

GUPTA CARPETS INTERNATIONAL LIMITED

Report of the Board of Directors

To the members:

Your Directors feel pleasure in presenting the 25th Annual Report together with audited accounts of the company for the year ended 31st March, 2008

1. FINANCIAL RESULTS

The Financial Results of the company are as under:

	(Rs.in Lacs)	
PARTICULARS	2008	2007
Sales & Others	1.62	1.31
Loss before depreciation and tax	1.85	0.88
Depreciation	NIL	NIL
Loss after tax and depreciation	1.85	0.88
Loss brought forward	910	910
Balance carried to balance sheet	912	911

2. CURRENT OPERATIONS AND FUTURE PROSPECTS

Due to continuous recessionary conditions and past losses, the company has not been able to do any significant business. In the current year the signs of recovery are not seen. The company has done nominal trading in textile with the hope that it will be able to significantly develop it in future.

3. DIVIDEND

The directors have not proposed any dividend during the year in view of losses made during the year.

4. DIRECTORATE

Shri Raman Gupta director of your company are retiring by rotation at the ensuing annual general meeting and they being eligible for reappointment have offered himself for the same.

5. AUDITORS AND AUDITORS' REPORT

The Statutory auditors of the Company M/S Sandeep K. Sharma & Associates, Chartered Accountants, hold office until the conclusion of ensuing Annual General Meeting. The

Certified true copy
For Gupta Carpets International Ltd.

Raman Gupta
Director

Company has received letter to the effect that their appointment, if made, would be within the prescribed limits under section 224(1) of the Companies Act, 1956. The comments made by the Auditors in their report are primarily on account of financial difficulties being faced by the company. Due to paucity of fund and due to continuous recessionary conditions and past losses, the company has not been able to do significant business.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed. Also there has been no departure from the accounting standards;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the annual accounts on a going concern basis.

7. LISTING AGREEMENT

Pursuant to Clause 32 of the listing Agreement with Stock Exchanges, it is stated that, the company is listed at the Stock Exchange of Ludhiana, New Delhi & Mumbai. The trading of the shares of the company is under suspension for non payment of listing fees, the Company is unable to generate the enough Fund flows after going into red and is currently a sick unit.

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a separate report on Corporate Governance is annexed to Directors' Report.

8. AUDIT COMMITTEE

The audit committee comprises of S/Shri Raman Gupta, Rajesh Gupta and Satish Verma Directors of the Company which meets the requirements of Section 292A of the Companies Act, 1956. The terms of reference were as contained in the Listing Agreement.

9. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.

The Company is exempted from rules made under Companies (Disclosure of particulars in the report of Board of Directors) rules 1988 hence Form no. A & B is not given. The company also did not earn or have any outgo of Foreign exchange.

**10. INFORMATION UNER SECTION 217(2A) OF THE COMPANIES ACT, 1956
READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.**

No employees received salary exceeding the amount mentioned in the above said rules.

11. EMPLOYMENT OF FULL TIME COMPANY SECRETARY

The Company has once again advertised in the Newspaper regarding appointment of Whole time Company Secretary at its Registered office. However, no application for such post received by the Company.

12. APPRECIATION

The company places on record the continue patronage of its shareholders, Government agencies, Bankers, Supplier and Customers of the Company. The company would like to thank its employees for its excellent performance in their respective duties.

On the Behalf of Board of Directors,

Sd/-

Rajesh Gupta
Raman Gupta

Place: Amritsar
Dated: 29.08.08

REPORT ON CORPORATE GOVERNANCE

Introduction

The importance of Corporate Governance lies in its contribution both to Business prosperity and accountability. The Board fully supports the basic tenants of the Corporate Governance as the prudent exercise of the tenets of the Corporate Governance as the prudent exercise of the Management rights in the best of interests of all stakeholders, more particularly its Shareholders & Employees.

1. Constitution of Board as on 31.03.2008

Executive Director

Sh. Raman Gupta

Non Executive Directors

Sh. Rajesh Gupta
Sh. Satish Verma

2. Board Meetings

Board Meetings were held during the year on 29/04/2006, 27/05/2006, 30/06/2006, 31/07/2006, 26/08/2006, 30/09/2006, 28/10/2006, 06/11/2006, 30/11/2006, 15/12/2006, 27/01/2007, 05/02/2007, 28/02/2007 and 31/03/2007

The attendance record of the Directors for the Board meetings (BM) / Annual general Meetings (AGM) HELD DURING THE Financial year ended 31st March 2008 is as under:

Name	Board Meetings	Last AGM
Sh. Raman Gupta	14	YES
Sh. Rajesh Gupta	14	YES
Sh. Satish Verma	14	YES

3. Share Transfer cum Shareholders' Grievance

The Company has constituted Share – Transfer Committee to approve transfer/ transmission of Shares issued by the Company. During the Financial year, the Committee held three meetings. A Summary of Complaints received and resolved by the Company during the Year ended 31st March, 2007 is given below:

	Received	Cleared
Non receipt of Share Certificate duly transferred	5	5
Non-receipt of Dividend Warrants	N.A.	N.A.
Miscellaneous	NIL	NIL
Letter from SEBI, Stock Exchanges And Department of Company Affairs.	2	2

The following officer of the Company is responsible for Share Transfers and other related matters.

Sh. Raman Gupta

4. Audit Committee

As a measure of good Corporate Governance and to provide assistance to Board of Directors in fulfilling the Board's oversight responsibilities, an audit committee had been constituted by the board comprising of three directors namely S/Shri Raman Gupta, Rajesh Gupta and Satish Verma Directors of the Company which meets the requirements of Section 292A of the Companies Act, 1956. The terms of reference were as contained in the Listing Agreement. The Audit committee inter alia reviews: -

- Quarterly and Annual Financial Results
- Annual Budget and Variances Report

5. Directors' Remuneration

As the Company is running in losses. Nil remuneration is paid to any directors of the Company for the year ended 31st March 2008. Further the company did not pay sitting fees to its Non Executive Directors.

6. General Body Meetings

Location and time of last three meetings is as under:

Year	Date	Venue	Time
2007	29/09/2007	Registered Office	12 Noon
2006	30.09.2006	Registered office	12 Noon
2005	30.09.2005	Registered office	12 Noon

7. Disclosure

There was no transactions of a material nature with the Directors or the Management or relatives of the Directors during the Financial Year of the Company.

8. Means of Communication

Though the Quarterly results of the Company stood taken on record and approved by the Board of Directors, the same could not be published in the Newspaper(s) due to the paucity of the funds as the advertisement / publications costs are very high. Further as the Company did not pay its listing fees, its shares are not being actively quoted on Stock Exchange.

9. GENERAL Shareholders Information

Annual General Meeting (AGM)

Day Tuesday
Date & Time 30th September 2008 at 12 Noon

Venue Registered office
Book Closure Date 9th September 2008 to 30th September, 2008
Financial Period 1st April, 2007 to 31st March, 2008

10. Categories of issued & Subscribed Shareholding as on 31.03.2008

Category	No. of Shares	Percentage of total Shares
Promoters & Associates	1584000	36.08%
Private Corporate Bodies	105100	2.39%
Indian Public	2701800	61.53%
Non Resident Indians (NRI)	NIL	NIL

11. Stock Exchange

The Company is listed at Stock Exchange, Ludhiana, New Delhi & Mumbai. The trading of Shares of the Company is under Suspension for Non Payment of Listing fees, the Company is unable to generate the enough funds.

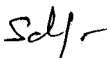
12. Dematerialization of Shares & Liquidity:

Due to paucity of Fund the Company could not initiate steps to dematerialize its equity Shares.

Address for Correspondence:

Registered office: Ajnala Road, Near Petrol Pump, Amritsar.

For & on behalf of Board


Rajesh Gupta
Raman Gupta

Place: Amritsar.
Date: 29.08.2008

AUDITOR'S REPORT

To

The Members

Gupta Carpets International Limited,

1. We have audited the attached Balance Sheet of **GUPTA CARPETS INTERNATIONAL LIMITED, AMRITSAR**, as at 31ST March 2008, and also Profit & Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the accounting 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 misstatements. 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 the management, as well as evaluating the overall financial statements 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 of India in terms of Sub – Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement in the matters specified in Paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above, we report as under:
 - a) We have obtained all information and explanations, which to the best our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far appears from our examination of those books.
 - c) The Balance Sheet and Profit and Loss Account as Dealt with by this report are in Agreement with the Books of Accounts.
 - d) In our opinion, the Balance Sheet and the Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211(3c) of the Companies Act, 1956.
 - e) As informed to us and taken in record by Board, no Director of the Company is disqualified from being appointed as a Director under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956


Sandeep K. Sharma & Associates,

Chartered Accountants,
125, M.B.D. Market, G.T. Road, Jalandhar.
Ph. 0181-4620304

- f) In our opinion, to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon and **subject to Notes No. 3 in Financial Note No. 14 regarding 'Going Concern', note No. 6 in Financial Note No. 6 regarding Non – Confirmation of Balances; and note No. 7a & 7b in Financial Note No. 14 regarding non provision of interest on credit facilities from the Bankers and regarding Non provision of liability regarding special import licences,** give the information required by the Companies Act, 1956 in manner so required and give a true and fair view
- i. In case of Balance Sheet of the State of Affairs of the Company as on 31st March, 2008
 - ii. In case of Profit and Loss account of the Loss for the Year ended on that date.
 - iii. In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date

Place: Jalandhar
Dated: 29.08.2008

SANDEEP K. SHARMA & ASSOCIATES


(Sandeep K. Sharma)
PROP.

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 1 of our Report to the Shareholders of Gupta Carpets International Limited on the accounts for the year ended 31st March, 2008

As required by the Companies (Auditor's Report) Order, 2003 issued by the central Government and on the basis of such checks of the Books and Records of the Company as we considered appropriate and the information and explanation given to us during the course of our Audit, we further state as under:

- (i) Company is maintaining proper records showing full particulars including quantitative and situation of fixed assets.

As Explained to us, Management has physically verified them at reasonable intervals and no material discrepancies were noticed on such verification.

The Company has disposed off substantial part of fixed assets and, in our opinion, the going concern status of the Company is affected as the Company is neither carrying any manufacturing activity neither doing any substantial trading business as in the earlier years.

- (ii) The stock of finished goods, stores, spare parts and raw materials with the Company were physically verified by the management at reasonable intervals.

In our opinion the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business

The discrepancies noticed on such verification, as compared with the books and records, were not significant and the same have been properly dealt within the books of accounts.

- (iii) The company has neither granted any loans or advances, secured or unsecured, from companies, firms or other Parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured to parties listed in the register maintained under section 301 of the companies Act, 1956 the provisions of the clauses iii(b), iii(c) and iii (d) iii (e) iii (f) of Paragraph 4 of the Order are not applicable.

- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control systems 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 there is no major continuing failure to correct major weakness in internal control system.

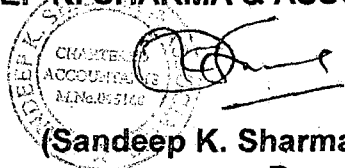
According to the information and explanation given to us, there

- was no contract or arrangement during the year needed to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- b) The Company has not conducted transactions during the year in respect of the Party in pursuance of Contracts or arrangement entered in register maintained under section 301 of the Companies Act, 1956.
- (vi) The company has not accepted any deposit from the public during the year, hence provision of Section 58A and 58AA or any other relevant provision of the companies Act, 1956 and the rules framed there under do not apply.
- (vii) In our opinion internal control procedures commensurate with the size of the company and the nature of its business although no separate internal audit department is functioning.
- (viii) As explained to us and as far as we are aware, The central government has not prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 in respect of the activities carried on by the Company.
- (ix) a) ***As per the records of the Company is generally irregular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax Custom Duty, Excise Duty Cess and any other material statutory dues with appropriate authorities.***
b) According to the information and explanations given to us, no undisputed amounts payable in respect of Sales tax, Income tax, Service Tax, Customs duty, Excise Duty, Wealth Tax and Cess were in ***arrears except Provident Fund amounting to Rs. 0.31 Lacs that has not been deposited with the appropriate authorities till date of this report. Further amounts referred to in Financial Note No. 7b relating to special importing licenses and Financial Note No. 8 relating to duty Drawbacks Rs. 3.56 Lacs have not been refunded.***
- (x) ***Accumulated Losses at the end of the immediately preceding financial year have exceeded the net worth of the company. Further the company has also incurred cash losses during the financial year covered by our audit and as well in the immediately preceding financial year.***
- (xi) In our opinion and according to the information and explanations given to us, ***the company has defaulted in repayment of dues of Bank of Maharashtra. The default in respect of the repayment of the outstanding Principal amount of Rs.42.01 Crores plus interest thereon which remains unascertained as the same stood***

unprovided for in the books of accounts. The company is defaulter of the Bank since 1996. The Bank has initiated proceedings for the recovery against the Company.

- (xii) The company has not granted loans and advances on the Basis of Security by way of pledge of shares, debentures and other securities
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the companies (Auditor's Report) order, 2003 are not applicable to the company
- (xv) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) The company has not applied for or raised any term loan during the year.
- (xvii) The company has not raised any funds during the year.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of Act.
- (xix) Company has not issued any debentures. Therefore provisions of clause 4(xix) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
- (xx) The company has not made any public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

SANDEEP K. SHARMA & ASSOCIATES


(Sandeep K. Sharma)

Prop.

Place: Jalandhar
Dated: 29.08.2008

FINANCIAL NOTE NO. 14

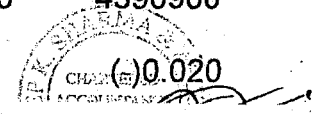
ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. Accounting Policies:
 - a) The accounts of the Company are prepared under the Historical Cost Convention and in accordance with applicable accounting Standards except otherwise Stated. Though the accumulated losses of the Company are in excess of the Paid up Capital, the Company does not have intention to suspend the operational activities. Therefore, the accounts are being prepared on 'going concern basis' and Accounting Standards of Materiality and Prudence has been taken into consideration in preparing the accounts.
 - b) Inventory Valuation:
 - i Raw Materials, Consumable, Stores & Spares at cost price.
 - ii Finished Goods at cost of production or at realizable value by applying accepted cost methods.
 - c) Fixed Assets:

Fixed Assets are valued at cost less accumulated depreciation. The cost of the asset comprises its purchase price and any directly attributable cost of bringing the assets into working condition for its intended use
 - d) Depreciation:

Depreciation on fixed assets is being provided on the fixed assets on straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956. In view of NIL depreciable Assets as on 31.03.2007, no depreciation for the period stood provided.
 - e) Gratuity:

Gratuity is accounted for on payment basis. The company does not have any staff during the year.
2. Contingent Liabilities not provided for : NIL (NIL)
3. ***Despite huge loss resulted in complete erosion of worth of the Company, resulting in business of the company having suffered irreparably the accounts for the year have been prepared on the assumption of "Going Concern". This reflects adversely upon the true & fair view of the accounts. The company did not have any significant involvement in the operations of its main object i.e manufacturing of Carpets. No significant business activity was carried out during the year. There are no separate reportable segments under Accounting Standard -17 - "Segment Reporting".***
4. Sales tax liability has been provided for as per the return filed with the Sales Tax Department. Additional Liability, if any, arising at the time of assessment, shall be provided at the time of arising of such liability.
5. In terms of Accounting Standard (AS 22), ' Accounting for Taxes on

- Income ; the Company had determined deferred tax asset as on 31.03.2008. However same has not been recognized in view of uncertainty of future taxable income.
- 6 ***In view of the administrative and functional constraints confirmation of Balances are not obtained from debtors /creditors and also for loans and advances*** In the opinion of Board of Directors "Current Assets, Loans and Advances" have been Valued on realization in ordinary course of business, at least, equal to the amount at which they have been stated in the Balance Sheet.
- 7 a) ***Interest upto the financial year ended 31.03.2008 (from 1.04.1997) remains unprovided for and unchanged in respect of the credit facilities availed from Bank of Maharashtra, Amritsar on account of the fact the account has been classified as NPA by the Bank. The amount of Interest not so provided by the Company remains unascertained. The Bankers have initiated legal proceedings against the Company but efforts are being made to arrive at a Settlement with the Bankers.***
- b) ***No provision has been made for Liability arising in respect proportionate Special Import Licence Valuing Rs. 20.02 Lacs. (Last Year Rs. 20.02 Lacs) to be surrendered to Asstt. Director of Foreign Trade consequent on Discount/rebate given to the foreign buyers. The same is unascertained.***
- 8 ***An amount of Rs. 3.56 Lacs (Last Year Rs. 3.56 Lacs) received as duty drawbacks from the Govt. in respect of exports made in earlier years is not shown as income but is being shown as liability in view of the company being obliged to refund the same on account of Discounts/rebates allowed to the foreign buyers.***
- 9 As per the Accounting Standard –18 "Related Party Disclosures" issued by the institute of The Chartered Accountants of India, The names of the related Parties are given below:
Names of Related Parties Key Management Personnel :
i) Sh. Raman Gupta
ii) Sh. Rajesh Gupta
However, during the year, no transactions were carried out with them.
- 10 Earning per Share (EPS) in terms of Accounting Standard –20 issued by the Institute of Chartered Accountants of India, the calculation of EPS is given Below
- | | | |
|---|--------------|--------------|
| i) Particulars | 2007-08 | 2006-07 |
| ii) Profit as per P & L Account | (-)185621.00 | (-) 87894.94 |
| iii) Weighted Average No. of Eq. Shares Outstanding during the year | 4390900 | 4390900 |
| iv) Earning per Share | (-)0.035 | (-)0.020 |
- 

Sandeep K. Sharma & Associates,Chartered Accountants,
125, M.B.D. Market, G.T. Road, Jalandhar.
Ph. 0181- 4620304

11. Figures are rounded off to the nearest of Rupees and the previous year figures are regrouped/recasted and rearranged wherever considered necessary.

12. Additional Information pursuant to provisions of Part II of Schedule VI OF THE Companies Act, 1956.

Year Ended
31/03/2008

- a) Licensed Capacity. (Tons) Nil*
- b) Installed Capacity. (Tons) Nil*
- c) Actual Production Nil*
- d) Particulars in respect of Production Purchases, Sales and Stocks of Raw Material and Finished Goods:

* as certified by management

('000 omitted in values)

Class of Goods	Opening Stock		Purchases		Sales		Closing Stocks	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Finished Cloth (Mts)								
2008	2178	1.52	--	--	2178	1.62	--	--
2007	--	--	3928.55	2.75	1750.55	1.31	2178.00	1.52

* Figures provided by the Company and certified by the Directors.

- g) Value of Import on CIF Basis. (Rs.)
- | | | |
|----------------|-----|-----|
| Capital Goods. | NIL | NIL |
| Raw Materials. | NIL | NIL |
- h) Expenditure in Foreign Currency (in US\$)
- | | | |
|--|-----|-----|
| | Nil | NIL |
|--|-----|-----|
- i) Earnings in Foreign Currency.
- | | | |
|--|-----|-----|
| | Nil | NIL |
|--|-----|-----|
- j) Value of Raw Material Consumed Imported.
- | | | |
|--|-----|-----|
| | Nil | NIL |
|--|-----|-----|

* Previous Year Figures are given in brackets.

Place: "As per our report of even date attached"
Jalandhar
For Sandeep K. Sharma & Asso.For and on Behalf of Board of Directors,
Gupta Carpets International LtdDated:
29.08.20
08

Chartered Accountants,

(Sandeep K. Sharma)

Raman Gupta
DirectorRajesh Gupta
Director

GUPTA CARPETS INTERNATIONAL LTD.

Balance Sheet As At 31st March, 2008

Particulars	Financial Note No.	31.03.2008	31.03.2007
A) SOURCES OF FUNDS			
1 SHAREHOLDERS' FUND:			
a. Share Capital	1	43,901,500.00	43,901,500.00
2 LOAN FUNDS			
a. Unsecured Loans	2	42,011,261.00	42,011,261.00
TOTAL		85,912,761.00	85,912,761.00
B APPLICATION OF FUNDS			
1 Fixed Assets:-			
a. Gross Block	3	23,347.00	23,347.00
b. Less: Accumulated Depreciation		-	-
c. Net Block (a-b)		23,347.00	23,347.00
2 INVESTMENTS			
	4	105,400.00	105,400.00
3 CURRENT ASSETS, LOANS & ADVANCES			
Current Assets :			
a. Inventories	5	-	152,460.00 ✓
b. Cash and Bank Balances	6	2,681.00	56,676.87
Loans & Advances	7	109,439.00	109,439.00
		112,120.00	318,575.87
4 Less: Current Liabilities & Provisions			
a. Current Liabilities	8	5,715,798.01	5,736,632.01
5 Net Current Assets (3-4)		(5,603,678.01)	(5,418,056.14)
6 PROFIT & LOSS ACCOUNT			
		-	-
TOTAL		85,912,761.00	85,912,761.00

Place : Jalandhar
Dated : 29/08/2008

As per our report of even date
For Sandeep K. Sharma & Associates
Chartered Accountants


(Sandeep K. Sharma)
Prop.


Raman Gupta
Director


Rajesh Gupta
Director

GUPTA CARPETS INTERNATIONAL LTD.
Profit & Loss Account for the year ending 31st March, 2008

Particulars	Financial Note No.	31.03.2008	31.03.2007
INCOME			
Sales	9	161,800.00	131,291.00
Profit on sale of Fixed Assets			
Other Income	10		
Increase(Decrease) in stock of Finished Goods	11	(152,460.00)	152,460.00
	TOTAL	<u>9,340.00</u>	<u>283,751.00</u>
EXPENDITURE			
Purchase of Finished Goods			274,999.00
Manufacturing, Administrative, Selling and Other Expenses	12	194,500.00	96,172.00
Financial Expenses	13	461.87	474.94
Depreciation			
Loss on Sale of Investments			
	TOTAL	<u>194,961.87</u>	<u>371,645.94</u>
Loss for the Year		185,621.87	87,894.94
Extraordinary Items:			
Provision/Dimiuton in value of Investments			
Net Loss		<u>185,621.87</u>	<u>87,894.94</u>
Add: Deficit Balance brought forwards from last year		91,202,070.14	91,114,175.20
Balance of Loss carried to the Balance Sheet		<u>91,387,692.01</u>	<u>91,202,070.14</u>

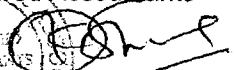
Notes to the Account and Significant
Accounting Policies:

14

The Financial Notes referred to above form an integral part of the Profit and Loss Account.

Place :Jalandhar
Dated : 29/08/2008

As per our report of even date
For Sandeep K. Sharma & Associates
Chartered Accountants

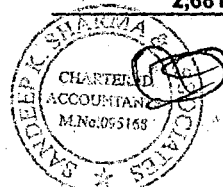

(Sandeep K. Sharma)
Prop.


Raman Gupta
Director


Rajesh Gupta
Director

GUPTA CARPETS INTERNATIONAL LTD.
Financial Notes Annexed to and Forming Part Of The Accounts
For The Year Ended 31st March, 2008

Financial Note No	31.03.2008	31.03.2007
1		
SHARE CAPITAL		
<u>Authorised:-</u>		
1,09,00,000 Equity Shares of Rs. 10 each	109,000,000.00	109,000,000.00
5000 6% Redeemable Non- Cumulative Preference Shares of Rs. 100 Each	500,000.00	500,000.00
5000 6% Irredeemable Non- Cumulative Preference Shares of Rs. 100 Each	500,000.00	500,000.00
TOTAL	110,000,000.00	110,000,000.00
<u>Issued, Subscribed & Paid Up:-</u>		
4390900 Equity Shares of Rs. 10/- each fully paid up.	43,909,000.00	43,909,000.00
Less:- Unpaid Calls	7,500.00	7,500.00
TOTAL	43,901,500.00	43,901,500.00
2		
LOAN FUNDS:		
<u>UNSECURED LOANS</u>		
Loans From Bank of Maharashtra:		
Packing Credit Loans	29,500,000.00	29,500,000.00
FOBN Account	12,511,261.00	12,511,261.00
(The above loans were secured against Hypothecation of all raw materials, work in process finished goods with the company and suppliers/ weavers and advances to suppliers/ weavers related to export business. Also secured by equitable mortgage of Land and Building at Guntala Suburban, Amritsar and furniture, fixture, office equipment and vehicles etc. of some of the Directors)		
TOTAL	42,011,261.00	42,011,261.00
<p>Note: The loan from Bank of Maharashtra is classified as Unsecured loan since last year. Building stood demolished and Companys' land sold out after securing Bankers' approval.</p>		
4		
INVESTMENT (QUOTED)		
105400 (Last Year 105400) equity shares of Rs. 10/- each fully paid up of Gupta Fibres Limited	105,400.00	105,400.00
(Market Value of Quoted investment Rs. 263500 (Rs. 40200))		
TOTAL	105,400.00	105,400.00
5		
INVENTORY		
(Valued at cost or market price whichever is lower and as certified by the Directors of the Company)		
Finished Goods		152,460.00
TOTAL	-	152,460.00
6		
CASH & BANK BALANCES:-		
a) Cash and Stamps in Hand	2,681.00	51,081.00
BALANCE WITH SCHEDULE BANK:		
b) Current Account		5,595.87
TOTAL	2,681.00	56,676.87




7	<u>LOANS & ADVANCES</u> (Unsecured - Considered Good)		
	Security Deposits	109,439.00	109,439.00
	TOTAL	109,439.00	109,439.00
8	<u>CURRENT LIABILITY</u>		
	Sundry Creditors for goods, services & other expenses	3,833,947.01	3,854,781.01
	Credit Balance in Directors' Current Account	1,881,851.00	1,881,851.00
	TOTAL	5,715,798.01	5,736,632.01
9	<u>SALES</u>		
	Sale of Finished Goods	161,800.00	131,291.00
	TOTAL	161,800.00	131,291.00
	<u>OTHER INCOME</u>		
	Miscellaneous Income	-	-
	Sundry Balances no longer payable written back	-	-
	TOTAL	-	-
11	<u>INCREASE/ DECREASE IN STOCK OF FINISHED GOODS</u>		
	<u>Closing Stock</u>	-	152,460.00
	Carpets & Other Finished Goods		
	Dress Material		
	Opening Stock	152,460.00	-
	Carpets & Other Finished Goods		
	TOTAL	(152,460.00)	152,460.00
12	<u>MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES:</u>		
	Insurance	-	-
	Printing, Stationery, Postage & Telephone Expenses	167,000.00	70,000.00
	Professional Fees, Rates, Taxes & Legal Charges	27,500.00	26,172.00
	Payments to Auditors	-	-
	For Audit Fees	-	-
	For Other Services	-	-
	Conveyance Expenses	-	-
	General Expenses	-	-
	TOTAL	194,500.00	96,172.00
13	<u>FINANCIAL EXPENSES</u>		
	Bank Commission & Charges	461.87	474.94
	TOTAL	461.87	474.94

Place :Jalandhar

Dated 29/8/28

As per our report of even date
For Sandeep K. Sharma & Associates
Chartered Accountants


(Sandeep K. Sharma)
Prop.