Pvt. Ltd.
Garden Silk Mills Ltd.

(b) The following transactions were carried out with related parties :

	Related Parties	
	Referred in 12(a)(i)above	Referred in 12(a)(ii)above
i) <u>Transactions during the year :</u>		
Given (net) towards capital accounts	-- (1,672,000)	-- (-)
Withdrawn (net) from capital accounts	7,135,000 (-)	-- (-)
Interest received	151,362 (189,058)	-- (-)
Share of Profit earned	370,560 (354,656)	-- (-)
Income by way of dividend	-- (-)	595,755 (806,822)
Business Centre user expense	-- (-)	-- (40,000)
Office administration & accounting charges	-- (-)	18,000 (-)
Re-imbusement of expenses	-- (-)	3,000 (2,500)
ii) <u>Outstanding balance at the end of the year :</u>		
Debit balance	585,076 (7,198,154)	-- (-)

Note : Figures in brackets represent previous year's amount.

15 Previous year's figures have been regrouped and / or recast wherever found necessary to make them comparable with current year figures.



Schedules annexed to and forming part of Accounts

Schedule 9 : Notes forming part of Accounts (Contd.) :

16 Balance sheet abstract and Company's general business profile :

a) Registration details :-

Registration No.	1	3	2	5	5	
State Code	0	4				
Balance sheet Date	3	1	0	3	0	6

b) Capital raised during the year :-

Public Issue	N	I	L
Right Issue	N	I	L
Bonus Issue	N	I	L
Preferential Allotment	N	I	L

c) Position of mobilisation and deployment of funds (Amt. in Rs. '000s) :-

Total Liabilities	6	1	5	2	9
Total Assets	6	1	5	2	9

Sources of funds -

Paid up Capital		5	0	0	0
Reserves & Surplus	5	3	6	4	7
Secured Loans			N	I	L
Unsecured Loans			N	I	L

Application of funds-

Net Fixed Assets			N	I	L
Investments	5	6	1	6	1
Net Current Assets		2	4	8	6
Misc. Expenditures			N	I	L
Accumulated Losses			N	I	L

d) Performance of the company -

Total Turnover	1	7	7	0	9
Total Expenditures	1	0	0	4	8
+/- Profit / Loss before Tax		7	6	6	1
+/- Profit / Loss after Tax		7	1	4	4
Earning per Share in Rs.	1	4	.	2	9
Dividend rate in %		1	.	0	0

e) General names of three principal products/services of the company -

Item Code No. (ITC Code)	5	4	0	7	
Product description	Woven fabrics of synthetic filament yarn.				

Signatures to schedules 1 to 9

As per our report of even date

For and on behalf of the Board

J. K. Desai

M. M. N.

Directors

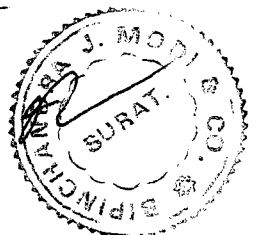
Place : Surat

Date : 30-08-2006

Rajapari
Secretary

For Bipinchandra J. Modi & Co.
Chartered Accountants

Bipinchandra J. Modi
Partner
Place : Surat
Date : 30-08-2006



CASH FLOW STATEMENT

for the year ended 31st March, 2006.

	Rupees in Lacs	
	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extra ordinary Items	76.61	47.09
Adjustments for -		
(Profit) / Loss on sale of Investments	(40.46)	(23.35)
Dividend (received)	(31.79)	(24.27)
Interest (received)	(1.51)	(1.89)
Share of (Profit) / Loss in partnership firm	(3.71)	(3.55)
Share of provision for bad debts in partnership firm	0.00	2.88
Provision for diminution in value of Investments	0.00	0.00
Operating Profit before working Capital Changes	(0.85)	(3.09)
Adjustments for -		
(Increase) / Decrease in Debtors	(12.07)	(5.88)
(Increase) / Decrease in Stock in trade	1.42	(1.74)
(Increase) / Decrease in other current Assets	(3.37)	(7.50)
Increase / (Decrease) in Current Liabilities	9.93	9.92
Cash generated from operations	(4.95)	(8.29)
Interest (paid)	0.00	0.00
Direct Taxes (paid) / Refund	(1.45)	(0.66)
Net Cash Flow from operating Activities	(6.40)	(8.95)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
(Purchase) of Investments	(904.54)	(648.87)
Sale of Investments	889.98	635.26
Dividend received	31.79	24.27
(Increase) / Decrease in Loans & Advances	0.00	0.00
Net Cash from Investing Activities	17.23	10.66
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend (Paid)	(0.50)	(0.50)
Dividend tax (Paid)	(0.07)	(0.07)
Net Cash from Financing Activities	(0.57)	(0.57)
Net increase in Cash & Cash equivalents (A+B+C)	10.26	1.15
Cash and Cash equivalent as at 01/04/2005	2.72	1.58
Cash and Cash equivalent as at 31/03/2006	12.98	2.72

For and on behalf of the Board

74A @ J. K. J. Modi

M M M

Directors

Place : Surat

Date : 30-08-2006

AUDITOR'S CERTIFICATE

I have verified the above Cash Flow Statement of Wheel & Axle Textiles Limited from the audited annual financial statements for the year ended March 31, 2006 and found the same in accordance therewith and also with the requirements of Clause 32 of listing agreement with the Stock Exchanges.

For Bipinchandra J. Modi & Co.

Chartered Accountants

(Bipinchandra J. Modi)

Partner

Place : Surat

Date : 30-08-2006

