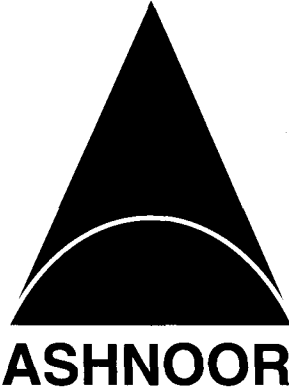


ASHNOOR

Annual Report

2009-2010

Ashnoor Textile Mills Limited



Board of Directors

- | | |
|------------------------------|--------------------------------|
| 1. Mr. Suneel Kumar Gupta | Chairman-cum-Managing Director |
| 2. Dr. (Mrs.) Sangeeta Gupta | Whole-time Director |
| 3. Mr. Abhinav Gupta | Director |
| 4. Mr. Inder Mohan Aggarwala | Director |
| 5. Ms. Pallavi Agarwal | Director |
| 6. Mr. Piyush Gupta | Director |

Registered Office and Factory

Behrampur Road
Village Khandsa
District Gurgaon
Haryana - 122 001

Auditors

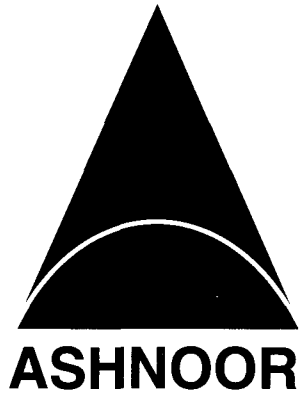
Messrs KSA & Company,
Chartered Accountants
New Delhi -110014

Bankers

Bank of Baroda
International Business Branch
Bank of Baroda Building,
1, Sansad Marg
New Delhi - 110 001

Registrar

Messrs Intime Spectrum Registry Limited
A-40, 2nd Floor
Naraina Industrial Area, Phase-II
New Delhi - 110 028



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ASHNOOR TEXTILE MILLS LIMITED

NOTICE

NOTICE is hereby given that Twenty Seventh Annual General Meeting of the members of the Ashnoor Textile Mills Limited will be held on Thursday, September 30, 2010, at 9.30 a.m. at the Registered Office of the Company at Behrampur Road, Village Khandsa, District Gurgaon, Haryana-122 001, to transact the following business:-

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date together with the Report of the Director's and the Auditor's thereon.
2. To appoint a Director in place of Mr. Piyush Gupta who retires by rotation and, being eligible, offers him for re-appointment.
3. To appoint a Director in place of Ms. Pallavi Agarwal who retires by rotation and, being eligible, offers him for re-appointment.
4. To appoint Auditors of the company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as SPECIAL RESOLUTION:

“RESOLVED THAT in modification of the resolution passed by the members of the Company on in twenty fifth Annual General Meeting held on September 30, 2008 in accordance with provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies, if any, of the Companies Act, 1956, or any statutory modification (s) or re-enactment thereof for the time being in the force consent and approval be and is hereby accorded for increase in remuneration payable to Mr. Suneel Kumar Gupta, Managing Director of the Company, effective from January 1, 2010 upto an amount not exceeding Rs.250,000.00 per month by way of Basic Salary and that the other terms and conditions including Allowances/Perquisites be remain unchanged.

RESOLVED FURTHER THAT this resolution be effective till January 9, 2011 and be subject to review thereafter.

RESOLVED FURTHER THAT above salary shall be payable to Managing Director even in case where during the currency of his tenure, in any financial year the Company has no profits or its profits are inadequate.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary and to settle all questions or difficulties whatsoever that may arises to give effect to this resolution.”

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as SPECIAL RESOLUTION:

“RESOLVED THAT in modification of the resolution passed by the members of the Company on in twenty fifth Annual General Meeting held on September 30, 2008 in accordance with provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies, if any, of the Companies Act, 1956, or any statutory modification (s) or re-enactment thereof for the time being in the force consent and approval be and is hereby accorded for increase in remuneration payable to Dr. (Mrs.) Sangeeta Gupta, Whole Time Director of the Company, effective from January 1, 2010 upto an amount not exceeding Rs. 250,000.00 per month by way of Basic Salary and that the other terms and conditions including Allowances/Perquisites be remain unchanged.

RESOLVED FURTHER THAT this resolution be effective till January 9, 2011 and be subject to review thereafter.

RESOLVED FURTHER THAT above salary shall be payable to Whole Time Director even in case where during the currency of her tenure, in any financial year the Company has no profits or its profits are inadequate.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary and to settle all questions or difficulties whatsoever that may arises to give effect to this resolution.”

**By the order of the Board
For Ashnoor Textile Mills Limited**

**Suneel Kumar Gupta
Chairman and Managing Director**

**Gurgaon,
August 14, 2010
Regd. Office:
Village Khandsa,
Behrampur Road,
Gurgaon, Haryana**

ASHNOOR TEXTILE MILLS LIMITED

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURN, DULY COMPLETED, AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the above business is annexed hereto and forms part of the notice.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, September 27, 2010 to Thursday, September 30, 2010 (both days inclusive).
4. Members holding shares in physical form are requested to notify change in address, if any, to are requested to the Company at its registered office or to the Registrar and Share Transfer Agent – M/s Intime Spectrum Registry Limited, A-40, 2nd Floor, Naryana Industrial Area – II, Near Batra Banquet Hall, New Delhi – 110 028.
5. Members holding shares in electronic/demat form are requested to notify change in their address, if any, to their Depository Participant.
6. Members are requested to kindly bring their copies of Annual Report alongwith duly filled admission slips for attending the meeting.
7. Members are requested to kindly quote share folio number/Client ID No. in all their correspondence.
8. In case of joint holds attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
9. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at the meeting.

EXPLANATORY STATEMENTS

Pursuant to Section 173(2) of the Companies Act, 1956

Item Number - 4

Mr. Suneel Kumar Gupta, Managing Director, was re-appointed for a period of five years effective from January 10, 2008 and his remuneration was fixed for a period of three years. In view of his performance and increase in responsibilities the Board, at the recommendation of audit committee, in its meeting held on January 29, 2010 has increased his basic salary to Rs. 2,50,000/- per month effective from January 10, 2010. There is no change in any other terms and conditions of remuneration. The remuneration is in conformity with the provisions and requirements of Schedule XIII of the Companies Act, 1956. Accordingly, no approval of the Central Government is required for increase of remuneration. The disclosure as required under Section II of Part II of Schedule XIII of the Companies Act, 1956 has been enclosed separately to the Annual report and forms part of the explanatory statement. The Company has not made any default in repayment of any of its debts or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of his appointment. Mr. Gupta, aged 49 years, is a MBA and has associated with the Company since its inception and holds 38.32% of paid-up equity share capital. This explanatory statement may be treated as abstract an abstract of the terms of appointment of Mr. Suneel Kumar Gupta as Managing Director and the memorandum of concern or interest under section 302 of the Companies Act, 1956.

ASHNOOR TEXTILE MILLS LIMITED

The Board recommends the special resolution as set out at item number 5 above increase in remuneration of Mr. Suneel Kumar Gupta, Managing Director.

None of the Directors except Mr. Suneel Kumar Gupta, himself and Dr. (Mrs.) Sangeeta Gupta and Mr. Abhinav Gupta, being his relatives, are concerned or interested in the resolution.

Item Number - 5

Dr. (Mrs.) Sangeeta Gupta was appointed as Whole Time Director effective from May 01, 2008 and his remuneration was fixed for a period of three years. In view of her performance and increase in responsibilities the Board, at the recommendation of audit committee, in its meeting held on January 29, 2010 has increased his basic salary to Rs. 2,50,000/- per month effective from January 1, 2010. There is no change in any other terms and conditions of remuneration. The remuneration is in conformity with the provisions and requirements of Schedule XIII of the Companies Act, 1956. Accordingly, no approval of the Central Government is required for increase of remuneration. The disclosure as required under Section II of Part II of Schedule XIII of the Companies Act, 1956 has been enclosed separately to the Annual report and forms part of the explanatory statement. The Company has not made any default in repayment of any of its debts or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of his appointment. Mrs. Gupta, also aged 49 years, is a MBBS Doctor and has been associated with the Company since 1994 and holds 20.25% of paid-up equity share capital. This explanatory statement may be treated as abstract an abstract of the terms of appointment of Dr. (Mrs.) Sangeeta Gupta as Whole Time Director and the memorandum of concern or interest under section 302 of the Companies Act, 1956

The Board recommends the ordinary resolution as set out at item number 5 above increase in remuneration of Dr. (Mrs.) Sangeeta Gupta, Whole Time Director.

None of the Directors except Dr. (Mrs.) Sangeeta Gupta, herself and Mr. Mr. Suneel Kumar Gupta and Mr. Abhinav Gupta, being her relatives, are concerned or interested in the resolution.

**By the order of the Board
For Ashnoor Textile Mills Limited**

**Gurgaon,
August 14, 2010**

**Suneel Kumar Gupta
Chairman and Managing Director**

**Regd Office –
Village Khandsa,
Behrampur Road,
Gurgaon, Haryana**

ASHNOOR TEXTILE MILLS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Twenty Seventh Annual Report on the affairs of the Company together with the Audited Accounts for the financial year ended on March 31, 2010.

FINANCIAL PERFORMANCE

(Rupees in lakhs)

PARTICULARS	2009-2010	2008-2009
Turnover	2861.47	3618.06
Gross Profit prior to financial overheads and depreciation	408.07	436.43
Financial Overheads	182.59	122.44
Depreciation	133.90	119.50
Profit before Tax and Extra-ordinary Items	91.58	194.49
Extra-ordinary Items	18.44	(12.91)
FBT, Wealth Tax and Deferred Tax Assets	(11.40)	(72.89)
Profit after Tax-available for appropriation	98.62	108.69
Profit/(Loss) Brought Forward	352.41	243.72
Reduction in calls in Arrears	(1.23)	0.00
Transferred to Balance Sheet in Reserve and Surplus	449.80	352.41
Basic Earning Per Share	1.18	1.29

During the year under review, due to tough competition, lack of demand in international market and world wide economic slowdown the turnover of the Company declined by 20.91% from Rs. 3618.06 lakhs in previous year to Rs. 2,861.47 lakhs in current year and, therefore, profit after tax declined by 9.26% from Rs. 108.69 lakhs in previous year to Rs. 98.62 lakhs in the current year.

The detailed discussion on the state of Company's affairs and the performance of operations of the Company is given in the annual report under "Management Discussion and Analysis Report".

DIVIDEND

In view of decline in profits and requirement of funds for future growth of the Company, your Directors do not recommend any dividend for the year under review.

FIXED DEPOSITS

During the year under review, your Company has not invited or accepted any fixed deposit.

DIRECTORS

In accordance with the Companies Act, 1956 Mr. Piyush Gupta and Ms. Pallavi Agarwal are retiring by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

During the year, Mr. Abhinav Gupta son of Mr. Suneel Kumar Gupta, Chairman and Managing Director, was appointed as Director liable to retire by rotation by the members in the Annual General Meeting held on September 30, 2009. His appointment was effective from October 1, 2009.

CORPORATE GOVERNANCE

A detailed note on Corporate Governance as required under the Listing Agreement with the Bombay Stock Exchange Limited (BSE), Mumbai is annexed to this report along with a certificate issued by the Statutory Auditors of the Company in pursuance of Clause 49 of the Listing Agreement in compliance of Corporate Governance.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

- in preparation of the annual accounts for the financial year 2009-2010, the applicable accounting standards have been followed along with the explanations relating to material departures;
- the Directors had selected such appropriate 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

ASHNOOR TEXTILE MILLS LIMITED

of affairs of the Company as at March 31, 2010 and of the profit of the Company for the year ended on that date;

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for the safeguard of the assets of the Company for preventing and detecting fraud and other irregularities; and
- d) the Directors had prepared the annual accounts for the financial year ended March 31, 2010 on a going concern basis.

AUDITORS

M/s KSA & Co., Statutory Auditors, hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. They have confirmed their eligibility under Section 224(1B) of the Companies Act, 1956 and willingness to accept the office as Statutory Auditors, if so re-appointed.

AUDITORS' OBSERVATIONS

The observations of the Auditors are self-explanatory and are suitably explained in various notes to the accounts. They need no further comments.

STATUTORY DISCLOSURES

The information as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, (as amended) is attached with this report and forms the part of this report.

Additional information on conservation of energy, technology adsorption, foreign exchange earnings and outgo as required Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed.

ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the co-operation and assistance provided to your Company by various Government/non Government Authorities, Bankers. The Board also place on record its appreciation to the contribution made by employees of the Company. Your Directors thank the stakeholders, customers, clients, vendors and other business associates for their continued support.

By the order of the Board

New Delhi
August 14, 2010

Suneel Kumar Gupta
Chairman and Managing Director

ANNEXURES TO THE DIRECTORS' REPORT

Additional information as required under the Companies
(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

I. CONSERVATION OF ENERGY

A) Energy Conservation Measures Taken

- To identify and control the present and potential areas of energy loss
- To maintain Power Factor
- Use Transfer with All time Tap Changer

B) Additional investment and proposals, if any, being implemented for reduction of consumption of energy

- Continuously maintain CFL lights

E) Impact of the measures at (a) and (b) for reduction of energy consumption and conservation impact on the cost of production of goods.

- Savings in power and fuel cost

D) Total energy consumption and energy consumption per unit of production as per Form "A"

ASHNOOR TEXTILE MILLS LIMITED

Form "A"

Form of disclosure of particulars with respect to conservation of energy

PARTICULARS RELATING TO CONSERVATION OF ENERGY

Particulars	Unit	2009-2010	2008-2009
A. Power and Fuel Consumption:			
1) Electricity			
a) Purchased	(KWH in Lakhs)	25.53	27.99
Total Amount	(Rs. In Lakhs)	116.86	125.23
Rate per unit	(Rs. Per KWH)	4.58	4.47
b) Own Generation through Diesel Generator	(KWH in Lakhs)	7.26	12.60
Unit/Ltr of Oil	KWH	3.00	3.00
Cost per unit	(Rs. Per KWH)	9.83	9.51
2. Used in Boiler			
a) Furnance Oil			
Quantity	KL	-	-
Total cost	(Rs. In Lakh)	-	-
Average cost	(Rs. Per KL)	-	-
b) Petcoke			
Quantity	TON	1,123.44	1,906.42
Total cost	(Rs. In Lakh)	63.77	107.80
Average cost	(Rs. Per MT)	5,676.32	5,654.57
B. Consumption per unit of production			
i) Electricity	(KWH per KG)	2.67	2.59
ii) Furnace oil	(Ltr per KG)	-	-
iii) Petcoke	(Ltr per KG)	0.92	1.22

Form "B"

II. Technology Absorption

A. Research and Development

a) Specific areas in which R&D is carried out by the Company

- Replacement of conventional chemicals with effective and efficient chemicals

b) Benefits derived as a result of R&D

- Cost Reduction

c) Future Plan of Action

- Recovery of heat from diesel generator exhaust

d) Expenditure on R&D

- Research and Development being an integral part of production is carried out in a continuous manner. Therefore, the Company does not maintain separate record on the expenditure incurred on Research and development.

B. Technology absorption, adaptation and innovation

- Continuous efforts to improve the quality of finished goods

III. Foreign Exchange Earnings and Outgo

a) Activities relating to export, initiative taken to increase exports, development of new export market for products and export plans

- The Company has taken debonding and is no more covered under status of 100% Export Oriented Unit.

ASHNOOR TEXTILE MILLS LIMITED

b) Total foreign exchange earned and used

Rupees in lakhs

Particulars	2009-2010	2008-2009
FOB value of Export of Terry Towels	2,550.13	2,245.58
Foreign exchange used	15.10	19.66
Net foreign exchange earned	2,535.13	2,218.43

By the order of the Board

New Delhi
August 14, 2010

Suneel Kumar Gupta
Chairman and Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

The textile industry, an oldest and largest industry, is facing tough competition and effect of world wide recessionary trend. The Indian textile industry is getting maximum protection from the government because more than half populations of India are dependent on the future of this industry directly or indirectly.

Opportunities and threats

The Company has taken de-bonding and is no more covered under the status of 100% Export Oriented Unit. Now, the Company will get benefit to supply its' products in domestic market also. It sees an exciting opportunity in domestic market due to gap between demand and supply of good quality of terry towels. Though, it may have to face tough competition from domestic players.

Segment-wise or product-wise performance

In accordance with the definition of "Segment" as per the Accounting Standard 17 the Company is carrying its activities only one segment, i. e. is Terry Towels. The performance for the same has been discussed details in coming para of this report.

Outlook

After de-bonding the outlook of the Company is positive. It would get the benefit of booming domestic market. The Company would continue to explore export market also. The Company had installed heat recovery system in the previous year. Therefore, the Company will able to save energy to great extent and be able to increase the profit margin to some extent.

Risks and concerns

Due to world wide recession, supply in international market has overtaken the demand and, therefore, low prices and fierce completion are prevailing in the current year. Further, inadequate power supply in India and oil prices hike, it has become difficult to control power cost. High cost of raw material will also have effect on final price of the products. However, management expects better results in coming years.

Internal control systems and their Adequacy

The Company has adequate internal control (including internal audit) system commensurate with the size and nature of the business. The system ensures safeguarded the Company against loss from unauthorized use or disposition. The Company's policies, procedures and guidelines are in place to ensure that all the transactions should be authorized, recorded and reported correctly.

Financial and operational performance

During the year under review, due to tough competition, lack of demand in international market and world wide economic slowdown the turnover of the Company declined by 20.91% from Rs. 3618.06 lakhs in previous year to Rs.2,861.47 lakhs in current year and, therefore, profit after tax declined by 9.26% from Rs.108.69 lakhs in previous year to Rs. 98.62 lakhs in the current year. The Company expects better performance in coming year.

Material developments in human resources/industrial relations front

The Company has always valued its human resources and believes in unlimited potential of each of its staff and believes that dedicated and efficient employees are great assets of the Company and most important ingredient for achieving excellence in performance. During the financial year, the overall industrial relations remained cordial in the Company.

Disclaimer

Readers are cautioned that this discussion and analysis contains certain forward looking statements. All these statements always have certain risks and uncertainties. Actual results could differ materially from those expressed or implied and the Company is not bound to publicly update or revise forwarding looking statements. Therefore, readers are cautioned not to place undue reliance on these forwarding looking statements.

ASHNOOR TEXTILE MILLS LIMITED

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

The Company believes that maintaining the highest standards of corporate governance practices which highlights commitment to quality of governance, transparency and accountability in all areas. During the financial year 2009-2010, ATML continues to adopt procedures and practices in conformity with Clause 49 of the Listing Agreement.

2. Board of Directors

(a) Composition of the Board

The Board of the Company is in conformity with the Clause 49 of the Listing agreement and comprised of six Directors. Out of these three Directors are Promoter Directors and remaining three are Independent Directors. Out of three Promoter Directors two are executive Directors (one Chairman cum Managing Director, and other is Whole time Director) while third is non executive Director. The detailed composition of the Board including other required information is given in the table below:

Name of Directors	Position	Attendance			Other Directorships Committee Memberships		
		No. of Board Meeting held during the year	No. of Board Meeting attended	Last AGM attended (Yes/No)	Directorships in other public limited companies	Committee membership	Committees' Chairman
Mr. Suneel Kumar Gupta	Managing Director and Chairman (Promoter)	12	12	Yes	—	—	—
Dr.(Mrs.)Sangeeta Gupta	Whole-time Director (Promoter)	12	11	Yes	—	—	—
Mr. Abhinav Gupta*	Non Executive (Promoter)	5#	5	No	—	—	—
Mr. Pallavi Aggarwal	Non Executive (Independent)	12	10	No	—	—	—
Mr. Piyush Gupta	Non Executive (Independent)	12	11	Yes	—	—	—
Mr. Inder Mohan Aggarwala	Non Executive (Independent)	12	9	No	—	—	—

* Appointment as Director with effective from October 1, 2009

Number of meetings held after his appointment as Director

None of the Directors is Director in more than 15 public companies or member of board committees in excess of 10 or chairman in excess of five board committees, as required under clause 49 of the listing agreement and the Companies Act, 1956.

(b) Number of Board Meetings

During the year, 12 (twelve) meetings of the Board of Directors were held. These were held on April 29, 2009; July 07, 2009; July 30, 2009; August 10, 2009; August 17, 2009; September 02, 2009; September 22, 2009; October 27, 2009; October 30, 2009; November 04, 2009; January 29, 2010; and March 23, 2010.

ASHNOOR TEXTILE MILLS LIMITED

The gap between two Board Meetings did not exceed four months. During the year, all the relevant information as required to be placed before the Board as per Clause 49 of the Listing Agreement were placed before the Board and discussed/approved by it. These Schedule of the Board meetings were decided in advance and communicated to the Directors. The compliance reports of laws and regulations applicable to the Company were placed before the Board periodically.

(c) Code of Conduct for Directors and Senior Management Personnel

ATML endeavor to set a high standard of conduct for all its Directors and senior management personnel of the Company. The Board members and senior management personnel of the Company have affirmed compliance with the code of conduct and Managing Directors has given a declaration affirming compliance with them code by them.

3. Audit Committee

(a) Composition, name of members and Chairman

The term of reference of the Audit Committee specified by the Board is in conformity with the requirements of provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee comprised of two independent Directors and one Executive Promoter Director as follows.

Name of Members	Status	Member
Mr. Piyush Gupta	Chairman	Non Executive-Independent
Ms. Pallavi Ararwal	Member	Non Executive-Independent
Dr. (Mrs.) Sangeeta Gupta	Member	Executive-Promoter

All the above Directors are financially literate as explained in Explanation of Clause 49(II)(A)(ii) of Listing Agreement, while Mr. Piyush Gupta and Ms. Pallavi Agarwal are having financial management expertise also. The minutes of Audit Committee Meeting were placed before the Board and discussed in the meetings of the Board of Directors.

(b) Brief description of terms of reference

The Audit Committee performs the functions as listed in Clause 49(II) (D) and have powers as mentioned in Clause 49(II)(C) of the Listing Agreement.

(c) Meetings and Attendance during the year

During the financial year 2009-2010, 05 (five) meetings of the Audit Committee were held on April 29, 2009, July 04, 2009, July 30, 2009; October 30, 2009; January 29, 2010. All the three members attended these meetings.

4. Remuneration Committee

(a) Composition, name of members and Chairman

The Remuneration Committee of the Board of Directors of the Company is consists of following Directors:

Name of Members	Status	Member
Mr. Piyush Gupta	Chairman	Non Executive-Independent
Mr. Inder Mohan Aggarwala	Member	Non Executive-Independent
Ms. Pallavi Agarwal	Member	Non Executive-Independent

ASHNOOR TEXTILE MILLS LIMITED

(b) Brief description of terms of reference

The constitution of Remuneration Committee is to recommend/review the remuneration package of the Managing/Whole Time Directors and to formulate a broad policy framework for managerial remuneration.

(c) Meetings and Attendance during the year

During the financial year 2009-2010, one (01) meeting of the Remuneration Committee were held on January 20, 2010 and attend by all the members.

(d) Detail of Remuneration to all the Directors for the Financial Year 2009-2010

The detail of remuneration paid to the Managing Director and Whole Time Directors during the year 2009-2010 is given below:

Amount in Rupees		
Name	Designation	Salary and monetary value of perquisites
Mr. Suneel Kumar Gupta	Chairman and Managing Director	2,700,000.00
Dr. (Mrs.) Sangeeta Gupta	Whole Time Director	2,160,000.00

At present, the Non-Executive Directors do not draw any remuneration from the Company. The Company also does not pay any sitting fee for the Board/ Committee meetings attended by them.

1. Shareholder / Investor's Grievance Committee

(a) Composition, name of members and Chairman

At present the Shareholders / Investors Grievance Committee comprises of

Name of Members	Status	Member
Mr. Piyush Gupta	Chairman	Non Executive-Independent
Mr. Suneel Kumar Gupta	Member	Executive-Promoter
Dr. (Mrs.) Sangeeta Gupta	Member	Executive-Promoter

Mr. Suneel Kumar Gupta, Managing Director, is also Compliance Officer.

(b) Brief description of terms of reference

The Committee has power to approve / reject the transfer / transmission of shares, for issue of duplicate shares, to look into redressal of shareholders / investors grievances and formulate polices for redressal of shareholders / investors grievances.

(c) Meetings and Attendance during the year

During the financial year 2009-2010 twenty two (22) meetings of the Shareholders / Investors Grievance Committee were held. These meetings were held on April 15, 2009; May 15, 2009; May 30, 2009; June 15, 2009; July 15, 2009; July 31, 2009; August 17, 2009; August 31, 2009; September 15, 2009; September 30, 2009; October 15, 2009; October 31, 2009; November 16, 2009; November 30, 2009; December 15, 2009; December 31, 2009; January 15, 2010; January 30, 2010, February 15, 2010; February 27, 2010; March 15, 2010 and March 31, 2010. All the meetings were attended by Mr. Piyush Gupta while Mr. Suneel Kumar Gupta attended 20 meetings while Dr. (Mrs.) Sangeeta Gupta attended 17 meetings.

ASHNOOR TEXTILE MILLS LIMITED

During the year, 16 (Eighteen) complaints were received by the Company, which were replied / resolved to the satisfaction of investors. There was no complaint was pending on March 31, 2010.

1. **General Body Meetings**

Location and time for the last three Annual General Meetings

Year	Date	Venue	Time
2006-2007	September 29, 2007	Beharampur Road, Village Khandsa, District Gurgaon, Haryana	9:30 A. M.
2007-2008	September 30, 2008	Beharampur Road, Village Khandsa, District Gurgaon, Haryana	9:30 A. M.
2008-2009	September 30, 2009	Beharampur Road, Village Khandsa, District Gurgaon, Haryana	9:30 A. M.

One special resolution under section 372A was passed the financial year 2006-2007 and two special resolutions relating to re-appointment of Managing Director and appointment of Managing Director were passed in the financial year 2007-2008. There was no special resolution in 2008-2009. During the financial year 2009-2010 there is proposal to pass two special resolutions in the Annual General Meeting relating to increase of basic salary of Managing Director and Whole Time Director. During the year under review no extra-ordinary general meeting was held.

During the year under review, no resolution was passed through postal ballot as required by the Companies (Passing of the resolution by postal ballot) Rules, 2001 and clause 49 of the Listing Agreement.

7. **Disclosures**

(a) **Disclosures on materially significant related party transactions, pecuniary or business relationship with the Company**

There have been no materially significant related party transactions, pecuniary transactions or relationships between Company and its promoters, Directors, management, subsidiaries or relative etc. that may have potential conflict with the interest of the Company at large. However, a detail disclosure on related party transaction has been made at **Serial number 24** in Notes to Accounts appearing under **Schedule T** (Significant Accounting Policies and Notes to Accounts) and forming part of the Balance Sheet.

(b) **Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Market, during the last three years.**

The Company has been regular in complying with the various rules and regulations prescribed by stock exchange (s), Securities & Exchange Board of India or any other Statutory Authorities relating to the capital markets during the last three years. They have imposed no penalties or strictures on the Company.

(c) **Disclosures regarding appointment or re-appointment of Directors**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Piyush Gupta and Ms. Pallavi Agarwal, Directors, will retire by rotation at the ensuing Annual General Meeting and being eligible offers for re-appointment as the Directors of the Company.

Details about Director eligible for appointment/re-appointment:

Mr. Piyush Gupta, aged 44, is a Practicing Chartered Accountant and has more than 21 years experience in accounting, project financing, company law, auditing, taxation and related fields. Prior to start practice, he worked in different corporate houses at senior level.

ASHNOOR TEXTILE MILLS LIMITED

Ms. Pallavi Agarwal (aged 30 years) is a MBA from London and having experience of management accounting. She does not hold directorships in or membership in any committee of any other public company.

Both do not hold directorship in any other public Company and membership of any Committee of any other public company.

8. Means of Communication

9. General Shareholders Information

(a) Date, Time & Venue of Annual General Meeting

Half-yearly report sent to each shareholders	No
Quartely Results	Quarterly Results are announced within a forty five days from therespective quarter, which are normally published in The Pioneer (English) and Veer Arjun (Hindi).
Any Website	No
Whether Management Discussion and Analysis is a part of Annual Report	Yes

The Company will hold its Twenty Seventh Annual General Meeting on September 30, 2010 at 9:30 a. m. Beharampur Road, Village Khandsa, District Gurgaon, Haryana.

(b) Financial Calendar (tentative and subject to change)

The Company expects to announce the un-audited quarterly results for the year 2010-2011, as per the following schedule:

First Quarter	: On or before August 14, 2010
Second Quarter	: On or before November 15, 2010
Third Quarter	: On or before February 15, 2011
Fourth Quarter	: On or before May 15, 2011

The Audited Results of the Company for the year 2010-2011 will expect to be announced on or before September 02, 2010.

(c) Date of Book Closure

The Company's Register of Members and Share Transfer Book will remain closed from Monday, September 27, 2010 to Thursday, September 30, 2010.

(d) Dividend Payment Date

The Board of Directors has not recommended any dividend for the financial year 2009-2010.

(e) Listing on Stock Exchanges

The Company's equity shares are listed in the following stock exchanges:

* The Bombay Stock Exchange, Mumbai

The Company has paid the Annual listing fees for the financial year 2010-2011.

ASHNOOR TEXTILE MILLS LIMITED

(f) Stock Code

The Stock Exchange, Mumbai : 507872

(g) Market Information and Performance of Company's stock price in comparison broad based indices to BSE Sensex
in Rupees

Month	High	Low	Closing Price
June 2009	11.72	10.59	10.59
July 2009	10.07	9.10	9.10
August 2009	9.24	8.08	8.92
September 2009	9.70	8.65	9.50
November 2009	9.90	9.00	9.00
January 2010	9.50	6.54	7.57
February 2010	8.71	6.03	6.03
March 2010	8.80	5.51	8.80
No trading in April 2009, May 2009, October 2009 and December 2009			

(h) Registrar and Share Transfer Agents

Messrs Link Intime Spectrum India Private Limited is Registrar and Share Transfer Agent for transfer of shares in Physical Form only as share of the Company cannot be traded in dematerialized form. Their address is as under:

Link Intime Spectrum India Pvt Limited
A-40, 2nd Floor, Naraina Industrial Area
Phase-II, 6.93Near Batra Banquet Hall
New Delhi- 110 028

(i) Share Transfer System

The Company has a Share Transfer Committee, which normally met twice in a month, if the Company receives shares for transfer. The shares received usually transferred and returned within a period of 30 days from the date of receipt, if documents are complete with all respects.

(J) Distribution of Shareholding of the Company as on March 31, 2010

Range of Equity Shares (Rupees)	Shareholders		Share Capital Amount In Rupees			Share Capital Amount	
	Number	%	Physical	NSDL Demat	CDSL Demat	Rupees	%
Upto — 2,500	14,829	79.474	1,48,01,120	4,67,380	2,25,530	1,54,94,030	18.524
2,501 – 5,000	3,002	16.088	96,77,840	4,80,290	2,43,910	1,04,02,040	12.436
5,001 – 10,000	608	3.258	38,69,520	2,47,260	80,710	41,97,490	5.018
10,001– 20,000	161	0.863	17,96,750	1,77,480	97,040	20,71,270	2.476
20,001– 30,000	22	0.118	4,47,810	67,190	—	5,15,000	0.615
30,001– 40,000	22	0.118	6,41,160	68,670	31,500	7,41,330	0.887
40,001– 50,000	4	0.022	1,70,450	—	—	1,70,450	0.204
50,001–1,00,000	5	0.027	2,25,050	70,700	58,000	3,53,750	0.423
1,00,001 andAbove	6	0.032	3,31,310	4,91,32,610	2,35,100	4,96,99,020	59.417
Total	18,659	100.00	3,19,61,010	5,07,11,580	9,71,790	8,36,44,380	100.00

ASHNOOR TEXTILE MILLS LIMITED

(k) Shareholding Pattern of the Company as on March 31, 2010*

Category of Shareholders	Number of Shares held	Percentage of holding
Promoters	48,99,051	58.57
Financial Institutions, Mutual Funds and Banks	4,585	00.05
NRIs/OCBs	18,103	00.22
Individual holding (nominal share capital) > 1 lakh	23,510	0.28
Private Corporate Bodies	73,835	00.88
Indian Public	33,44,027	39.98
HUF	1,327	0.02
Total	83,64,438	100.00

(l) Dematerialisation of Shareholding:

The ISIN No. of the Company is INE372I01018. 61.81% of the paid-up share capital had been dematerialized as at March 31, 2010 with the two depositories.

Secretarial Audit Report :

The Secretarial Audit Report of the Company prepared in terms of SEBI Circular No. D&CC/FITTC/CIR-16/200 dated December 31, 2002 reconciling the shares dematerialized in both the depositories and physical form with the total issued/paid-up capital of the Company for every quarter is placed before the Board of Directors and also submitted to BSE and two depositories

(m) Outstanding GDRs/ADRs/Warrants or any Convertible Instrument

The Company has not issued any GDRs/ADRs /Warrants or any other convertible instruments which likely to have impact on Equity share capital of the Company.

(n) Plant Location

Behrampur Road,
Village Khandsa,
District Gurgaon,
Haryana-122 001

(o) Address for Correspondence

Ashnoor Textile Mills Limited
Behrampur Road, Village Khandsa,
District Gurgaon, Haryana-122 001
Phone: 0124 - 22152828-829, 2215831-833
Fax: 0124 - 2215829
E-mail: atml_delhi@yahoo.com

By the order of the Board

Place: Gurgaon
Date : August 14, 2010

Suneel Kumar Gupta
Chairman-cum-Managing Director

ASHNOOR TEXTILE MILLS LIMITED

DECLARATION REGARDING COMPLIANCE BY THE BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT FOR THEM

It is hereby declared that as provided under Clause 49(I)(D)(i) of the listing agreement with the Bombay Stock Exchange Limited, Mumbai, the Company has adopted a Code of Conduct for Board Members and Senior Management Personnel.

Further, as provided under Clause 49(I)(D)(i) of the said agreement, it is confirmed that all the Board Members and Senior Management Personnel of the Company have affirmed compliance for the year ended March 31, 2010 with the respective Code of Conduct, as applicable to them.

Place : Gurgaon
Date : August 14, 2010

Suneel Kumar Gupta
Chairman-cum-Managing Director

AUDITORS' CERTIFICATE

ANNEXURE TO THE REPORT OF THE DIRECTORS

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITION OF CORPORATE GOVERNANCE

To the Members of Ashnoor Textile Mills Limited

We have examined the compliance of conditions of Corporate Governance by Ashnoor Textile Mills Limited for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange in India.

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

In our opinion and to the best of our information and explanation given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievance received during the year ended March 31, 2010, no investor grievance are pending against the Company for the period exceeding one month as per records maintained by the Company which are presented to the Shareholders/Investor Grievance Committee.

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

For KSA & Co.
Chartered Accountants

KAMAL PIYUSH
Partner
Membership Number: 83399
Place: New Delhi
Date: August 14, 2010

ASHNOOR TEXTILE MILLS LIMITED

AUDITOR'S REPORT

The members of Ashnoor Textile Mills Limited

1. We have audited the attached Balance Sheet of Ashnoor Textile Mills Limited as at March 31, 2010, the Profit and Loss Account and also 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 (Auditor's 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 on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that;
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt from this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on March 31, 2010 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) Subject to foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 cases of the Balance Sheet, of the state of affairs of the company as at March 31, 2010;
 - (ii) In the case of the Profit and Loss Account, of the profits for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For KSA & Co.
Chartered Accountants
(Registration No. 003822C)

KAMAL PIYUSH
Partner
Membership Number: 83399
Place: New Delhi
Date: June 8, 2010

ASHNOOR TEXTILE MILLS LIMITED

ANNEXTURE TO THE AUDITOR'S REPORT OF THE MEMBERS OF ASHNOOR TEXTILE MILLS LIMITED ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

Referred to in paragraph 3 of our report of even date,

- (i)
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) According to the information and explanation given, the company has adopted a phased program of physical verification of fixed assets. Under this program all the assets would be verified in phased manner the frequency of which, in our opinion, is reasonable, having regard to the size of the company and nature of its assets. As explained to us no material discrepancies were noticed in respect of assets verified during the year.
 - (c) During the year, the company has disposed off Hydro Extractor, Old Shutter Looms and Diesel Generating Set.
- (ii)
 - (a) The inventory has been physically verified during the year by the management, In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaing proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The company has not granted or taken any loan, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As no loans is granted or taken, clauses (b), (c), (d), (e), (f) and (g) of paragraph (iii) of this order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v)
 - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 have been entered in the register required to be maintained under that section; and
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regards to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any fixed deposits from the public within the meaning of section 58A, 58AA or any other relevant provisions of the of the Companies Act, 1956 and the rules framed there under. The Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not passed any order.
- (vii) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.

ASHNOOR TEXTILE MILLS LIMITED

- (viii) The Central Government has prescribed for the maintenance of cost records by the company under Section 209(1)(d) of the Companies Act, 1956 for Cotton Textile Industry. The company has not maintained prescribed cost records.
- (ix) (a) The Company has generally been regular 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 statutory dues with the appropriate authorities. There is no outstanding statutory liability as at March 31, 2010, which is due for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, out of the arrears of Employees' State Insurance dues on contract labour of Rs. 2,705,536/- pertaining to the years 1997 to 2001 levied by Regional Office of Employees State Insurance Corporation, Gurgaon, only Rs. 563,706/- has been paid under protest and the remaining amount of Rs. 2,141,830/- have not been paid and the appeal is pending with Civil Court, Gurgaon. Haryana Development Tax of Rs. 7,105,146/- levied by the State Government has been disputed and the local association on behalf of all the industries in the region has filed an appeal with Supreme Court of India.

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period	From where dispute is pending
Employees Provident Funds & Miscellaneous Provisions Act, 1952	Interest on the late payment	2,186,351	2005-2006	Court
Employees State Insurance Act, 1948	Interest on the late payment	18,725	2005-2006	Court
Employees State Insurance Act, 1948	Arrears of ESI dues on Contract Labour	2,141,830	1997 to 2001	Civil Court Gurgaon
Local Area Development Tax Act, 2000	Haryana Development Tax	918,034	2002-2003	Court
		2,110,645	2003-2004	
		1,966,381	2004-2005	
		1,660,354	2005-2006	
		449,732	2006-2007	
Central Excise Act, 1944	Excise Duty	50,000,000	Various years from 1998-99 onward	CESTAT

- (x) The company does not have accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not taken loans from the financial institutions and has not issued any debentures. Accordingly, there is no defaulted in repayment of dues to financial institution, bank or debenture holders.

ASHNOOR TEXTILE MILLS LIMITED

- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund of a nidhi/mutual benefit fund/society. Therefore, the provision 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 (Auditors Report) Order, 2003 are not applicable to the company.
- (xv) The company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) The company has availed term loan from its Bank and according to the information and explanation given to us the loan has been applied for the purpose for which the same was obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised in short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the year covered by our audit report, the company had not issued any debentures and has not created any security in respect of debentures.
- (xx) According to the information and explanations given to us, the company has not raised any money from the public issue.
- (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.

**For KSA & Co.
Chartered Accountants
(Registration No. 003822C)**

**KAMAL PIYUSH
Partner
Membership Number: 83399
Place: New Delhi
Date: June 8, 2010**

ASHNOOR TEXTILE MILLS LIMITED
BALANCE SHEET AS AT MARCH 31, 2010

PARTICULARS	SCHEDULES	31.03.2010 Rupees	31.03.2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	A	83,580,926.00	83,692,227.00
Reserves and Surplus	B	48,214,384.96	35,241,044.60
LOAN FUNDS			
Secured Loans	C	124,205,364.00	127,557,659.76
		12,853,119.00	11,774,453.00
DEFERRED TAX LIABILITIES			
TOTAL LIABILITIES		268,853,793.96	258,265,384.36
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	460,343,972.52	462,177,860.52
Depreciation		(323,928,791.17)	(317,214,017.17)
Net Block		136,415,181.35	144,963,843.35
INVESTMENTS			
	E	8,111,212.00	975,439.76
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	F	47,134,952.92	62,645,154.25
Sundry Debtors	G	61,290,925.00	53,302,416.65
Cash and Bank Balances	H	13,886,124.66	15,756,305.66
Loans and Advances	I	36,844,959.17	39,788,887.68
		159,156,961.75	171,492,764.24
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	J	33,577,131.14	56,484,950.99
Provisions	K	1,252,430.00	2,681,712.00
NET CURRENT ASSETS		124,327,400.61	112,326,101.25
TOTAL ASSETS		268,853,793.96	258,265,384.36

**SIGNIFICANT ACCOUNTING POLICIES
AND NOTES ON ACCOUNTS**

T

Schedules Referred To above Form An
Integral Part of the Profit And Loss Account
As per our report of even date attached

For KSA & Co.
Chartered Accountants

For Ashnoor Textiles Mills Limited

Kamal Piyush
Partner
Membership Number: 83399
Place: New Delhi
Date : June 08, 2010

Suneel Kumar Gupta
Managing Director

Sangeeta Gupta
Director

ASHNOOR TEXTILE MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

PARTICULARS	SCHEDULES	31.03.2010 Rupees	31.03.2009 Rupees
INCOME			
Sales	L	286,147,533.00	361,806,522.72
Other Income	M	30,992,209.07	36,623,442.16
Change in Inventory	N	(24,603,240.00)	(25,186,072.30)
Total Income		292,536,502.07	373,243,892.58
EXPENDITURE			
Manufacturing Overheads	O	215,331,770.73	290,403,766.10
Administrative Overheads	P	15,435,777.12	14,917,744.00
Selling Overheads	Q	20,961,889.36	24,279,355.56
Financial Overheads	R	18,259,040.37	12,244,046.69
Depreciation	D	13,389,707.00	11,949,757.00
Total Expenditure		283,378,184.58	353,794,669.35
PROFIT BEFORE EXTRA ORDINARY ITEMS AND TAX			
		9,158,317.48	19,449,223.24
Extra Ordinary Items	S	1,844,334.88	(1,291,418.00)
PROFIT BEFORE TAX		11,002,652.36	18,157,805.24
Current Income Tax		-	-
Wealth Tax		(61,947.00)	(26,738.00)
Fringe Benefit Tax		-	(230,806.00)
Deferred Tax Liability		(1,078,666.00)	(7,031,304.00)
PROFIT FOR APPROPRIATION		9,862,039.36	10,868,957.24
Profit/(Loss) Brought Forward		35,241,044.60	24,372,087.36
Reduction in calls in arrears		(122,668.00)	-
TRANSFERRED TO BALANCE SHEET		44,980,415.96	35,241,044.60
Weighted Average Number of Equity Shares		8,364,438	8,410,287
Basic Earning Per Share		1.18	1.29

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

T

Schedules Referred To above Form An
Integral Part of the Profit And Loss Account
As per our report of even date attached

For KSA & Co.
Chartered Accountants

For Ashnoor Textiles Mills Limited

Kamal Piyush
Partner
Membership Number: 83399
Place: New Delhi
Date : June 08, 2010

Suneel Kumar Gupta
Managing Director

Sangeeta Gupta
Director

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO BALANCE SHEET

PARTICULARS	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
SCHEDULE - A		
SHARE CAPITAL		
AUTHORIZED		
10,000,000 (10,000,000) Equity Shares of Rs. 10/- each	100,000,000.00	100,000,000.00
ISSUED, SUBSCRIBED AND PAID UP		
8,364,438 (8,410,287) Equity Shares of Rs. 10/- each	83,644,380.00	84,102,870.00
Calls in Arrear (from other than directors)	(63,454.00)	(410,643.00)
	83,580,926.00	83,692,227.00
SCHEDULE - B		
RESERVES AND SURPLUS		
CAPITAL RESERVE		
State Government Subsidy	3,000,000.00	-
Share Forfeited Account	233,969.00	-
Surplus in Profit and Loss Account	44,980,415.96	35,241,044.60
	48,214,384.96	35,241,044.60
SCHEDULE - C		
LOANS FUNDS		
SECURED LOANS		
Term Loan from Bank of Baroda for purpose of Plant and Machinery, against security of Immovable and Movable Properties and Assets, and personal guarantees of two Directors and relation of directors. Repayable in 48 monthly installments of Rs. 10,93,750/- from May 2008	21,198,741.00	35,940,883.00
Vehicle loan from Bank of Baroda - 24 EMI of Rs. 191,569/-	1,974,958.00	3,943,815.00
Vehicle loan from ICICI Bank Limited	-	1,101,820.76
Working Capital Loans from Bank of Baroda		
Packing Credit Limits	49,982,665.00	45,999,141.00
Foreign Bills Discounted	48,930,000.00	38,453,000.00
Overdue Interest - Bank of Maharashtra	2,119,000.00	2,119,000.00
	124,205,364.00	127,557,659.76

SCHEDULE - D
FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009 Rupees	Additions during the year Rupees	Adjustments during the year Rupees	As at 31.03.2010 Rupees	As at 01.04.2009 Rupees	For the year Rupees	Adjustments During the year Rupees	As at 31.03.2010 Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Land	8,557,120.00	-	-	8,557,120.00	-	-	-	-	8,557,120.00	8,557,120.00
Factory Building	84,081,585.24	-	-	84,081,585.24	34,419,591.24	2,808,325.00	-	37,227,916.24	46,853,669.00	49,661,994.00
Office Building	2,558,130.00	-	-	2,558,130.00	1,022,232.00	85,442.00	-	1,107,674.00	1,450,456.00	1,535,898.00
Electric Installation	587,603.84	-	-	587,603.84	330,063.00	40,866.00	-	370,929.00	216,674.84	257,540.84
Plant and Machinery	341,621,752.44	485,030.00	(3,080,075.00)	339,026,707.44	274,996,517.93	8,191,570.00	(3,080,075.00)	280,108,012.93	58,918,694.51	66,625,234.51
Generator Set	9,548,136.00	532,800.00	(977,368.00)	9,103,568.00	2,282,494.00	927,226.00	(801,171.00)	2,408,549.00	6,695,019.00	7,265,642.00
Furniture and Fixture	2,771,348.00	-	(2,257,925.00)	513,423.00	2,670,633.00	32,500.00	(2,488,837.00)	214,296.00	299,127.00	100,715.00
Office Equipment	1,135,748.00	-	-	1,135,748.00	487,964.00	71,892.00	-	559,856.00	575,892.00	647,784.00
Computers	736,772.00	30,000.00	(304,850.00)	461,922.00	453,899.00	100,579.00	(304,850.00)	249,628.00	212,294.00	282,873.00
Vehicles	10,579,665.00	3,738,500.00	-	14,318,165.00	550,623.00	1,131,307.00	-	1,681,930.00	12,636,235.00	10,029,042.00
Total	462,177,860.52	4,786,330.00	(6,620,218.00)	460,343,972.52	317,214,017.17	13,389,707.00	(6,674,933.00)	323,928,791.17	136,415,181.35	144,963,843.35
<i>Previous year</i>	<i>420,630,337.52</i>	<i>42,077,523.00</i>	<i>(530,000.00)</i>	<i>462,177,860.52</i>	<i>305,384,137.17</i>	<i>11,949,757.00</i>	<i>(119,877.00)</i>	<i>317,214,017.17</i>	<i>144,963,843.35</i>	<i>115,246,200.35</i>

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO BALANCE SHEET

PARTICULARS

As at
31-03-2010
Rupees

As at
31-03-2009
Rupees

SCHEDULE - E

INVESTMENTS

(Fully Paid, Quoted, Traded and valued at cost)

GMR Infrastructure Limited 4,000 equity shares @ Rs. 172.54 each	-	690,166.19
Jaiprakash Associates Limited 500 equity shares @ Rs. 355.13 each	-	
Power Grid Corporation of India Limited 1,000 equity shares @ Rs. 107.71 each	-	107,708.24
Bank of Baroda Pioneer Fund 113464.448 Units @ Rs. 13.22 each	1,500,000.00	-
NTPC Limited 4,175 equity shares @ Rs. 220.79 each	921,789.00	-
DLF Limited 2,150 equity shares @ Rs. 352 each	758,854.00	-
Bharti Airtel Limited 900 equity shares @ Rs. 317.84 each	286,060.00	-
Religare Enterprise Limited 750 equity shares @ Rs. 389.94 each	292,458.00	-
Hindustan Oil Corporation Limited Limited 1000 equity shares @ Rs. 267.26 each	267,257.00	-
Jaiprakash Associates Limited 1,500 (500) equity shares @ Rs. 137.51 (Rs. 355.13) each	206,268.00	177,565.33
Bharat Earth Movers Limited 200 equity shares @ Rs. 1,148.45 each	229,691.00	-
Orbit Corporation Limited 700 equity shares @ Rs. 287.42 each	201,192.00	-
PSL Limited 1,225 equity shares @ Rs. 166.37 each	203,799.00	-
KS Oil Limited 2,000 equity shares @ Rs. 73.82 each	147,642.00	-
Madhucon Projects Limited 800 equity shares @ Rs. 185.26 each	148,209.00	-
ICSA (India) Limited 1,000 equity shares @ Rs. 136.63 each	136,631.00	-
Reliance Industries Limited 100 equity shares @ Rs. 1,104.61 each	110,461.00	-
IVRCL Infrastructure and Projects Limited 600 equity shares @ Rs. 196.39 each	117,833.00	-
Atul Limited 954 equity shares @ Rs. 109.81 each	104,755.00	-
India Cement Limited 500 equity shares @ Rs. 134.13 each	67,065.00	-
Ansul Properties and Infrastructure Limited 764 equity shares @ Rs. 72.88 each	55,684.00	-
Gujrat Fluorochemicals Limited 260 equity shares @ Rs. 156.25 each	40,625.00	-
Jyoti Structures Limited 200 equity shares @ Rs. 168.91 each	33,783.00	-
Future Capital Limited 150 equity shares @ Rs. 226.30 each	34,246.00	-
NIIT Limited 400 equity shares @ Rs. 57.65 each	27,847.00	-
Unitech Limited 254 equity shares @ Rs. 83.58 each	21,229.00	-
HDFC Cash Management Fund 111,124 Units @ 19.78	2,197,834.00	-
	8,111,212.00	975,439.76

Market value of Investments as at March 31, 2010 is Rs. 8,946,278/- (2008-2009 - Rs. 517,050/-)

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO BALANCE SHEET

PARTICULARS

	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
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SCHEDULE - F

INVENTORIES

(as certified and valued at Lower of Cost and Net Realizable value by the management)

Raw Materials	17,240,940.11	7,618,463.43
Dyes and Chemicals	2,323,779.00	2,458,623.00
Packing Material	749,116.00	1,619,373.00
Fuel	970,986.00	495,323.00
Stock in Progress	17,324,375.47	20,651,108.87
Finished Goods	8,525,756.34	29,802,262.94
	<u>47,134,952.92</u>	<u>62,645,154.25</u>

SCHEDULE - G

SUNDRY DEBTORS

(Unsecured and Considered Doubtful)

Outstanding for more than 6 months	-	62,478.00
Less: Written Off as Bad Debts	-	(62,478.00)

(Unsecured and Considered Good)

Outstanding for less than 6 months	61,290,925.00	53,302,416.65
	<u>61,290,925.00</u>	<u>53,302,416.65</u>

SCHEDULE - H

CASH AND BANK BALANCES

Cash in Hand including Imprest	225,819.00	312,612.62
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Balance With Scheduled Banks in:

Current Account	6,973,685.66	10,436,254.04
Margin Money	4,893,000.00	4,060,000.00
Fixed Deposit	1,793,620.00	947,439.00
	<u>13,886,124.66</u>	<u>15,756,305.66</u>

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT

PARTICULARS	Year Ended 31-03-2010 Rupees	Year Ended 31-03-2009 Rupees
<u>SCHEDULE - I</u>		
<i>LOANS AND ADVANCES</i>		
<i>(Unsecured and Considered Good)</i>		
Advances Recoverable in Cash or in Kind of for value to be received	57,522.00	91,202.00
Advances to Suppliers	9,351,911.68	8,172,700.20
Less: Written Off as Bad Debts	(27,524.50)	(55,729.99)
Security Deposit	1,537,388.00	1,537,388.00
Prepaid Expenses	510,063.00	309,853.00
Advance Tax, TDS and Fringe Benefit Tax	2,071,965.00	2,227,133.00
Other Receivables	23,343,633.99	27,506,341.47
	<u>36,844,959.17</u>	<u>39,788,887.68</u>

SCHEDULE - J

CURRENT LIABILITIES

Sundry Creditors for Goods	2,157,336.57	837,084.57
Sundry Creditors for Expenses	16,011,284.41	40,981,866.60
Advances from Customers	313,953.90	99,682.00
Expenses Payable	12,358,812.07	12,617,994.64
Unrealized profit/losses on Investments	357,687.19	458,389.76
Cheques Issued but not yet presented for payment	2,378,057.00	1,489,933.42
	<u>33,577,131.14</u>	<u>56,484,950.99</u>

SCHEDULE - K

PROVISIONS

Income Tax	-	-
Wealth Tax	61,947.00	26,738.00
Fringe Benefit Tax	-	230,806.00
Employees Benefits Schemes	1,190,483.00	2,424,168.00
	<u>1,252,430.00</u>	<u>2,681,712.00</u>

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT

PARTICULARS	Year Ended 31-03-2010 Rupees	Year Ended 31-03-2009 Rupees
<u>SCHEDULE - L</u>		
SALES		
Domestic	30,982,087.00	99,753,271.72
Excise Duty/Cenvat	(722,369.00)	(1,430,786.00)
Export	255,012,727.00	224,558,005.00
Carpet Sale	323,747.00	36,965,823.00
Rejects	380,203.00	1,268,757.00
Scrap	171,138.00	691,452.00
	<u>286,147,533.00</u>	<u>361,806,522.72</u>
<u>SCHEDULE - M</u>		
OTHER INCOME		
Freight Recovered from Domestic Customers	66,000.00	1,197,000.00
Freight Recovered from Overseas Customers	12,002,772.00	12,734,466.00
Insurance Recovered from Overseas Customers	89,915.00	139,295.00
Interest on Fixed Deposits	127,367.00	12,626.00
Foreign Exchange Fluctuation	-	5,238,776.00
Duty Drawback- Exports	15,998,760.00	-
Deemed Export Drawback	1,004,511.00	7,507,074.00
Freight Subsidy	1,000,000.00	-
Dividend Income	267,005.74	1,550.00
Balances Written Back	435,878.33	9,792,655.16
	<u>30,992,209.07</u>	<u>36,623,442.16</u>
<i>Tax Deducted at Source</i>	17,576.00	2,157.00
<u>SCHEDULE - N</u>		
CHANGE IN INVENTORY		
<i>Opening Stocks</i>		
Stock in Progress	20,651,108.87	19,088,760.36
Finished Goods	29,802,262.94	56,550,683.75
	<u>50,453,371.81</u>	<u>75,639,444.11</u>
<i>Closing Stocks</i>		
Stock in Progress	17,324,375.47	20,651,108.87
Finished Goods	8,525,756.34	29,802,262.94
	<u>25,850,131.81</u>	<u>50,453,371.81</u>
Change in Inventory	(24,603,240.00)	(25,186,072.30)

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT

PARTICULARS	Year Ended 31-03-2010 Rupees	Year Ended 31-03-2009 Rupees
<u>SCHEDULE - O</u>		
MANUFACTURING OVERHEADS		
Raw Material Consumed	135,708,437.26	160,289,276.95
Packing Material Consumed	9,937,553.90	13,277,450.31
Fuel Consumed	13,040,160.79	23,649,864.38
Dyes and Chemicals Consumed	29,661,313.61	52,567,868.93
Carpet Purchase	-	8,471,166.00
Stores and Spares	4,827,165.90	6,663,820.82
Freight and Cartage	2,074,365.00	3,406,342.00
Electricity Charges	11,685,808.00	12,522,644.00
Repair and Maintenance	1,185,591.77	1,058,905.22
Manufacturing Wages	5,264,254.00	6,374,649.22
Company's Contribution to PF and ESI	565,067.00	728,011.00
Other Manufacturing Expenses	1,382,053.50	1,393,767.27
	<u>215,331,770.73</u>	<u>290,403,766.10</u>

SCHEDULE - P

ADMINISTRATIVE OVERHEADS		
Salaries and Other Benefits	6,440,765.00	6,934,860.00
Company's Contribution to PF and ESI	62,316.00	54,654.00
Rent, Rates and Taxes	3,395,147.00	1,078,245.00
Insurance	205,346.00	196,962.00
Travelling and Conveyance	1,351,840.12	1,639,028.97
Vehicle Maintenance	559,090.00	315,474.00
Communication Expenditure	709,534.42	485,550.97
Office/Factory Maintenance	74,942.00	370,090.00
Legal and Professional Charges	216,713.00	543,870.00
Auditors' Remuneration	300,000.00	300,000.00
Other Expenses	2,120,083.58	2,999,009.06
	<u>15,435,777.12</u>	<u>14,917,744.00</u>

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT

PARTICULARS	Year Ended	Year Ended
	31-03-2010	31-03-2009
	Rupees	Rupees

D SCHEDULE - Q

SELLING OVERHEADS

Sales Promotion and Documentation Expenses	1,284,640.36	882,524.19
Commission	6,300,452.00	5,856,077.37
Clearing and Forwarding	13,073,797.00	16,207,754.00
Freight and Cartage	303,000.00	1,333,000.00
	<u>20,961,889.36</u>	<u>24,279,355.56</u>

SCHEDULE - R

FINANCIAL OVERHEADS

Bank Charges	1,170,061.84	1,043,597.14
Foreign Exchange Fluctuation	8,780,810.00	-
Loan Processing Charges	2,500.00	523,731.00
Interest on Vehicle Loans	384,281.24	197,826.55
Interest on Term Loan	2,652,803.00	4,087,776.00
Interest on Packing Credit Limit	2,996,815.41	3,795,982.00
Interest on Bills Negotiation	2,271,768.88	2,595,134.00
	<u>18,259,040.37</u>	<u>12,244,046.69</u>

SCHEDULE - S

EXTRA ORDINARY ITEMS

Prior Year Income	90,372.00	848,826.00
Prior Year Expenditure	(159,600.65)	(1,696,061.00)
Profit/(Loss) on Sale of Fixed Assets	416,803.00	(154,058.00)
Profit/(Loss) on sale of investment Unrealised	(357,687.19)	(290,125.00)
Profit/(Loss) on sale of investment (Equity) realised	173,402.47	-
Depreciation of Earlier Years Written Back	230,912.00	-
Profit/(Loss) on sale of investment Currency) realised	673,903.71	-
Profit/(Loss) on sale of investment realised	403,579.54	-
Income Tax Refund	372,650.00	-
	<u>1,844,334.88</u>	<u>(1,291,418.00)</u>

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULES - T

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. System of Accounting

- a) Financial statements are prepared under the historical cost convention in consonance and accordance with applicable accounting standards, accepted accounting principles and relevant presentational requirements of the Companies Act, 1956.
- b) Company follows accrual basis of accounting in accordance with the provisions of the Companies Act, 1956.
- c) The company has taken debonding and is no more covered under the status of 100% Export Oriented Unit. The company is now covered under Domestic Tariff Area. Therefore, now the company is not entitled to refund of Central Sales Tax (CST), CENVAT, and VAT paid/payable on purchases of inputs and input services. The unit has been debonded with effect from September 17, 2009 vide File No. 04-88/92-100%EOU/6378.
- d) Purchases are booked net of discounts and rebates.
- e) The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2. Fixed Assets

- a) Fixed assets are recorded at historical cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attribute cost of bringing the assets to its working condition for its intended use.
- b) Increase/decrease in liability towards creditors for capital goods due to change in foreign exchange rate is added to/reduced from the cost of asset.

3. Depreciation

- a) Depreciation on Fixed Assets has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- b) Depreciation on additions to fixed asset during the year has been provided on pro rata basis from the date of such addition. Depreciation of Plant and Machinery, Generator and Electrical Installation has been provided on triple shift basis.
- c) Depreciation on amount, added to/reduced from the cost of asset consequent to increase/decrease in liability towards creditors for capital goods, due to change in foreign exchange rate, is provided prospectively for the remaining life of the assets at the rates on which concerned asset has been depreciated so far.

4. Impairment of Assets

The Carrying amounts of assets are reviewed at each balance sheet if there is any indication of impairment based on internal/external factors. If any indications exist the recoverable value of assets is estimated. An Impairment loss is recognized whenever the carrying amount of an assets is exceeds its recoverable amount, the latter being greater of net selling price and value in use.

5. Inventories

- a) Inventory of raw material, packing material, fuels, consumables, dyes and chemicals, are valued on Lower of Cost and Net Realizable Value. Cost is calculated on First in First out (FIFO) basis of costing and is net of subsequently recoverable duties and taxes.
- b) Stock in progress is valued at Lower of Cost and Net Realizable Value. Costs include raw material cost, ascertained on the basis of average cost of purchases, and direct cost incurred up to the stage of production of Grey Yarn, processing and fabrication. Inventory lying for more than six months is valued at half of cost of production.

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

- c) Finished goods are valued at Lower of Cost and Net Realizable Value. Cost includes raw material cost, ascertained on the basis of average cost of purchases, and direct cost. Old inventory lying for more than six months is valued at half of cost of production. Inventory of rejected finished goods is valued at Net Realizable Value.
- d) Inventory of carpets and trading items is valued on lower of cost and net realizable value.
- e) Inventory of waste is valued on net realizable value.
- f) Stores and Spares are charged to expenses on purchase and no inventory is maintained.

6. Investments

Long Term investments are valued at cost. Provision for decrease in market value of the short term investment is created in the books as unrealized losses.

7. Retirement Benefits

Retirement benefits have been accounted for on accrual basis. Provision of Gratuity is created for the employees who became eligible after completing five years of services under the Payment of Gratuity Act, 1972. Provision of Gratuity has not been provided on the managerial remuneration.

8. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

9. Revenue Recognition

- a) Sale is recorded on FOB value exclusive of freight, insurance and excise duty recovered from the customers. Sale is recognized on the date of dispatch of goods from factory after verification by the Excise Authorities from the Bonded Warehouse, which is located within the premises of the factory.
- b) Export Sale is recorded at the foreign currency exchange rate prevailing on the date of the transaction.
- c) Sales are recorded on invoice value net of discounts and rebates.

10. Foreign Currency Transactions

- a) Expenses and Income in foreign exchange are accounted for at the rates prevailing on the date of transactions and exchange differences on settlement of transaction are taken to the Profit and Loss Account.
- b) Monetary assets and liabilities relating to foreign currency transaction pending for settlement have been restated on the foreign currency conversion rates prevailing on March 31, 2010 in accordance with Accounting Standard-11 on 'Accounting for the Effects of Changes in Foreign Exchange Rates' issued by the Institute of Chartered Accountants of India. Resultant loss/gain has been booked as exchange rate fluctuation in the Profit and Loss Account under 'Financial Charges'/'Other Income'.

11. Government Grants

Company has received Capital Subsidy of Rs. 3,000,000/- under Capital Investment Scheme of State Government of Haryana. This amount has been recognized in books on receipt as per conservative assumption of accounting. The grants received from the State Government are treated as being in nature of Promoters Contribution and have been directly credited to Shareholder's Fund.

12. Segment Reporting

The Company is engaged in production of Towels of various sizes and operations are confined only to the factory at Gurgaon. As such there is no other reportable segment as defined by Accounting Standard - 17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

13. Taxation

Deferred tax is recognized, on timing differences, being the difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

B. NOTES ON ACCOUNTS

1. Comparative figures for the previous years have been regrouped, recast and rearranged wherever necessary to conform to current year's classification. Figures in parenthesis represent previous financial year's figures unless stated otherwise. Amounts are mentioned in Rupees and quantity in Kilograms unless stated otherwise.
2. The company in its Board Meeting held on January 29, 2010 has forfeited 45,849 equity shares of shareholders, whom have not paid call money since 1992. The category of the shareholders whose shares have been forfeited are as under:

Category of Shareholder	Number of shareholders	Number of shares
Individual shareholders holding nominal share capital up to Rs. 1 Lacs	292	43,979
Bodies Corporate	4	1,870
Total	296	45,849

The amount of Rs. 233,969/- has been forfeited out of share capital and has been transferred to "Share Forfeited Account" in the Schedule-B of Reserve and Surplus. The company at present has not re-issued the forfeited shares.

Out of Rs. 411,393/- of 'Call in Arrears', Rs. 224,521/- pertaining to Shareholders whose shares have been forfeited, have been cancelled. Call in Arrears of Rs. 123,418/- is on account of reduction of capital during the year 2006-2007, which have been appropriated out of the Profits.

3. Excise demand of Rs. 10,000,000/- (2008-2009- Rs. 10,000,000/-) has been paid in protest to the Excise Department and is shown under 'Excise Demand Paid Under Protest' under 'Other Receivables' in Schedule-I of 'Loans and Advances'. Company has filed an appeal in Central Excise and Service Tax Appellate Tribunal against the order of Commission Adjudication - Excise Department.
4. An Appeal is pending with the Civil Court, Gurgaon for the arrears of Employees State Insurance Scheme amounting to Rs. 2,141,830/- (2008-2009 - Rs. 2,141,830/-) for the years 1997 to 2001 levied by Regional Office of Employees State Insurance Corporation. Provision for this amount has not been created. For filing the appeal, Rs. 563,706/- (2008-2009 - Rs. 563,706/-) has been deposited with the Corporation, which is shown as 'ESI Demand Paid Under Protest' under 'Other Receivables' in Schedule-I of 'Loans and Advances'.
5. Interest on late payment of Rs. 2,684,738/- (2008-2009 - Rs. 2,684,738/-) and Rs. 18,725/- (2008-2009 - Rs. 18,725/-) has been levied under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Act, 1948 respectively by the authorities for the years 2000-2005. Appeal has been filed against this demand in the Court. Out of this demand, Rs. 498,387/- has been deposited with the authorities under protest.
6. **Following are the contingent liabilities, which has not been provided for:**
 - a) Employees State Insurance Scheme dues of Rs. 2,141,830/- (2008-2009 - Rs. 2,141,830/-).
 - b) Excise Duty of Rs. 50,000,000/- out of which Rs. 10,000,000/- has been paid in protest for filing the appeal with the Tribunal (CEST AT).
 - c) Bank Guarantee of Rs. 60,000/- issued to Assistant Commissioner, Central Excise, Delhi-III
 - d) Bank Guarantee of Rs. 4,000,000/- issued to Assistant Commissioner, Central Excise, for deboning of the Unit.
 - e) Bank Guarantee of Rs. 7,50,000/- issued to Assistant Commissioner, Central Excise, for deboning of the Unit.

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

- f) One overseas supplier has filed legal suit for recovery of balance payment of JPY 11,340,000/- along with interest in Japan.
- g) Wages of Mr. Sukhdev of Rs. 38,000/- out of which Rs. 1,227.07 has been provided for. The case is pending in Labour Court, Gurgaon.
- h) Foreign Bills of Rs. 48,930,000/- discounted with Bank of Baroda

7. Secured Loan

- a) Outstanding balance amount of Term Loan is Rs. 21,198,741/- (2008-2009- Rs. 35,940,833/-). This term loan was availed from Bank of Baroda, International Business Branch, Sansad Marg, New Delhi for acquiring plant and machinery to increase production capacity, against security of immovable properties and assets, and personal guarantee of two Directors and relation of directors. Term loan is repayable in 48 equal monthly installments of Rs. 10.93 Lakh beginning from May 2008.
 - b) Packing Credit Limit of Rs. 49,982,665/- (2008-2009 Rs. 45,999,141/-) availed from Bank of Baroda, International Business Branch, Sansad Marg, New Delhi.
 - c) Foreign Bill Discounting Limit of Rs. 48,930,000/- (2008-2009 Rs. 38,453,000/-) availed from Bank of Baroda, International Business Branch, Sansad Marg, New Delhi
 - d) Vehicle loans are secured by hypothecation of respective vehicles. Amount due is Rs. 1,974,958/- (2008-2009- Rs. 5,045,635.76)
8. Rs. 545,232/- deposited with Central Excise Department towards duty payable on inputs on debonding of its 100% Export Oriented Unit Status.
9. Service tax receivable of Rs. 556,440/- has been written off being non receivable on debonding of its 100% Export Oriented Unit Status.
10. Company's contribution to Provident Fund and Employees State Insurance include amount contributed and borne by the Company towards share of contractors is Rs. Nil (2008-2009 - Rs. 12,581/-) and Rs. Nil (2008-2009 - Rs. 3,202/-) respectively.
11. The Profit and Loss Account includes Rs. 4,860,000/- (2008-2009 - Rs. 4,680,000/-) for remuneration to Managing Director and Whole Time Director. For the year ended March 31, 2010 no commission has been paid hence, computation of profit under section 349 of the Companies Act, 1956 is not given.
12. As per the information available with the Company, there are no creditors pertaining to Small Scale Industries, whom the Company owes a sum exceeding Rs. 1 Lakh to, which is outstanding for more than thirty days at the Balance Sheet date.
13. There are no amount due to the suppliers covered under the Micro, Small and Medium Act, 2006. This information takes into account only those suppliers who have responded to the inquiries made by the company for this purpose.
14. Creditors for goods and expense of Rs. 435,878.33 (2008-2009 - Rs. 9,792,655.16) have been written back being not payable.
15. Confirmation from Debtors, Creditors and advances to and from various parties were not received and their balances are shown as appearing in the accounts.
16. In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of the business at least equal to the amount at which they are stated in the balance sheet.

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

17. **Remuneration to Auditors:**

Description	2009-2010	2008-2009
Audit Fees	300,000	300,000
Service Tax	30,900	35,535
Total	330,900	335,535

18. **Investments (Classified as Short Term Investments):**

Particulars	Opening Stock		Closing Stock	
	Quantity	Amount	Quantity	Amount
Equity Shares				
GMR Infrastructure Limited	4,000	690,166	-	-
Jaiprakash Associates Limited	500	177,565	1,500	206,268
Power Grid Corporation Limited	1,000	107,708	-	-
NTPC Limited	-	-	4,175	921,789
DLF Limited	-	-	2,150	758,854
Bharti Airtel Limited	-	-	900	286,060
Religare Enterprises Limited	-	-	750	292,458
Hindustan Oil Exploration Co.Ltd.	-	-	1,000	267,257
Bharat Earth Movers Limited	-	-	200	229,691
Orbit Corporation Limited	-	-	700	201,192
PSL Limited	-	-	1,225	203,799
KS Oil Ltd	-	-	2,000	147,642
Madhucon Projects Limited	-	-	800	148,209
ICSA (India) Limited	-	-	1,000	136,631
Reliance Industries Limited	-	-	100	110,461
IVRCL Infrastructure and Projects Ltd.	-	-	600	117,833
Atul Limited	-	-	954	104,755
India Cement Ltd	-	-	500	67,065
Ansal Properties and Infrastructure Ltd.	-	-	764	55,684
Gujarat Fluorochemicals Limited	-	-	260	40,625
Jyoti Structures Limited	-	-	200	33,783
Future Capital Limited	-	-	150	34,246
NIIT Limited	-	-	400	27,847
Unitech Limited	-	-	254	21,229
Mutual Funds				
HDFC Cash Management	-	-	111,124	2,197,834

(Opening stocks of equity shares was also the opening stock of previous year. There was no opening and closing stock of mutual funds units during the previous year.)

ASHNOOR TEXTILE MILLS LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

19. **Statement of Realized Profit/(Loss) on sale of Investments**

Particulars	2009-2010	2008-2009
Equity Shares	173,578	-
Mutual Funds	32,520	-
Derivatives	197,482	-

20. **Value of Imports on CIF basis:**

Particulars	2009-2010	2008-2009
Stores and Spares	916,409	i,124,569

21. **Expenditure/Remittances in Foreign Currency:**

Particulars	2009-2010	2008-2009
Stores and Spares	683,883	1,124,569
Foreign Traveling	397,927	700,711
Advances for Spares	427, 813	140,260
Total	1,509,623	1,965,540

22. **Earnings in Foreign Currency (Realization Basis):**

Particulars	2009-2010	2008-2009
FOB value of Export of Terry Towels	255,012,727	224,558,005
Total	255,012,727	224,558,005

23. **Earning per Share:**

Particulars	2009-2010	2008-2009
Profit After Tax	9,862,039	10,868,957
Number of Equity Shares	8,364,438	8,410,287
Nominal Value of Each Equity Share	10.00	10.00
Basic Earning Per Share	1.18	1.29

24. **Related Party Disclosures:**

a) **Following are related parties:**

Key Management Personnel	Mr. Suneel Gupta (Managing Director)Mrs. Sangeeta Gupta (Whole time Director)
Significant Influence	Suneel Gupta & Sons, HUF

b) **Related party transactions:**

Transactions	Key Management Personnel		Significant Influence	
	2009-2010	2008-2009	2009-2010	2008-2009
Salary	48,60,000	46,80,000	-	-
Allotment of Shares	-	35,000,000	-	-
Purchase of goods	-	-	-	67,54,320

c) There is Nil balance (2008-2009 – Rs. Nil) as on March 31, 2010 of the related parties.

d) No balance has been written off and written back of the related parties during the year.

ASHNOOR TEXTILE MILLS LIMITED

25. **Particulars in respect of installed capacity and production:**

Class of goods	Unit	Installed Capacity		Production	
		2009-2010	2008-2009	2009-2010	2008-2009
Terry Towel	Tons	2,600	2,600	1,227	1,564

- a) Consequent to revised Government Guidelines, requirements as to licensed capacity are no longer applicable.
- b) The figure of installed capacity is as certified by the management and not verified by the auditors, being a technical matter and has been calculated on triple shift working.

26. **Value of imported and indigenous raw materials, stores and spare parts, components consumed and percentage of each to the total consumption:**

Particulars	2009-2010		2008-2009	
	Amount	Percentage	Amount	Percentage
Raw Materials:				
Imported	-	-	-	-
Indigenous	135,708,437.26	100.00%	160,289,276.95	100.00%
Stores and Spares:				
Imported	916,409.48	19.08%	1,124,569.00	17.02%
Indigenous	3,886,479.42	80.92%	5,484,668.49	82.98%

27. **Particulars of quantitative detail of consumption (including wastes) of principal items of raw materials and other significant material:**

Description	Unit	2009-2010		2008-2009	
		Quantity	Amount	Quantity	Amount
Cotton Yarn	Kg.	1,314,570	135,708,437	1,696,822	160,289,277
Dyes, Chemicals and Consumables	-	-	29,661,313	-	52,567,869
HSD	Liter	223,340	13,040,161	448,942	23,649,864
Pet Coke	Kg	1,183,100		1,902,932	
Packing Material	-	-	9,937,554	-	13,277,450
Stores and Spares	-	-	4,827,166	-	6,663,821

Due to multiple items and different varieties, quantity wise details of the Dyes, Chemicals and Consumables, Stores and Spares and Packing Material have not been mentioned

28. **Particulars in respect of opening stocks, production, purchase, sales and closing stocks of Terry Towels (Quantity in Kgs):**

Description	2009-2010		2008-2009	
	Quantity	Percentage	Quantity	Percentage
Finished Goods				
Opening Stock	168,430	26,728,470	139,908	19,812,668
Production	1,226,854	-	1,564,166	-
Turnover	1,362,855	285,272,445	1,535,644	324,149,248
Closing Stock	32,429	5,983,207	168,430	26,728,470
Stock in Progress				
Opening Stock	126,679	20,651,109	134,798	19,088,760
Input	1,314,570	135,708,437	1,696,822	160,289,277
Consumption	1,337,271	139,035,171	1,704,941	158,726,928
Closing Stock	103,978	17,324,375	126,679	20,651,109

ASHNOOR TEXTILE MILLS LIMITED

Notes:

- a) *Sizing, dyeing and waste/scrap losses are included in consumption of stocks in process.*
 b) *Openings and closing stocks, and production of Terry Towel are exclusive of following rejected and scrap material (Quantity in Kgs.):*

Description	2009-2010		2008-2009	
	Quantity	Amount	Quantity	Amount
Rejected Material				
Opening Stock	13,425	308,776	13,029	299,663
Production	4,520	-	396	-
Turnover	16,936	380,203	-	-
Closing Stock	1,009	22,703	13,425	308,776
Scrap				
Opening Stock	4,483	21,293	17,091	81,182
Production	29,619	-	47,586	-
Turnover	25,668	171,138	60,194	691,452
Closing Stock	8,434	40,060	4,483	21,293

- c) *Particulars in respect of opening stocks, purchase, sales and closing stocks of Carpet:*

Description	2009-2010		2008-2009	
	Quantity	Amount	Quantity	Amount
Finished Goods (Quantity in Square Meter)				
Opening Stock	7,460	2,743,724	73,676	36,438,353
Purchases	-	-	17,448	84,71,166
Turnover	685	323,747	83,664	36,965,823
Closing Stock	6,774	2,479,786	7,460	2,743,724

29. Deferred Tax Assets/(Liabilities):

Description	2009-2010	2008-2009
Difference of WDV of fixed assets between books and income tax	(3,83,97,331.35)	(3,72,66,724.35)
Unabsorbed Losses	2,34,099.00	21,60,564.83
Disallowances under section 43B	3,48,818.00	4,65,226.00
Net Temporary Difference	(3,78,14,414.35)	(3,46,40,933.52)
Effective Rate of Income Tax	33.99%	33.99%
Deferred Tax Assets (Liability)	(1,28,53,119.00)	(1,17,74,453.00)
Less: Charged in Previous Year	(1,17,74,453.00)	(47,43,149.00)
Net Deferred Tax Assets (Liability)	(10,78,666.00)	(70,31,304.00)

30. Balance Sheet Abstract and Company's General Business Profile (in terms of amendment of part IV of Schedule VI to the companies Act, 1956) is annexed herewith.

31. Schedules 'A' to 'T' form an integral part of the Balance Sheet and the Profit and Loss Account and have been duly authenticated.

As per our report of even date attached

For KSA & Co.

Chartered Accountants

For Ashnoor Textiles Mills Limited

KAMAL PIYUSH

Partner

Membership Number: 83399

Place: New Delhi

Date: June 8, 2010

Suneel Kumar Gupta

Managing Director

Sangeeta Gupta

Director

ASHNOOR TEXTILE MILLS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration Details :	
Registration No.	33384
Date of Incorporation	January 21, 1984
State Code	05
Balance Sheet Date	March 31, 2010
II. Capital Raised During The Year (Amount in Rs. Thousand)	
Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement	-
III. Position of Mobilization and Deployment of Funds:	
Total Liabilities	268,853.79
Total Assets	268,853.79
Source of Funds :	
Paid-up Capital	83,580.93
Reserves and Surplus	48,214.38
Secured Loans	124,205.36
Unsecured Loans	12,853.12
Application of Funds :	
Net Fixed Assets	136,415.18
Investments	8,111.21
Net Current Assets	124,327.40
Miscellaneous Expenditure	-
Accumulated Losses	-
IV. Performance of the Company (Amount in Rs. Thousand)	
Turnover	286,147.53
Total Expenditure	275,144.88
Profit/(Loss) Before Tax	11,002.65
Profit/(Loss) After Tax	9,862.04
Earnings Per Shares in Rupees	1.18
Dividend Rate %	-
V. Generic Names of Three Principal Products of the Company :	
Items Code No. (ITC Code)	63049251
Product Description	Terry Towel

For Ashnoor Textiles Mills Limited

Place: New Delhi
Date : June 08, 2010

Suneel Kumar Gupta
Managing Director

Sangeeta Gupta
Director

ASHNOOR TEXTILE MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010 (PURSUANT TO THE LISTING AGREEMENT WITH THE STOCK EXCHANGES)

Sr. No.	PARTICULARS	31-03-2010 Rupees	31-03-2009 Rupees
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	<i>Net Profit/(Loss) Before Tax and Extraordinary Items</i>	9,158,317.48	19,449,223.24
	<i>Adjustments for :</i>		
	Depreciation	13,389,707.00	11,949,757.00
	Other Income	30,992,209.07	36,623,442.16
	Interest Paid	18,259,040.37	12,244,046.69
	<i>Operating Profit Before Working Capital Changes</i>	9,814,855.78	7,019,584.77
	<i>Adjustments for:</i>		
	Trade and Other Receivables	(5,044,579.84)	34,739,361.20
	Inventories	15,510,201.33	29,108,747.98
	Trade Payments	(24,337,101.85)	(42,199,521.14)
	<i>Cash Generated from Operations</i>	(4,056,624.58)	28,668,172.81
	Interest Paid	18,259,040.37	12,244,046.69
	Income and Fringe Benefit Tax	61,947.00	257,544.00
	CASH FLOW BEFORE EXTRAORDINARY ITEMS	(22,377,611.95)	16,166,582.12
	Extraordinary Items	1,196,619.88	(1,137,360.00)
	<i>Net Cash from Operating Activities</i>	(21,180,992.07)	15,029,222.12
B.	CASH FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	4,786,330.00	42,077,523.00
	Sale of Fixed Assets	593,000.00	256,065.00
	Investments	7,135,772.24	-
	Interest and Other Income	30,992,209.07	36,623,442.16
	<i>Net Cash from Investing Activities</i>	19,663,106.83	(5,198,015.84)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Issue of Share Capital/Share Application	-	7,835,000.00
	Proceeds from Long Term Borrowings	(17,812,819.76)	(6,175,992.45)
	Proceeds from Other Borrowings	14,460,524.00	(4,202,325.00)
	Public Issue and Other Expenses	-	-
	Capital Subsidy Received	3,000,000.00	-
	<i>Net Cash from Financing Activities</i>	(352,295.76)	(2,543,317.45)
D.	NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,870,181.00)	7,287,888.83
	Cash and Cash Equivalents as at 01.04.2009	15,756,305.66	8,468,416.83
	Cash and Cash Equivalents as at 31.03.2010	13,886,124.66	15,756,305.66

For and on behalf of the Board

Place: New Delhi
Date: June 8, 2010

Suneel Kumar Gupta
Managing Director

Sangeeta Gupta
Director

AUDITORS' CERTIFICATE

We have examined the attached cash flow statement of Ashnoor Textiles Mills Limited for the year ended March 31, 2010 and March 31, 2009. The Statement has been prepared by the Company in accordance with the requirement of listing agreement Clause 32 with Stock Exchanges and is based on and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

For KSA & Co.

Chartered Accountants
KAMAL PIYUSH

Partner

Membership Number: 83399

Place: New Delhi

Date: June 8, 2010

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Behrampur Road, Village Khandsa

District Gurgaon, Haryana - 122 001