

AUDIT REPORT

M/S. GUJARAT COTEX LIMITED
(Formerly known as Octogon Industries Limited)

AUDITOR

M/S. AADIL AIBADA & ASSOCIATES

Chartered Accountant
510-511-512, Jolly Plaza,
Athwagate, Surat.
Mobile No. 98253-13513

AADIL AIBADA & ASSOCIATES

Chartered Accountant

B. Comm., FCA

Mobile No. 98253 13513

510-511-512, Jolly Plaza, Athwagate, Surat-395001.

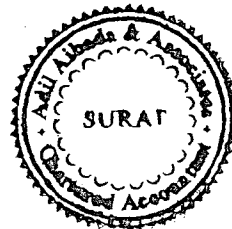
AUDITOR'S REPORT

To the members of **GUARAT COTEX LIMITED** (Formerly known as **OCTAGON INDUSTRIES LIMITED**.)

We have audited the attached Balance Sheet of **GUARAT COTEX LIMITED** (Formerly known as **OCTAGON INDUSTRIES LIMITED**.) and Balance Sheet of **PRABHAT INFOTECH** Division of **Gujarat Cotex Limited** as at **31st MARCH, 2009** and also the Profit and Loss Account 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 this Financial Statement based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statement. 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.

1. As required by the Companies (Auditor's Report) Order 2003 issued by the Company Law Board in terms of Section 227(4A) 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.
2. Further to our comments in the Annexure referred to in paragraph 1 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 purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as it appears from our examination of those books, and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Profit and Loss Account and Balance Sheet mentioned above, complied with the mandatory 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 Director as on 31.03.2009 and taken on record by the Board of Directors, we report that none of the Directors of the company are disqualified from being appointed as Directors of the company under clause (g) of sub section (1) of section 274 of Companies Act, 1956 as on 31.03.2009.

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with required by the Companies Act, 1956 in the manner so required and give a true and fair view subject to our audit notes.

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2009 and

(ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

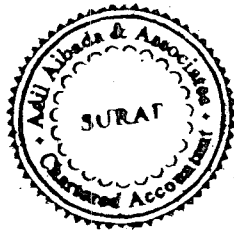
As per Our Report of Even Date,

For Adil Aibada & Associates,
Chartered Accountants,


(Adil S. Aibada)
Proprietor.

Membership No. 045310.

SURAT, 28TH MAY, 2009.



AADIL AIBADA & ASSOCIATES

Chartered Accountant

B. Comm., FCA

Mobile No. 98253 13513

510-511-512, Jolly Plaza, Athwagate, Surat-395001.

M/S. GUARAT COTEX LIMITED
(Formerly known as OCTAGON INDUSTRIES LIMITED.)

ANNEXURE : 'A' TO AUDITORS' REPORT YEAR ENDED ON 31-03-2009.

[1] In respect of Fixed Assets.

(a) The Company is maintaining proper record to show full particulars including quantitative details and situation of fixed assets. These fixed assets have been physically verified by the management at reasonable intervals. Land & Building and Plant & Machineries as on 01.04.2008 were sold during the year under audit.

(b) The fixed assets have not been revalued during the year under audit.

(c) In our opinion the company has disposed of all Plant & Machinery, Electric Installation Factory Land, and Factory Building during the year under audit, and New Factory Building Purchase during the year. - AS PER ANNEXURE-I. Company is doing Trading & Education business and going concern status of the Company is not affected.

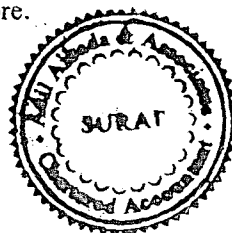
(d) In our opinion the company has disposed of all Plant & Machineries and Land and Building existing on 06.08.2008.

[2] The Company has no Manufacturing activity and hence stock of raw material, spares & stores are not available. The company is dealing with resale of Grey fabrics. There is no opening stock or closing stock. The Management has verified stock of grey cloth.

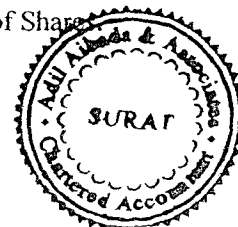
[3] The Company has taken secured or unsecured loans from Companies, firms or other parties listed in the Register(s) maintained U/s 301 of the companies act., 1956. In our opinion terms and conditions of these loans are not prima Facie prejudicial to the interest of the Company. As explained to us there are companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act., 1956.

[4] The Company has made advances to other parties during the year. The advances in the nature of loans to the employees free of interest and the same have not been recovered generally as per stipulations wherever applicable or terms as listed in Register maintained under section 301 of Companies Act, 1956.

[5] There are no sale of goods, materials and service made in pursuance of contracts and arrangements entered in the Register maintained under Section 301 of the Companies Act., 1956 and aggregating during the year to Rs. 500000/- or more.



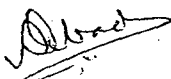
- [6] Provision of Section 58A of the Companies Act., 1956 read with the Companies (Acceptance of deposits) Rules, 1975 have been complied with by the Company.
- [7] In our opinion the internal audit system of the company is not commensurate with its size and nature of its business.
- [8] As per the information given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (i)(d) of the Companies Act., 1956.
- [9] According to the information and explanation give to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding at 31st March, 2009 for a period of more than six moths form the date the become payable.
- [10] The Company has accumulated losses and has earned Losses during the financial year covered by our audit.
- [11] Based on our audit procedures and according to the information and explanation given to us. We are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
- [12] In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company as the basis of security by way of pledge of shares, debentures and other securities.
- [13] In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund society. Therefore clause 4(xii) of the Companies (Auditors Report) order 2003 is not applicable to the company.
- [14] The Company has no transactions and contracts in respect of trading in securities, debentures and other investments. Investment made by company since many years has no Income. We recommend to liquidate such investment which has no income and invest in better investment which gives income.
- [15] The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- [16] The Company has not raised any new term loans during the year.
- [17] According to the information and explanations given to us, no short term funds utilized for the long term borrowing during the year under audit.
- [18] During the year, the company has not made any preferential allotment of Share



- [19] The Company has no debenture, issue and hence creation of securities is not applicable.
- [20] The Company has not raised any money by public issue during the year and hence clause (xx) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- [21] In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

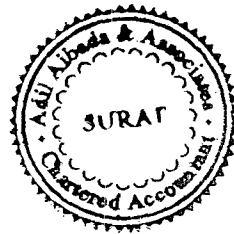
As per Our Report Of Even Date,

For Adil Aibada & Associates,
Chartered Accountants,


(Aadil S. Aibada)
Proprietor.

Membership No. 045310.

SURAT, 28TH MAY, 2009.



BALANCE SHEET AS ON 31ST MARCH, 2009.

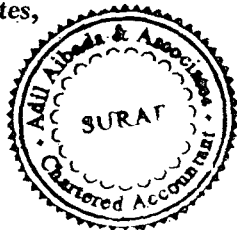
Particulars	Sch.	As at 31.03.09	As at 31.03.08
SOURCE OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) AUTHORISED SHARE CAPITAL : 40,00,000 EQUITY SHARE OF RS. 10 EACH		40000000	40000000
b) ISSUED, SUBSCRIBED & PAID-UP CAPITAL 38,50,000 EQUITY SHARE OF RS.10 FULLY PAID		38500000	38500000
c) RESERVE & SURPLUS	"A"	(7592262)	(3934997)
Total (1) ...		30907738	34565003
2. LOAN FUNDS			
a) SECURED LOANS :		392,033	561,578
b) UNSECURED LOANS :	"B"	9298365	9760896
Total (2) ...		9690398	10322474
Total (1+2) ...		40598136	44887477
APPLICATION OF FUNDS			
1. FIXED ASSETS : GROSS BLOCK			
LESS : DEPRECIATION	"C"	4835434	13592206
Total (3) ...		4835434	13592206
2. INVESTMENTS			
3. CURRENT ASSETS, LOANS & ADVANCES			
A) INVENTORIES		-	-
B) SUNDRY DEBTORS	"E"	25265698	20536307
C) CASH & BANK BALANCE	"E"	475632	372402
D) LOAN & ADVANCES PAID	"F"	1764011	2611495
		27505341	23520204
LESS : CURRENT LIABILITIES AND PROVISIONS		109626	691019
Total (4) ...		27395715	22829185
4. MISC EXPENDITURE (TO THE EXTENT NOT W/OFF OR ADJUSTED)			
A) PRELIMINARY EXPENSES	"G"	30831	34257
B) PUBLIC ISSUE EXPS	"H"	861056	956729
Total (5) ...		891887	990986
Total (3+4+5+6) ...		40598136	44887477

Signatures to Schedule A to K forming part of Balance Sheet and Profit & Loss Accounts.

For Adil Aibada & Associates,
Chartered Accountants,(Aadil S. Aibada)
Proprietor.

Membership No.045310..

SURAT, 28TH MAY'2009.



FOR GUJARAT COTEX LIMITED

S. S. Murch
MANAGING DIRECTOR

DIRECTOR


**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON 31ST MARCH, 2009.**

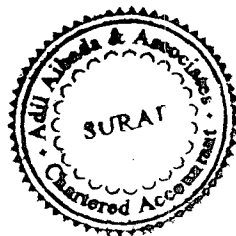
Particulars	Sch.	As at 31.03.09	As at 31.03.08
<u>INCOME</u>			
SALES : FABRICS		17647260	15303716
MISC INCOME	"I"	41542	271087
PROFIT TRF. FROM PRABHAT INFOTECH DIVISION		946924	-
INCREASED(DECREASED) IN FINISHED STOCK		-	-
		18635726	15574803
<u>EXPENDITURE</u>			
MANUFACTURING & OTHER EXPS	"J"	16933599	14992551
PROFIT/LOSS FROM SALE OF FIXED ASSETS	"K"	6274598	-
DEPRECIATION		-	-
		23208197	14992551
PROFIT/(LOSS) FOR THE YEAR		(4,572,471)	582,252
ADD : PREVIOUS YEAR BALANCE		(10,134,227)	(10,716,479)
BALANCE CARRIED TO BALANCE SHEET...		(14,706,698)	(10,134,227)



Signatures to Schedule A to K forming part of Balance Sheet and Profit & Loss Accounts.

For Adil Aibada & Associates,
Chartered Accountants.

FOR GUJARAT COTEX LIMITED


(Adil S. Aibada)
Proprietor.
Membership No.045310..

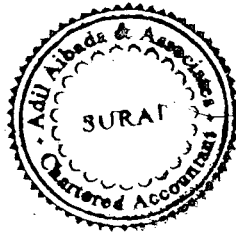


 
MANAGING DIRECTOR DIRECTOR

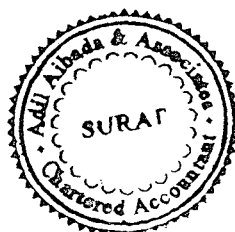
SURAT, 28TH MAY'2009.

SCHEDULE C. FIXED ASSETS

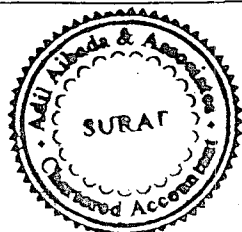
PARTICULARS	W. D. V. AS ON 01.04.2008	ADDITION	DEDUCTION	PROFIT (LOSS)	TOTAL AS ON 31.03.2009	RATE OF DEP.	DEPRE	W. D. V. AS ON 31.03.2009
FACTORY LAND	1,625,000	536,250	(1,300,000)	(861,250)	-	-	-	-
FACTORY BUILDING	6,614,000	2,617,971	(3,700,000)	(2,970,860)	2,561,111	10.00	-	2,561,111
PLANT & MACHINERY	3,175,792	-	(500,000)	(2,675,792)	-	13.91	-	-
ELE. INSTALLATION	266,696	-	(500,000)	233,304	-	13.91	-	-
FURNITURE & DEAD STOCK	898,219	-	-	-	898,219	18.10	-	898,219
FAX MACHINE	7,256	-	(7,256)	-	-	20.00	-	-
FORD FIESTA CAR	492,168	-	-	-	492,168	25.89	-	492,168
TATA INDICA DLS CAR	309,575	-	-	-	309,575	25.89	-	309,575
COMPUTER & HARDWARE	150,000	-	-	-	150,000	60.00	-	150,000
COMPUTER & HARDWARE	95,500	-	-	-	95,500	60.00	-	95,500
PROJECTOR MACHINE	1,500	-	-	-	1,500	60.00	-	1,500
MULTIMEDIA PROJECTOR MACHINE	35,000	-	-	-	35,000	60.00	-	35,000
COLOUR PRINTER	1,000	-	-	-	1,000	60.00	-	1,000
PRINTER	6,750	-	-	-	6,750	60.00	-	6,750
SOFTWARE	175,511	-	-	-	175,511	60.00	-	175,511
STERLING HOLYDAY RESORT	93,100	-	-	-	93,100	60.00	-	93,100
OFFICE JET MACHINE	6,000	-	-	-	6,000	60.00	-	6,000
WATER COOLER MACHINE	10,000	-	-	-	10,000	13.91	-	10,000
TOTAL ...	13,963,067	3,154,221	(6,007,256)	(6,274,598)	4,835,434		-	4,835,434



SCHEDULE-D : INVESTMENTS		
SHARE INVESTMENTS	7,475,000	7,475,000
BANK SHARES-SURAT PEOPLES BANK	100	100
	7,475,100	7,475,100
SCHEDULE: E : CASH & BANK BALANCE		
STATE BANK OF INDIA : SILVASA	2,461	3,672
STATE BANK OF HYDRABAD	3,116	4,850
CASH BALANCE	365,756	360,769
THE SURAT PEOPLES CO OP BANK LTD	100,923	3,111
SURAT PEOPLES CO OP BANK LTD-PRABHAT INFO	3,376	-
	475,632	372,402
SCHEDULE:- F : LOAN & ADVANCES PAID		
ELECTRIC LIGHT DEPOSIT (SILVASA)	-	120
ELECTRIC POWER DEPOSIT (SILVASA)	-	4,275
SURAT ELECTRICITY CO	1,000	1,000
BOB FD (BANK GAURANTEE FOR GEB)	75,000	75,000
SALES TAX DEPOSIT	-	1,000
PURVATHA LICENCE DEPOSIT	-	1,000
TEXTILE COMMISSIONER DEPOSIT	-	1,000
STERLING HOLIDAY RESORT	-	93,100
SPB FD (BANK GAURANTEE FOR GEB)	135,000	135,000
STATE BANK OF HYDERABAD-F.D.	108,978	100,000
KETAN TEXTILES	-	2,200,000
ARABUDA EXPORTS	740,000	-
DIPAK H SHAH	630,000	-
SHAH SOFTWARES	2,000	-
TCR INDIA CERTIFICATION PVT LTD	5,000	-
AMISH PANCHAL	2,500	-
FAZAL MOHMMED SHARIF	15,000	-
GOVINDBHAI DEVSIBHAI	4,000	-
SAI COMPUTER	10,000	-
TDS RECEIVABLE-(INTEREST)	1,033	-
UMESH B PAREKH	34,500	-
	1,764,011	2,611,495
SCHEDULE: G : PRELIMINARY EXPENSES		
(TO THE EXTENT NOT W/Off)		
PRELIMINARY EXPS - OPENING BALANCE	34,257	41,108
LESS : WRITTEN OFF	3,426	6,851
	30,831	34,257



SCHEDULE: H :		
PUBLIC ISSUES EXPENSES		
PUBLIC ISSUE EXPS - OPENING BALANCE	956,729	1,148,075
LESS : WRITTEN OFF	95,673	191,346
	861,056	956,729
SCHEDULE: I : MISC. INCOME		
BANK FD INTEREST	40,847	20,434
DIVIDEND INCOME	15	-
FACTORY RENT INCOME	-	120,500
MAINTAINANCE INCOME	-	130,000
COMMISSION INCOME	-	110
PROFIT ON SALE OF YAMAHA	-	43
VATAV KASAR	680	-
	41,542	271,087
SCHEDULE: J :		
MANUFACTURING & OTHER EXPENSES		
RAW MATERIAL CONSUMED :		
OPENING STOCK	-	-
ADD : PURCHASE FABRICS/YARN	15,556,784	14,021,160
	15,556,784	14,021,160
LESS : CLOSING STOCK	-	-
TOTAL (A).....	15,556,784	14,021,160
<u>REPAIRS & MAINTENANCE</u>		
ELECTRIC EXPS	203,976	35,935
TOTAL (B).....	203,976	35,935
<u>PAYMENT & PROVISIONS FOR EMPLOYEES</u>		
SALARY & WAGES	125,500	255,000
TOTAL (C).....	125,500	255,000
<u>ESTABLISHMENT EXPS</u>		
TRAVELLING INCLUDING FOREIGN TRAVELLING	1,900	27,580
TELEPHONE EXPS	31,134	28,496
BANK COMMISSION & CHARGES	7,075	3,886
DONATION EXPS.	7,500	2,501
AUDITORS REMMUNATION	12,000	12,000
INSURANCE EXPENSES	15,334	28,476
VEHICLE EXPS	80,097	40,706
VEHICLE LOAN INTEREST	50,835	67,540
CONSULTANCY/PROFESSIONAL/LEGAL FEES	461,672	85,014
INCOME TAX	4,530	14,432
MUNICIPAL TAX	17,023	-
OFFICE EXPS & MAINTENANCE	66,740	16,079
MEMBERSHIP FEES	-	11,200
TRANSPORATION CHARGES	188,050	138,000
PRINTING & STATIONERY	4,350	6,349
PRILIMINEARY EXPENSES	3,426	6,851
PUBLIC ISSUE EXPENSES	95,673	191,346
TOTAL (D).....	1,047,339	680,456
TOTAL (A + D).....	16,933,599	14,992,551



SCHEDULE: K:		
PROFIT & LOSS FROM SALE OF FIXED ASSETS		
LOSS FROM SALE OF FACTORY BUILDING	2,970,860	-
LOSS FROM SALE OF FACTORY LAND P. NO. 52	861,250	-
LOSS FROM SALE OF PLANT & MACHINERY	2,675,792	-
PROFIT FROM SALE OF ELECTRIC INSTALLATION	(233,304)	-
	6,274,598	-



PROFIT & LOSS ACCOUNT
 FOR THE YEAR ENDED ON 31ST MARCH 2009.

EXPENDITURE	AS AT 31.03.09	AS AT 31.03.08	INCOME	AS AT 31.03.09	AS AT 31.03.08
To Staff Salary	203,400	279,325	By Education Fees	1,231,251	1,343,577
To Office Exps	-	38,581			
To Electrical Exps.	-	19,890			
To Telephone Exps.	1,859	6,897			
To Office Maintenance	27,276	1,500			
To Internate Exps.	3,700	6,800			
To Bank Commission	377	398			
To Computer Exps.	2,110	12,735			
To Advertisement Exps.	31,347	34,775			
To Printing & Stationery	988	573			
To Education Fees	12,650	22,110			
To Transport Expenses	620	-			
To Couriers/Angadiya Ex	-	2,287			
To Membership Fees	-	2,500			
To Net Profit	946,924	915,206			
	1,231,251	1,343,577		1,231,251	1,343,577

For Aadil Aibada & Associates,
 Chartered Accountants,

FOR PRABHAT INFOTECH



(Aadil S. Aibada)
 Proprietor.
 Membership No. 045310.
 Surat, 28.05.2009.




DIRECTOR.

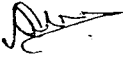
M/S. PRABHAT INFOTECH
(Division of Gujarat Cotax Limited)

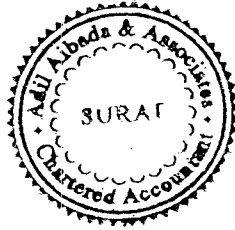
ADIL AIBADA & ASSOCIATES
CHARTERED ACCOUNTANTS
516, JOLLY PLAZA, NEAR GIRLS POLYTECHNIC
ATHWAGATE, SURAT-395001.

BALANCE SHEET
AS ON 31ST MARCH 2009

Particulars	Sch.	AS AT 31.03.09	AS AT 31.03.08
SOURCE OF FUNDS			
[A] Reserve & Surplus	1	-	915,206
Total (a)...		-	915,206
LOANS FUND			
Total (a+b)...		-	915,206
APPLICATION OF FUNDS			
[A] Current Assets, Loan & Advances			
Cash & Bank Balance	2	-	441,893
Loans & Advances & Debtors and Others ^o	3	-	473,313
Total ...		-	915,206

For Aadil Aibada & Associates,
Chartered Accountants,


(Aadil S. Aibada)
Proprietor.
Membership No. 45310.
Surat, 28.05.2009.



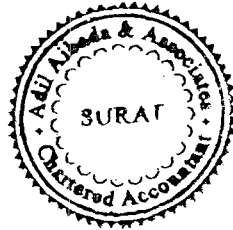
FOR PRABHAT INFOTECH


DIRECTOR.

M/S. PRABHAT INFOTECH
(Division of Gujarat Cotax Limited)

SCHEDULE FORMING PART OF THE ACCOUNT AS ON 31ST MARCH, 2009

Particulars	AS AT 31.03.09	AS AT 31.03.08
SCHEDULE-1 : RESERVES & SURPLUS		
Opening Balance	915,206	-
ADD : Profit/Loss During the year	946,924	915,206
Trf to Gujarat Co-tax	(1,862,130)	
	-	915,206
SCHEDULE -2 : CASH & BANK BALANCE		
The Surat Peoples Co op Bank	-	184,687
Cash On Hand	-	257,206
	-	441,893
SCHEDULE - 3: LOANS, ADVANCES, DEPOSIT & DEBTORS		
Shailesh J Parekh	-	80,000
Priyvanda Sudhri Parekh	-	51,000
Sonal Shailesh Parekh	-	40,000
Gujarat CoTex Ltd	-	292,313
Sai Computers	-	10,000
	-	473,313



GUJARAT COTEX LTD

(Formerly known as OCTAGON INDUSTRIES LTD)

SCHEDULE FORMING PART OF THE ACCOUNT AS ON 31ST MARCH, 2009.

Particulars	As at 31.03.09	As at 31.03.08
SCHEDULE - A :		
RESERVES & SURPLUS		
REVALUATION RESERVES	6,199,230	6,199,230
PROFIT & LOSS A/C. -PRABHAT INFOTECH DIVISION	915,206	-
PROFIT & LOSS A/C.	(14,706,698)	(10,134,227)
	(7,592,262)	(3,934,997)
SCHEDULE - B :		
LOAN FROM DIRECTORS/SHAREHOLDERS/RELATIVES		
(A) SECURED LOAN		
ICICI BANK- CAR LOAN A/C.	237,585	350,005
KOTAK MAHINDRA PRIME PVT LTD-CAR LOAN	154,448	211,573
Total (A).....	392,033	561,578
(B) UNSECURED LOAN		
SHAILESH J PAREKH	508,365	733,083
PRIYAVANDANA S PAREKH	5,380,000	3,805,000
PRABHABEN J PAREKH	-	1,425,000
SONAL S PAREKH	385,000	431,000
CHETAN S PAREKH	3,025,000	1,625,500
SARLA S PAREKH	-	24,000
KETAN S PAREKH	-	1,250,000
KADAMWALA SILK MILLS - DEPOSIT	-	100,000
P D RADARIYA	-	75,000
PRABHAT INFOSYES (A DIVISION OF GCL)	-	292,313
Total (B).....	9,298,365	9,760,896
Total (A+B).....	9,690,398	10,322,474



M/S. GUJART COTEX LIMITED.

SCHEDULE : M : SCHEDULE FORMING PARTS OF ACCOUNTS.

01. BASIS OF PREPARATION OF FINANCIAL STATEMENT :

- (a) The Financial statement have been prepared under the historical cost with the generally accepted accounting principals and the provisions of the Company Act,1956 as adopted consistently by the Company.
- (b) The Companies generally follows mercantile system of accounting and recognized significant items of income and expenditure on accrual basis. Except for the items specified elsewhere.

02. VALUATION OF INVENTORIES :

Raw Materials, packing materials, oil and Store & Spares are nil. Hence not valuation of inventories not applicable.

03. FIXED ASSETS AND DEPRECIATION :

Opening Balance of Plant & Machinery and Land & Building were soled during the year. There is no Manufacturing activity and hence depreciation for the year not provided in the books.-

Physical existence of Other Fixed Assets has been verified & certified by the management.- As per Annexure-I.

04. AMORTISATION OF MISCELLANEOUS EXPENDITURE :

Preliminary expenses and Public issue expenses are provided at 10% in the books on last year's balance.

05. The Balance of Debtors, Creditors, Loans and Advances and opening Balance are subject to confirmation and reconciliation. Debtors above six months. Rs. 1,28,47,839/-. We recommend to collect debtors above six months. We have all ready informed to the Company for confirmation from debtors but till today we have not received any confirmation from debtors.

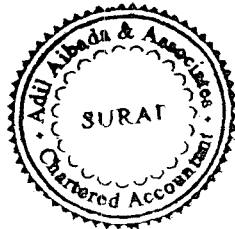
06. The previous year's figures have been reworked, regrouped rearranged and reclassified wherever necessary.

07. Contingent Liabilities not provided in respect of :

Bill Discounting Rs. Nil
Previous year Rs. Nil

08. Provision of Income-tax has been not made since the company has accumulated Losses.

09. No provision has been made for gratuity as no employee has yet put up qualifying period of his service for entitlement for this benefit.



10. The Company is not required to obtain any license under industrial Regulations Act. Therefore the details of licensed capacity are no applicable. (Other details as certified by the management are a follows.)

Unit	A/c. year 2008-2009	A/c. year 2007-2008
Texturising Machine	0	1
Crimping Machine	0	2
Twisting Machine	0	2
Actual Production	NIL	Nil

11. CIF Value import in respect of : Nil Nil
12. Expenditure & earning in Foreign currency during the year Nil Nil
13. Amount remitted during the year in foreign currency on amount of Dividend. Nil Nil
14. Payment of Auditors

Auditor's Remuneration	A/c. year 2008-2009	A/c. year 2007-2008
For Audit	Rs. 6000	Rs. 6000
For Tax Audit	Rs. 6000	Rs. 6000
Total	Rs. 12000	Rs. 12000

15. Directors Remuneration Rs. NIL Rs. NIL

16. Quantitative Information

Particulars	A/c. year 2008-2009		A/c. year 2007-2008	
	Kg.	Rs.	Kg.	Rs.

OPENING STOCK

Raw Materials	-	-	-	-
Textu. & Crimped (Yarn)	-	-	-	-
Gray Cloth (Fabrics)	-	-	-	-

CLOSING STOCK

Raw Materials	-	-	-	-
Textu. & Crimped (Yarn)	-	-	-	-
Gray Cloth (Fabrics)	-	-	-	-

PURCHASE

Raw Materials	-	-	-	-
Textu. & Crimped (Yarn)	-	-	0.00	0.000
Gray Cloth (Fabrics)	-	-	0.00	0.000
Fabrics	372732.00	15556784	199883.00	14021160



SALES (AS PER ANNEXURE-I)

Raw Materials	-	-	-	-
Textu. & Crimped	-	-	-	-
Gray Cloth	-	-	-	-
Fabrics	372732.00	15556784	199883.00	15303716

CONSUMPTION

Indigenous

17. The Company has during the year adopted Accounting Standard (AS-22) "Accounting for taxes on income" issued by the Institute of Chartered Accountant of India, However in view of loss during the year and also in past, no differed tax liability or Assets has been created.
18. Earning per share **1.19**
19. Related party disclosures are required by AS-18 given below. Other related party where common control exists, Prabhat Oil Ltd. and Ketan textiles.

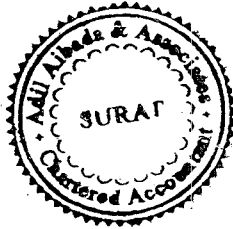
For Aadil Aibada & Associates,
Chartered Accountants,



(Aadil S. Aibada)
Proprietor.

Membership No. 045310.

SURAT, 28TH MAY 2009.



For M/S. GUJARAT COTEX LIMITED.



MANAGING DIRECTOR



DIRECTOR.

ANNEXURE-I

[A] - Details of Sales of Fixed Assets

Particulars	Auditors Remarks/Notes
<p>[1] PLANT & MACHINERY -</p> <p>Opening Balance as on 01.04.08 Rs. 31,75,792/- Sale as on dated 10.09.2008 to Mr. Abdul Satar Bhagarwala at Silvasa on Rs. 5,00,000/- and Rs. 26,75,792/- Loss book and Transferred to Profit and Loss A/c.</p>	<p>Bill for Sale of Old Machinery shown to us:-</p>
<p>[2] ELECTRIC INSTALLATION</p> <p>Opening Balance as on 01.04.08 Rs. 2,66,696/- Sale as on dated 06.08.2008 to Ashutosh Plastics on Rs. 5,00,000/- and Rs. 2,33,304/- Profit book and Transferred to Profit and Loss A/c.</p>	<p>During our audit observation we have verified deed of assignment signed by Gujarat Cotex Limited and Ashutosh Plastics dated 06.08.2008 signed at village silvasa of Union territory of Dadra and Nagar Haveli.</p>
<p>[3] FACTORY LAND</p> <p>Opening Balance as on 01.04.08 Rs. 16,25,000/- Addition as on 24.07.08 Rs. 5,36,250/- & Sale as on dated 06.08.08 to Ashutosh Plastics on Rs. 13,00,000/- and Rs. 8,61,250/- Loss book and Transferred to Profit and Loss A/c.</p>	<p>During our audit observation we have verified deed of assignment signed by Gujarat Cotex Limited and Ashutosh Plastics dated 06.08.2008 signed at village silvasa of Union territory of Dadra and Nagar Haveli.</p> <p>Also addition in Factory Land as on 24.07.08 of Rs. 5,36,250/- we have verified the vouchers/receipt of payment regarding land charges to Union territory of Dadra and Nagar Haveli.</p>
<p>[4] FACTORY BUILDING</p> <p>Opening Balance as on 01.04.08 Rs. 66,14,000/- Addition as on 24.07.08 Rs. 56,860/- & Sale as on dated 06.08.08 to Ashutosh Plastik on Rs. 37,00,000/- and Rs. 29,70,860/- Loss book and Transferred to Profit and Loss A/c.</p> <p>New Factory Building Purchase as on 01.08.09 from Ketan Textiles for Rs. 25,61,111/- .</p>	<p>During our audit observation we have verified deed of assignment signed by Gujarat Cotex Limited and Ashutosh Plastics dated 06.08.2008 signed at village silvasa of Union territory of Dadra and Nagar Haveli.</p> <p>Also addition in Factory Building as on 24.07.08 of Rs. 56,860/- we have verified the vouchers/receipt of payment regarding land charges to Union territory of Dadra and Nagar Haveli.</p> <p>New Factory Land & Building purchase from Ketan Textiles for Rs. 25,61,111/- . As per Agreement to Sale deed dt. 01.08.2008.</p>

