

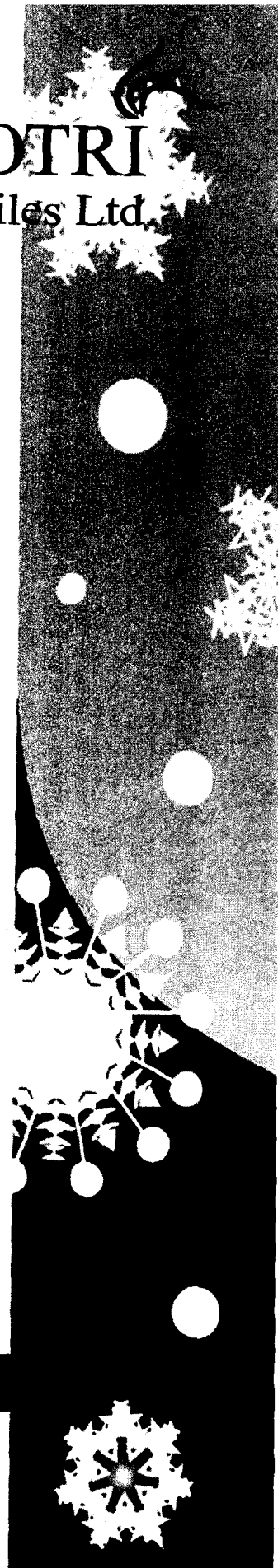
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SHIRTS & TROUSERS
CRAFTED FOR COMFORT

GANGOTRI
Textiles Ltd.



21st

Annual Report 2009 - 2010



BOARD OF DIRECTORS

Sri. MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

Sri. MOHANLAL TIBREWAL
EXECUTIVE DIRECTOR

Sri. ULLAS R SANGHVI
DIRECTOR

Sri. J.B.SIVAKUMAR
NOMINEE DIRECTOR

Sri. R.P. JOSHUA
NOMINEE DIRECTOR

COMPANY SECRETARY
Sri. MAXIM JOSEPH

AUDITORS

M/S THAKKER & SANGHANI
CHARTERED ACCOUNTANTS
39, EAST PONNURANGAM ROAD
R.S. PURAM
COIMBATORE - 641 002

BANKERS

STATE BANK OF INDIA
STATE BANK OF HYDERABAD
STATE BANK OF INDORE
STATE BANK OF MYSORE
STATE BANK OF TRAVANCORE
SYNDICATE BANK
UNITED BANK OF INDIA
CANARA BANK
CORPORATION BANK
IDBI BANK LTD

REGISTERED OFFICE
OLD NO 42, NEW NO 35
ROBERTSON ROAD
R.S.PURAM
COIMBATORE - 641 002

**REGISTRAR AND SHARE
TRANSFER AGENTS**

M/S. S.K.D.C CONSULTANTS LTD
KANAPATHY TOWERS, 3rd FLOOR,
1391/A1, SATHY ROAD,
GANAPATHY,
COIMBATORE - 641 006

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty First Annual General Meeting of the Company will be held on **Wednesday, the 8th day of September, 2010 at 3.30 PM** at the Conference Hall, Shree Coimbatore Gujarati Samaj, 662, Mettupalayam Road, Post Box No 1164, R.S. Puram, Coimbatore - 641 002 to transact the following business :

A G E N D A

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and the Auditor's Report thereon.
2. To appoint a Director in the place of Sri Ullas R Sanghvi, a Director who retires by rotation and being eligible seeks re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. **To consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution.**

RESOLVED that in accordance with the provisions of Section 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time read with Schedule XIII of the Companies Act, 1956 and such other approvals as may be necessary, consent of the Company be and is hereby accorded for the payment of remuneration to Sri. Manoj Kumar Tibrewal, Managing Director of the Company for the period from 1-4-2010 to 31-3-2012 as recommended by the Remuneration Committee as detailed hereunder.

REMUNERATION

- a) 5 % of the Net Profits of the Company computed under the relevant provisions of the Companies Act, 1956.
- b) Perquisites : The Managing Director shall not be entitled to any perquisites over and above the salary stated above.

Provisions of Company's car with driver for the use of Company's business and telephone facility at his residence will not be considered as perquisites. However personal long distance calls shall be billed by the company to the Managing Director.

Provided that in case of absence or inadequacy of profit in any one year, the Managing Director shall be paid remuneration equivalent to the ceiling amount applicable to the company in terms of paragraph 1(A) of Section II of Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time.

The Managing Director during his tenure as such Managing Director shall not be liable to retire by rotation.

5. **To consider and if thought fit, to pass, with or without modification the following resolution as a Special Resolution in terms of section 314 (1) and other related provision of the Companies Act, 1956.**

RESOLVED that in accordance with the provisions of Section 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time Mr. Mayank Tibrewal, son of Sri. Manoj Kumar Tibrewal, Managing Director be and is hereby appointed as Manager – Operation with effect from 1-4-2010 on a revised remuneration of Rs 40,000/- per month (Rupees forty thousand only) subject to approval of the Shareholders and the Central Government and any such other approvals as may be necessary for the time being in force and that he may be entitled to all other allowances being provided to other Employees of the Company.

6. **To consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution.**

RESOLVED that pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary, the consent of the company be and is hereby accorded to the Board of Directors of the company to sell, lease, transfer and /or otherwise dispose off the Company's undertaking comprising of the Weaving & Processing Unit located at SIPCOT Industrial Growth Center, Perundurai, Erode District (Unit 8) and Ring Spinning Units situated at Pushpatur Village, Udamalpet Taluk, Dindigul District (Unit 4 and Unit 9) and/or any other unit that may be found not viable or any part of its Assets and Liabilities as a going concern on such terms & conditions and in such form and in such manner as the Board of Directors of the Company may decide in the interest of the company with full power and authority to the Board of Directors to do all such acts and things as may be necessary to implement this resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Subject No 4 of the Agenda

Sri. Manoj Kumar Tibrewal was appointed as Managing Director of the Company for a period of five years from 1-4-2007 to 31-3-2012 and his appointment was approved by the Shareholders in the 17th Annual General Meeting held on 30-9-2006. At that time the Remuneration Committee had recommended payment of remuneration to the Managing Director for a period of three years from 1-4-2007 to 31-3-2010 as set out Resolution No 4 of the Agenda. In order to pay remuneration to the Managing Director for the remaining period of two years from 1-4-2010 to 31-3-2012 the approval of the Shareholders is necessary. The Board of Directors have also in their meeting held on 29-1-2010 decided to pay the same remuneration to the Managing Director for the period from 1-4-2010 to 31-3-2012 and have recommended the same to the Remuneration Committee as required by the amended Schedule XIII of the Companies Act, 1956. The Remuneration Committee, after considering the various aspects, have recommended the remuneration as stated in the body of the Resolution No 4.

The Board is therefore placing the resolution before you for the payment of remuneration to Sri. Manoj Kumar Tibrewal, Managing Director for the period from 1-4-2010 to 31-3-2012.

Minimum Remuneration

The resolution also provides for the payment of minimum remuneration to the Managing Director in case of absence or inadequacy of Profit in any one year as stipulated as the ceiling amount prescribed in terms of Paragraph 1(A) of Section II of Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time.

Sri. Manoj Kumar Tibrewal may be deemed to be interested or concerned in the resolution to the extent of benefits accruing to him by way of remuneration and perquisites and Sri. Mohanlal Tibrewal being the elder brother of Sri. Manoj Kumar Tibrewal may also be deemed to be interested or concerned in the resolution

Subject No 5 of the Agenda

Mr. Mayank Tibrewal was appointed as a Management Trainee on a remuneration of Rs 15,000 /- per month with effect from 1-10-2005. His appointment was approved by the Shareholders in the 16th Annual General Meeting held on 24-9-2005. As per the terms of appointment, he shall not be entitled to any other allowances or benefits or amenities or facilities over and above the aforesaid sum of Rs 15,000/- and it is open to the Board of Directors to review the remuneration at the end of one year and to re-fix the remuneration subject to such approvals as may be necessary based on the quantum of remuneration.

Section 314 (1) of the Companies Act provides that a relative of a Director can be appointed with a remuneration of less than Rs 20,000/- per month with the approval of the Shareholders in General Body Meeting by means of a Special Resolution. If the remuneration payable exceeds Rs 20,000/- per month, Central Government's approval is required to be obtained..

Considering his involvement in the day-to-day affairs of the Company, the Board of Directors at their meeting held on 29-1-2010 have decided to re-fix the remuneration payable to Mr. Mayank Tibrewal at Rs 40,000/- per month (Rupees forty thousand only) with effect from 1-4-2010 subject to deduction of contribution to Provident Fund and other Statutory contribution and have recommended the same to the Remuneration Committee as required by the amended Schedule XIII of the Companies Act, 1956. The Remuneration Committee, after considering the various aspects have recommended the remuneration as stated in the body of the resolution No 5.

None of the Directors of the Company except the Managing Director is concerned or interested in the subject matter of the Resolution

Subject No 6 of the Agenda

In view of the prevailing adverse condition in the Industry, the Company had opted for Corporate Debt Restructuring Scheme. The Corporate Debt Restructuring Empowered Group has approved the Corporate Debt Restructuring Scheme on 26-12-2008 with cut-off date being 1-7-2008. and the same has been communicated to the Company by the Corporate Debt Restructuring Cell. According to the approved scheme, the outstanding loan has been segregated into 1) Debt Component amounting to Rs 299.81 crores and 2) Instrument component of Rs 75.00 crores, out of which Rs 5.00 crores to be converted into Equity at a price to be worked out as per the SEBI Guideline and Rs 70.00 crores to be converted in to 6.5 % Redeemable Cumulative Preferences Shares of Rs 100 /- each towards conversion of loans. Besides, an amount of Rs 7.20 crores brought in to company by Promoters / Associates and kept as un-secured loan to be converted in to Equity at a price to be worked out as per SEBI Guidelines.

The repayment schedule has fallen due with effect from 1-4-2010. The scenario in the Textile Industry though improved but is not sufficient enough to meet all financial commitment and the industry has been very badly affected due to continuous recession. In fact the Textile Industry is passing through one of its difficult times for the following reasons.

1. Increase in Raw Material price to the extent of 50%
2. Scheduled and Un-scheduled power cuts to the extent of 50% and Peak hour restriction on the supply.
3. Over competition in sale of Readymade Garments and Fabrics.
4. Increase in Interest Cost by 100% (net off subsidy).
5. Delay in receiving Interest Subsidy.

In view of the reasons stated above, the company is not in a position to repay the loan / interest on due dates. The financial position of the company is slowly improving as the company is taking all its efforts to improve its performance. The Lenders are insisting to sell one or more units of the company for the repayment of the loan. It is therefore thought fit to sell, lease, transfer or dispose of one or more units and repay the loans.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors shall not without the consent of the company in General Meeting sell, lease, transfer or dispose of the whole or substantially the whole of the undertakings of the company. Therefore the above Ordinary resolution is brought before you for your approval to enable the company to implement the same as and when such situation arises.

None of the Directors is interested or concerned in the subject matter of the resolution.

NOTE :

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member.

2) The Register of Members and Share Transfer Books of the Company will remain closed from 1-9-2010 to 8-9-2010 (both days inclusive)

3) Proxies, in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

4) Members are requested to note change of address of the Registrar and Share Transfer Agents of the Company viz M/s SKDC Consultants Ltd with effect from 1-4-2010 as shown below.

New Address with effect from 1-4-2010

M/s. SKDC Consultants Limited
Kanapathy Towers, 3rd Floor
1391 / A1, Sathy Road, Ganapathy,
Coimbatore - 641 006
Phone No : 0422 – 6549995, 2539835, 2539836
Fax No : 0422 – 2539837

5) During the Financial Year 2009-10, unclaimed dividend amounting to Rs 93,524/- declared for the Financial Year 2001-02 has been transferred to Investors' Education & Protection Fund. Shareholders who have not encashed the dividend warrants for the year 2002-03,2003-04,2004-05,are requested to write to the company for encashment.

6) The particulars of Directors retiring by rotation eligible for re-appointment and seeking re-appointment pursuant to Clause 49 of the Listing Agreement is furnished hereunder.

Name of the Director	Sri. Ullas R Sanghvi
Date of Appointment	7-5-2009
Expertise in specific functional area	He is a Chartered Accountant and has got vast knowledge in Accounts. He has also got vast knowledge in Software Development.
List of other Directorship held	NIL
Chairman / Member of Committees of Other companies in which he is a Director	NIL

By order of the Board
For **GANGOTRI TEXTILES LIMITED**

Coimbatore
19.5.2010

MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

DIRECTORS' REPORT TO SHAREHOLDERS

Ladies and Gentlemen,

Your Directors present the Twenty First Annual Report of the Company along with the audited statement of accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

Rupees in Lakhs

PARTICULARS	31.03.2010	31.03.2009
Sales Turnover	14,294.03	12,027.44
Profit/ (loss) before interest, depreciation and tax	992.29	(1,395.80)
Less: Interest	2,760.18	3,817.69
Depreciation	1,801.17	1,798.58
Net loss for the year	(3,569.06)	(7,012.07)
Add: Loss brought forward from previous year	(3,641.47)	---
Taxes of prior years	---	0.70
Prior year adjustment - income	---	0.89
Investment Fluctuation Reserve reversed	0.23	---
Less: Taxes of prior years	(0.33)	---
Investment fluctuation reserve	---	(0.23)
Profit / Loss available for Appropriation	(7,210.63)	(7,010.70)
APPROPRIATIONS:		
Provision for Taxation Wealth Tax	0.50	0.50
Provision for Taxation - FBT	---	12.00
Provision for Deferred Tax withdrawn	(326.67)	(2,090.96)
Deficit carried over to Balance Sheet	(6,884.46)	(4,932.24)
	(7,210.63)	(7,010.70)

PERFORMANCE

The performance during the year under review, the conditions prevailing in the industry in general, and the troubles and turmoil that the Company has been undergoing for the past 2 to 3 years are all matters covered by Management Discussion and Analysis which forms part of the Board Report. However, your Directors wish to state that while the year under review was better compared to the situation obtaining in 2008-09, still the level of working and the level of profitability is not sufficient not only to put the company out of red but also to service the existing loss. Your Directors are exploring the possibilities of restructuring loans in consultation with the Bankers and other lenders.

DIVIDEND

In view of the huge loss, your Directors are not in a position to recommend any dividend whatsoever.

PROJECT

The project which the Company undertook has been completed excepting Ring Spinning Unit where some items of machinery are yet to be purchased and installed. The

whole project has been delayed not only due to suppliers' equipments but also because of absolute dearth of funds which the Company is experiencing as a result whereof even if the suppliers were in a position to deliver, the Company was forced to defer the deliveries.

PROSPECTS

The prospects of the Spinning Industry appear to have improved but the improvement is yet to be seen in real terms in so far as the cloth market is concerned. The cloth prices which were good for about three months, in the year 2010, have suddenly dropped and at the moment, they are not remunerative.

With these circumstances prevailing in the industry in general and the financial constraints of the Company is facing, in particular, the Company can come out of the present difficult situation only if a major restructuring is done by bringing down the liabilities to sustainable level. For this, hiving off of some of the units may be inevitable and as and when any decision is taken, the shareholders will be approached for their permission as required by law.

FINANCE

The Company has been undergoing a very difficult period in view of the huge losses that it has incurred and at the same time it has also incurred capital expenditure. Because the Company was not able to service the debts even to the extent of interest, the first CDR Scheme was put in place and it was expected that by this time situation would have improved and the Company will be able to meet its commitments. However, such a situation is not to be. The Company has been having discussions with the bankers for second CDR Scheme or modification of the terms contained in the first CDR Scheme itself. At this point in time, the CDR Empowered Group has agreed for deferment of payment of all principal for a period of 18 months within which period the Company is expected to hive off of some of its units which will fetch monies in, in order to reduce the debt burden to sustainable levels. Every effort is being made towards this end and as has been stated, as and when any final decision is taken, which cannot be taken without the consultation and approval of the banks, the shareholders will also be approached for sanction of such hive off.

DEPOSITS

There are no fixed deposits outstanding as on 31st March 2010 remain unclaimed or unpaid. The Company has complied with all the requirements of Section 58A of the Companies Act, 1956 and all the rules thereunder in so far as the deposits which were in existence during the earlier previous year is concerned.

LISTING

The Company's shares are listed both in National Stock Exchange of India Limited and the Bombay Stock Exchange Limited. The Company has paid listing fee to both the Exchanges. The Company has already applied for de-listing of its Equity Shares in 1) The Calcutta Stock Exchange Association Ltd and 2) Coimbatore Stock Exchange Ltd and the order for de-listing is still awaited from them.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of the requirement of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:

- i. that in the preparation of Annual Accounts, the applicable Accounting Standards have been followed;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year (namely March 31, 2010) and of the profit of the Company for that year;

- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- iv. that the Directors have prepared the Annual Accounts on a going concern basis.

DIRECTORS

Mr.A.S.Ravichandran, who was appointed as a Director has resigned during the year. Mr. R.P. Joshua , the Nominee Director of the Lending Banks has been appointed as Nominee Director with effect from 30-10-2009. Mr. Ullas R Sanghvi is retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

AUDITORS

M/s. Thakker & Sanghani, Chartered Accountants, retire at the ensuing Annual General Meeting and they have given necessary Certificate in terms of Section 224 (1) (b) by the Companies Act, 1956. They are entitled to reappointment.

GENERAL

There are no employees falling under Section 217 (2A) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors wish to thank and record their appreciation to all the Bankers of the Company for their valuable financial support extended to the Company as also for the valuable advice and guidance given by them for putting the Corporate Debt Restructuring Scheme in place. But for their co-operation this would not have been possible. Your Directors also wish to thank the suppliers and all others who have extended their valuable support during times of turbulence. Last but not the least, your Directors express their heartfelt thanks for the employees at all levels who have stood by the Company in these testing times.

By order of the Board
For **GANGOTRI TEXTILES LIMITED**

MANOJ KUMAR TIBREWAL
Managing Director

Coimbatore
19-05-2010

MOHANLAL TIBREWAL
Executive Director

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors)

Rules, 1988

FORM A

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	CURRENT YEAR	PREVIOUS YEAR
	2009 - 2010	2008 - 2009
A) Power and Fuel Consumption		
1 Electricity		
a) Purchased Unit (KWH)	3,24,94,980	2,95,38,578
Total Amount (in Lakhs)	1,444.97	1,361.19
Rate / Unit (Rs.)	4.45	4.61
b) Own Generation		
Through Diesel Generator- Cotton Yarn		
Unit (KWH)	13,85,809	3,51,922
Units / Ltr of Diesel of Oil	3.57	3.19
Cost / Unit	9.77	11.41
c) Own Generation		
Through Diesel Generator- Fabrics		
Unit(KWH)	21,92,209	6,51,772
Units/Ltr of Diesel of Oil	3.77	3.64
Cost/Unit	8.85	9.72
d) Own Generation		
Through Diesel Generator (Garments)		
Units	24,712	15,158
Units/Ltr of Diesel	2.84	2.89
Cost/Unit	12.25	10.89
e) Own Generation Thro Windmill		
Units	2,17,33,589	1,76,78,098
Cost/Unit	3.36	4.18
2 Fuel Consumption		
b) Furnance Oil (Garments)		
Quantity (Kilo Litre)	80	70
Total Cost (in Lakhs)	20.11	21.39
Average Rate	25.14	30.57
B) Consumption per unit of production standards (if any)		
Products- Cotton Yarn (Kgs)	89,94,051	92,27,157
Consumption (units)	2.33	1.96
Products- Garments (Kgs)	2,06,741	1,81,304
Consumption (units)	0.96	0.96
Products- Fabrics (Mtrs)	88,16,100	70,37,507
Consumption (units)	1.69	1.75

**FORM B
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION**

Research and Development (R & D)

- I. No research and development is pursued in-house. However, Research and Development is carried out by Southern India Textile Research Association (SITRA), of which company is a member. Suitable measures suggested by SITRA are adopted.
- II. Benefits derived as a result of the above are,
 - (a) Improvement in production efficiency and product quality
 - (b) Higher market shares for company's product
 - (c) Effective realisation of indigenous technology
- III. Existing arrangements being comfortable for the company, same may be continued for future operations as well.
- IV. There is no expenditure on R & D.

Technology absorption, adoption and innovation

- (a) There is no technology development at spinning sector. Spinning technology developed by textile machinery sector alone adopted at the spinning sector.
- (b) Spinning technology developed by textile machinery sector and absorbed and adopted by the company has the positive effect on product improvement, cost reduction, product development, and import substitution.
- (c) Indigenous technology alone used.

Foreign Exchange Earnings and Outgo

Rs. In lakh

Foreign Exchange Earnings and Outgo	Current Year 2009-2010	Previous Year 2008-2009
1 Foreign exchange earned through Direct Export	117.43	-
2 Expenditure in Foreign Currency	-	-
a. On Business Travel	-	-
b. On Capital Goods	25.62	-
c. On Stores & Spares	166.27	11.64
d. On Raw materials	-	-

For and on behalf of the Board of

GANGOTRI TEXTILES LIMITED

MANOJ KUMAR TIBREWAL
Managing Director

Coimbatore
19.5.2010

MOHANLAL TIBREWAL
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is engaged in Textiles starting from recycling of waste, Open End Spinning, Ring Spinning, Weaving Processing and Garments. The Company's garments are being continued to be marketed under the brand name of 'Tibre', 'Fugo' and 'E Gen'.

In so far as the structure of the industry is concerned, all types of participants excepting at micro level are present. However, as is the case, in many industries in India, the unorganized sector also is a major participant. This sector consists of units of various sizes.

OPPORTUNITIES AND THREATS

The Company undertook major projects for establishment of a state of art the weaving and processing unit at Perundurai, establishment of a new state of art Ring Spinning unit at Pushpathur and establishment of 3 Wind Mills. Unfortunately this project by hindsight has become the undoing of the Company. The weaving and processing unit at Perundurai is almost completed and is in commercial production. The cloth that is being made here has been well accepted by the market and is being well received. However, it is not breaking even in view of the high investments involved therein. The original plan was to make it a viable one. But, the time over run and the higher rate of interest on borrowed funds have contributed for a steep escalation in the cost of the project. Added to that,

while in the recent over a past six months or more, the market for Ring Spun Yarn has improved considerably both movement-wise and price-wise, the same is not the case in regard to cloth. The margins are also not that very comfortable taking into consideration the fact that the cost of Dyes and Chemicals which are being used in a big way in processing have gone up steeply as the result of the international rise in crude prices.

The original three Open End Spinning units are doing normal. However, the cotton waste market has become unpredictable and the desired quantities do not come on time and if this situation continues, for certain counts the prices of yarn will become economical. In order to make the units more profitable it would be necessary for the Company to spend substantial further amounts on capital expenditure in the form of balancing machinery. However, this does not seem to be possible and this aspect is discussed under the captioned head "finance".

The third division of which great expectations were placed is the Garmenting Division. Here, at the retail outlet level we have to face stiff competition with highly popular brands like; Louis Phillippe, Allen Solly, Van Heusen, Peter England, Park Avenue and the like. To compete among these brands by itself is an uphill task. However all efforts are being made to tap retailers who have locations at vantage points to see that we achieve better sales turnover of the garments made by the Company.

FINANCIAL PERFORMANCE AND ANALYSIS

Rs. in Lakhs

PARTICULARS	2009 - 2010	2008 - 2009	Change Increase (+) Decrease(-)	%
Turnover	14,294	12,027	2,267	19
Other Income	195	1,008	-813	-81
Gross Revenue	14,489	13,035	1,454	11
PBIDT	992	-1,396	2,388	171
Interest	2,760	3,818	-1,058	-28
PBDT	-1,768	-5,214	3,446	66
Depreciation	1,801	1,799	2	0.0 1
Net Profit	-3,569	-7,013	-3,444	49
Provision for Taxation	0.50	12.5	-12	96
Deferred Tax	-327	-2,091	1,764	84
Distribution of Profits	-	-		

SEGMENTWISE OR PRODUCTWISE PERFORMANCE

As has been stated already the Company continues to manufacture yarn, cloth and garments. The situation prevailing in all these products have been fully explained and the Company continues to work at levels which are below the break even point. It is not predictable as to when the industry

will return to the robust condition. We can only hope that the efforts which have been taken and with the possibility of global economic crisis getting solved, the position of the industry will also improve.

YARN

In so far as the Open End Spinning is concerned, it has been already stated that the Raw Material namely cotton waste has proved to be very costly and is also not available in the right quantity at the right time. As a result there has been a scarcity and we could make use of our production facilities only partially for short spells of time.

In respect of ring spun yarn which is being carried out at Pushpathur the cotton prices have started going up, the shortage of labour is very acute. The market of ring spun yarn in the first half of the year was lagging behind and we were unable to clear our stock. We were able to overcome stock piling because of our captive consumption. In the second half of the year, yarn prices have improved considerably and this unit has contributed in a positive manner.

A common factor which has been faced by the entire industry, in Tamil Nadu and particularly the power intensive Textile Industry is the power problem. This problem is being faced in a manner which it has not experienced earlier. There is a regular power cut. In addition to that, there is total ban of using power during peak hours and any excess consumption is visited with penal rates. Of-course recently the Tamil Nadu Electricity Board has come out with a proposal whereby even during peak hour we are permitted to use power provided we pay almost double the normal rates. At these rates whether operating the unit will work out viable or not, remains to be seen.

In this context the five wind mills that we have are helping substantially and because of this, the position of the Company on the power front is fairly under control.

FABRIC

The unit at Perundurai is equipped with the state of art machines. The fabric that is produced is of very high quality and therefore there is a total acceptance in the market. Still originally we were making only fabric intended for Trousers with our own brand 'Tibre'. Since the demand for that was not picking up, we have now switched over to the production of shirting fabric which is well accepted. In order to make all the machines produce to the optimum capacity we need to add certain balancing equipments which involve capital expenditure.

GARMENTS

Though it was expected that the Company's garments sales will improve substantially from a turn over of Rs.11.80 crores in 2008-09, it has further come down to Rs. 11.05 crores. In fact even Rs. 11.80 crores achieved during the year 2008-09 was substantially less than Rs.16.85 crores achieved in 2007-08. New strategy is being evolved without involving any heavy expenditure in order to achieve better sales turn over of the garments. In garments unless substantial expenditure is laid out on advertisement and branding, it would be very difficult to achieve results. This is going to be slow and healthy process.

WIND ENERGY

The wind energy generators are producing electricity as projected, and the entire production of energy is being consumed by the Company for its own requirements.

OUTLOOK

The outlook of the industry appears to be better compared to limit. This does not seem to be possible because even there is going to be an operating profit, it may not be sufficient to meet even the interest cost. While it is true that some respite has been given by the banks for the payment of interest, still the overall liability continues to remain and on the present turn over base the liability is definitely not sustainable.

FINANCE

As has been stated the overall liabilities ought to be brought down to sustainable limit. It is not only the Company but also the bankers who are lenders are of this view and efforts are on for disposal of atleast two of the units which will bring sufficient funds to bring the liabilities down to sustainable levels.

The banks as well as the Company are making very serious efforts in this regard. If necessary, there may be compelling necessity to dispose off even the recently established Weaving unit which has the state of art machinery. There does not appear to be any other viable alternate.

RISKS AND CONCERNS

The risks that the industry is facing are -

- a. non-availability of quality raw material at affordable and viable prices.
- b. non-availability of capable and adequate labour
- c. erratic power situation which affects both the quantity and quality of the production.
- d. the ever ballooning interest cost
- e. fierce competition both from domestic manufacturers as well as the international brands which are now freely available in India.

Not only your Company but also the whole industry is facing these problems with the added problem in the case of our Company with regard to finance.

While in so far as setting right the financial situation, the bankers are of the view that it can be achieved only by disposing of some units. In so far as the other risks and threats are concerned the industry as a whole does not have any clue whatever.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

In order to ensure the proper implementation of the CDR Scheme, banks have appointed concurrent auditors who are at present available always and no transaction goes through without their prior approval. That apart the Company has an adequate internal control procedures commensurate with the size and the nature of business. The Company has appointed, in addition to the concurrent auditors appointed by the banks, an internal auditor also, and he audits the adequacy and the effectiveness of internal controls prescribed by the management and wherever necessary suggests improvements. The audit committee of the Board of Directors periodically review the audit plans, internal audit reports, adequacy of internal controls and risks management.

HUMAN RESOURCES

As explained the industry is facing acute shortage of adequate skilled man power. We continue to recruit people and train them. This effort is a continuing one.

INDUSTRIAL RELATIONS

Industrial Relations continue to be harmonious in all the units.

CAUTIONARY STATEMENT

Statements describing Company's projections, estimates, expectations etc. may be forward looking statements. In the context of applicable securities Laws and Regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic market and changes in the Government Regulations, Tax Laws and other statutes and other incidental factors.

CORPORATE GOVERNANCE REPORT

Companies policies on the Corporate Governance under the due compliance report on specific areas, where applicable for the year 2009-2010 are given hereunder, classified under broad heads.

1. Company's Philosophy on Corporate Governance

Achievement of long term corporate goals and enhancement of shareholder value are the objective. Gangotri believes that one essential factor for achieving the said objective is good Corporate Governance. The Gangotri's management and the employees have the common objective of manufacturing and marketing the Company's products which will create value, which can be sustained over a long term for all viz shareholders, employees, customers, lenders and the Government. Gangotri puts in every effort towards compliance of all regulatory requirements and ensures highest standards of ethical conduct are practiced throughout the organisation.

a) Composition of the Board

Name of the Director	Category	No. of other Directorship Held	No.of. other Board Committees of which he is a member	No.of. other Board Committees of which he is a Chairman
Sri. Manoj Kumar Tibrewal	Managing Director – Executive	NIL	NIL	NIL
Sri. Mohanlal Tibrewal	Executive Director – Executive	NIL	NIL	NIL
Sri. Ullas R.Sanghvi	Independent Non-Executive	NIL	NIL	NIL
Sri.J.B.Sivakumar	Independent Non-Executive	NIL	NIL	NIL
Sri. R.P. Joshua	Independent Non-Executive	1	NIL	NIL

b) Details of Sitting Fees, remuneration etc paid to Directors

Name of the Director	Remuneration paid During the year 2009 - 10 (Rs)	Sitting Fees for Attending meetings of the Board and / or Committee thereof (Rs)
Sri. Manoj Kumar Tibrewal	21,00,000	Nil
Sri. Mohanlal Tibrewal	21,00,000	Nil
Sri. A.S. Ravichandran	NIL	35,000
Sri. Ullas R. Sanghvi	NIL	50,000
Sri. J.B.Sivakumar	NIL	* 35,000
Sri. R.P. Joshua	NIL	15,000

* Paid to IDBI.

c) Number of Board Meetings held and attended by the Directors

i) Meetings of the Board of Directors were held during the year ended 31-3-2010 on the following dates.

- 1) 27th June, 2009 2) 31st July, 2009 3) 30th October, 2009 4) 29th January, 2010

- ii. Attendance recorded of each of the Directors at the Board Meeting during the year ended 31st March, 2010 as also of the Annual General Meeting is as under.

Name of the Director	No of Board Meetings Attended	Attendance at the Last AGM
Sri. Manoj Kumar Tibrewal	4	Yes
Sri. Mohanlal Tibrewal	4	Yes
Sri. A.S. Ravichandran	3	Yes
Sri. Ullas R. Sanghvi	4	No
Sri. J.B.Sivakumar	3	No
Sri. R.P. Joshua	2	No

3. Audit Committee

The Audit Committee of the Company has been reconstituted with the following Non-Executive Directors as its members with effect from 30-10-2009 consequent to the resignation of the Director Sri. A.S.Ravichndran.

- Sri. Ullas R Sanghvi Chairman (Independent)
- Sri. J.B.Sivakumar Member (Independent)
- Sri. R.P.Joshua Member (Independent)

The Audit Committee meetings were held on the following dates:

- 1) 27th June, 2009
- 2) 31st July, 2009
- 3) 30th October, 2009
- 4) 29th January, 2010

- ii. Attendance of the Audit Committee Meeting held during the financial year ended 31st March, 2010.

Name of the Member	No of Meetings Attended
Sri.Ullas R Sanghvi	4
Sri.A.S. Ravichndran	3
Sri.J.B.Sivakumar	3
Sri. R.P. Joshua	1

The role and terms of the Audit Committee covers the various matters specified in Clause 49 of the Listing Agreement as also what is contained in section 292 A of the Companies Act, 1956.

4. Remuneration Committee

The Remuneration Committee of the Company has been reconstituted with the following Non-Executive Directors as its members with effect from 30-10-2009 consequent to the resignation of the Director Sri. A.S.Ravichndran

- Sri. Ullas R Sanghvi Chairman (Independent)
- Sri. J.B.Sivakumar Member (Independent)
- Sri. R.P.Joshua Member (Independent)

5. Investors Grievance Committee

a) The Investors' Grievance Committee of the Company has been reconstituted with the following Directors as its members with effect from 30-10-2009 consequent to the resignation of the Director Sri.A.S.Ravichndran

- 1) Sri. Manoj Kumar Tibrewal - Chairman
- 2) Sri. Mohanlal Tibrewal - Member
- 3) Sri. Ullas R Sanghvi - Member

During the financial year ended 31st March, 2010, the company has received only one complaint from the Investor's and as on 31st March, 2010 no complaints / queries were there pending reply. The share transfer applications are normally completed within a period of 15 days.

b) Details of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting fixed on 8.9.2010 are given hereunder.

Out of the composition of five Directors, Sri. Manoj Kumar Tibrewal, Managing Director, Sri. Mohanlal Tibrewal, Executive Director, Sri. J .B. Sivakumar , Nominnee Director of IDBI and Sri. R.P Joshua, Nominee Director of Lending Bnaks are not liable to retire by rotation. The Director Sri. Ullas R.Sanghvi is due to retire by rotation at the ensuing 21st Annual General Meeting.

Name of the Director	Sri.Ullas R Sanghvi
Date of Appointment	7-5-2009
Expertise in specific functionalAreas	He is a Chartered Accountant and has got vast knowledge in Accounts. He has thorough knowledge in Software Development.
List of other Directorship held	NIL

6. Board Procedure

The Members of the Board have been provided with all the information mentioned in the Listing Agreement which were placed before the Board Meetings and the same were dealt with appropriately at the meetings.

All the Directors, who are on the various committees are within the permissible limits as given in the Listing Agreement. The Directors concerned also intimate from time to time about their membership in the various committees in other companies.

7. Compliance Certificate

Compliance Certificate for Corporate Governance from the Auditors of the Company is enclosed herewith.

8. Annual General Meetings / Extra Ordinary General Meetings

a) Details of Annual General Meetings / Extraordinary General Meetings held during the last three years are as under:

AGM / EGM NO	DAY	DATE	TIME	VENUE
18	Saturday	29-9-2007	3.30 P.M	Banquet Hall - Legend The Residency Avinashi Road Coimbatore - 18
19	Saturday	18-9-2008	3.30 P.M	- Do -
EGM	Monday	16.3.2009	4.00 PM	Conference Hall Rajasthan Sangh, D.B.Road,R.S.Puram, Coimbatore - 02
20	Friday	25-9-2009	3.30 P.M	T.V. Bothers Hall Shree Coimbatore Gujarati Samaj 622, Mettupalayam Road, R.S.Puram, Coimbatore - 02

b) In the 20th Annual General Meeting held on 25-9-2009, three Special Resolutions were proposed to be passed as detailed below.

Resolution No	Relating to
6	Allotment of 67,84,261 Equity Shares of Rs 5.00 each @ Rs 7.37 per share to the identified Lenders and Allotment of 97,69,335 Equity Shares of Rs 5.00 each @ Rs 7.37 per share to the Promoters / Associates
7	Amendment to Clause V of the Memorandum of Association of the Company Increase in the Authorised Capital from Rs 100 crores to Rs 122 crores.
8	Amendment to Clause 3 (a) of the Articles of Association of the Company Increase in the Authorised Capital from Rs 100 crores to Rs 122 crores.
9	Allotment of 6.5 % Cumulative Redeemable Preference Shares of Rs 100 /- each for an aggregate sum of Rs 20.42 crores to the identified Lenders.

c) No Special Resolutions were put through postal ballot last year. No Special Resolutions are also proposed to be put through postal ballot this year as well.

9. Disclosures

i) The transactions with related parties form part of the financial statements circulated to all the members in conformity with the necessary accounting standards to be followed by the Company.

ii) No penalty or levy have been imposed by the Stock Exchanges or SEBI or any other statutory authority on any matter related to Capital Markets during the last three years.

10. Means of Communications

i) Quarterly Results will be published in either of these Newspapers viz 1) Business Line 2) Business Standard 3) Financial Express 4) Trinity Mirror (English) and in 1) Dinamalar 2) Malai Malar 3) Makkal Kural (Tamil)

ii) Any website where displayed : www.gangotritextiles.com

iii) Whether Management's Discussion and Analysis is part of Annual Report : Yes

11. General Shareholder Information

a) Annual General Meeting to be held on (21st AGM)

Day : Wednesday
Date : 8-9-2010
Time : 3.30 P.M
Venue : T.V.Brothers Hall,
Shree Coimbatore Gujarati Samaj,
662, Mettupalayam Road, Post Box No 1164,
R.S.Puram, Coimbatore - 641 002

b) Financial Calendar Year 2010-2011

First quarterly Financial Results : On or before 15-08-2010
Second quarterly Financial Results : On or before 15-11-2010
Third quarterly Financial Results : On or before 15-02-2011
Audited Financial Results for the year : On or before 31-05-2011 ended 31-3-2011

c) Dates of Book Closure

From : 01.09.2010
To : 08.09.2010

(Both the days inclusive)

d) Dividend payment date

In the absence of Profit for the financial year ended 31st March, 2010, the Board of Directors have not recommended any dividend for the financial year 31-3-2010.

e) Listing on Stock Exchanges

The equity shares of the Company are listed on the following Stock Exchanges.

1. National Stock Exchange of India Ltd
2. Bombay Stock Exchange Limited
3. Coimbatore Stock Exchange Ltd
4. The Calcutta Stock Exchange Association Ltd

f) Delisting

The company had already applied for de-listing of its Equity Shares from 1) Coimbatore Stock Exchange Ltd and 2) The Calcutta Stock Exchange and the order for delisting is still awaited from them.

12. Market Price Data

The details of the monthly highest and lowest closing quotations of the equity shares of the Company at the Bombay Stock Exchange Ltd, during the financial year 2009-10 are as under.

MONTH		Highest Rate (Rs)	Lowest Rate (Rs)
APRIL	2009	4.90	3.17
MAY	2009	9.50	4.04
JUNE	2009	9.97	6.65
JULY	2009	7.75	5.60
AUGUST	2009	8.11	5.80
SEPTEMBER	2009	10.48	7.84
OCTOBER	2009	10.15	6.70
NOVEMBER	2009	8.05	6.11
DECEMBER	2009	10.68	7.50
JANUARY	2010	10.30	8.30
FEBRUARY	2010	9.30	7.31
MARCH	2010	8.80	7.00

13. Registrar and Share Transfer Agents

The Company has appointed Registrar and Share Transfer Agents for share transfers. The name and address of the Registrar and Share Transfer Agents is as under.

Address up to 31-3-2010

M/s.S.K.D.C. Consultants Limited
No 7, , S.N.Lay out, Street No 1
West Power House Road
Tatabad, Coimbatore - 641 012

Present Address w.e.f 1-4-2010

M/s.S.K.D.C. Consultants Limited
Kanapathy Towers, 3rd Floor
1391 / A-1, Sathy Road
Ganapathy, Coimbatore - 641 006

Phone : 0422 - 6549995, 2539835, 2539836

Fax No : 0422 - 2539837

E-mail : info@skdc.consultants.com

14. Share Transfer System

Share Transfers are registered and returned within a maximum period of 30days from the date of receipt. If the documents are clear, the transfers are completed normally within one week and returned within 15 days. The Transfer Agents have been authorized to put through the transfers expeditiously.

15. Distribution of Shareholding : (As on 31-3-2010)

No. of Shares Category	No of Share holders	No of Shares	%
Up to 5,000	9319	31,79,270	9.748
5001 - 10000	776	12,14,429	3.724
10001 - 20000	380	10,81,911	3.317
20001 - 30000	147	7,44,981	2.284
30001 - 40000	56	3,94,116	1.208
40001 - 50000	42	3,98,037	1.220
50001 - 100000	59	8,42,687	2.584
100001 and above	71	2,47,59,203	75.915
Total	10,850	3,26,14,634	100.000

Category	No. of Shares held	%
Promoters / Associates	79,83,457	24.480
Mutual Funds	1,600	0.005
Financial Institutions / Banks	16,37,750	5.022
Bodies Corporate	34,69,668	10.639
NRI / OCB	1,78,793	0.543
Insurance Companies	12,02,000	3.686
General Public	1,81,41,366	55.625
TOTAL	3,26,14,634	100.000

16. Dematerialisation of Equity Shares

As on 31-3-2010, 3,21,02,829 Equity shares representing 98.431% of the total paid up capital of the Company is held in dematerialized form with NSDL and CDSL.

17. Allotment of 6.5 % Cumulative Redeemable Preference Shares

During the year the Company has allotted and issued 6.5 % Cumulative Redeemable Preference Shares of the face value of Rs 100 /- each for an aggregate sum of Rs 90.42 crores to the identified Lenders towards conversion loan outstanding in terms of the approved Corporate Debt Restructuring Scheme as shown hereunder.

Name of the Shareholder	Number of Shares allotted on 7.5.2009	Share Amount	Number of Shares allotted on 31.10.2009	Share Amount
State Bank of India (Erstwhile State Bank of Saurashtra)	3,30,000	3,30,00,000	14,96,000	14,96,00,000
Syndicate Bank	5,28,000	5,28,00,000		
State Bank of Indore	8,78,000	8,78,00,000		
IDBI Bank Limited	11,93,000	11,93,00,000		
Corporation Bank	6,84,000	6,84,00,000	2,15,000	2,15,00,000
Canara Bank	10,39,000	10,39,00,000		
United Bank of India	8,13,000	8,13,00,000		
State Bank of Mysore	5,93,000	5,93,00,000		
State Bank of Travancore	3,98,000	3,98,00,000		
State Bank of Hyderabad	5,44,000	5,44,00,000	3,31,000	3,31,00,000
Total	70,00,000	70,00,00,000	20,42,000	20,42,00,000

1/3rd of this amount will be redeemed on 31-3-2016, another 1/3rd of the amount will be redeemed on 31-3-2017 and the final 1/3rd of the amount will be redeemed on 31-3-2018.

18. Plant Location

Unit I :

S.F.No 496/A, 497
Kaduvettipalayam Post
Karumathampatty, Palladam Taluk
Coimbatore District

UNIT – VII

S.F No 262 / 2B, 262 /3, 262/4
Mopperipalayam Village
Palladam Taluk
Coimbatore District

Unit II

Sri. Dwarka Textiles
3/161, Ponnandampalayam
Kaniyur Post, Avinashi Taluk
Coimbatore District

UNIT – VIII

Plot No PP2, PP3, PP4
SIPCOT Industrial Complex
Perundurai
Erode District

Unit III

Kumbhojgiri Road
Village Alate, Tal. Hatkanangale
District Kolhapur

UNIT- IX

S.F No 138,142,143,78
Pushpattur Village
Palani Taluk
Dindigul District

Unit IV

Pushpattur Village
Palani Taluk
Dindigul District

19. Address for correspondence

Registered Office
35, Robertson Road, R.S.Puram,
Coimbatore - 641 002

UNIT – V (Stitching Unit)

Kaniyur Post
Avinashi Taluk
Coimbatore District

20. Chief Executive Declaration on Code of Conduct

I hereby declare that the Board of Directors of the Company have adopted a Code of Conduct for the Board Members and Senior Management of the Company and the same has also been posted in the website of the Company and that all the Board Members and Senior Management Personnel to whom this Code of Conduct is applicable have affirmed the compliance of Code of Conduct during the year 2009-10.

UNIT - VI

Plot No L4,L5 & L6
5th Cross Road
SIPCOT Industrial Complex
Perundurai

Coimbatore
19.5.2010

Manoj Kumar Tibrewal
Managing Director

22. CEO / CFO CERTIFICATE

We certify that

- a) We have reviewed financial statements and cash flow statements for the year ended 31st March, 2010 and that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to the financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements.
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management, or an employee having a significant role in the Company's internal control system over financial reporting.

Coimbatore
19.5.2010

Manoj Kumar Tibrewal
Managing Director

The above Corporate Governance Report has been placed before the Board of Directors at their meeting held on 19-5-2010 and the same was approved thereat.

AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The members of Gangotri Textiles Limited

We have reviewed the implementation of Corporate Governance procedures by Gangotri Textiles Limited during the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with in all material respect, the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2010, no investor grievances are unattended / pending for a period exceeding one month against the Company as certified by the Registrars of the Company and details presented to the Share Transfer cum Investors Grievance Committee of the Company.

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 THAKKER & SANGHANI
Firm Registration No. 004351S
Chartered Accountants

Coimbatore
19.5.2010

ASWIN. C
Partner
Membership No. 22204

AUDITORS' REPORT

To the Members of M/s. GANGOTRI TEXTILES LIMITED

1. We have audited the attached Balance Sheet of M/s. GANGOTRI TEXTILES LIMITED, Coimbatore, as at 31st March 2010 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion. We report that –
3. As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above;
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of Accounts.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e) On the basis of the written representations received from all the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on March 31, 2010 from being appointed as a director under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the notes thereon, and attached thereto given in the prescribed manner the information required by the Companies Act, 1956 and together with the Cash Flow Statement also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of Balance Sheet, of the state of Company's affairs as on 31st March 2010
 - (ii) In the case of Profit and Loss Account, of the Loss for the year ended on that date, and
 - (iii) In case of the Cash flow statement, of the cash flow for the year ended on that date.

For **THAKKER & SANGHANI**
Firm Registration No. 004351S
Chartered Accountants

Aswin C
Partner
Membership No.22204

Coimbatore
19.5.2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

On the basis of such checks as we considered appropriate in terms of information and explanations given to us, we state that:-

1.
 - a) The Company has maintained proper records showing full particulars, including Quantitative details and situation of fixed assets;
 - b) The Fixed assets of the Company have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification;
 - c) No substantial part of fixed assets of the company has been disposed off during the year affecting the status of the company as a going concern.
2.
 - a) As explained to us, inventories of the Company at all its locations have been Physically verified at reasonable intervals by the management during the year.
 - b) In our opinion, the Procedures of physical verification of inventory 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 maintaining proper records of inventory and material discrepancies, if any, noticed on physical verification have been properly dealt with in the books of account;
3.
 - a) According to the information and explanations given to us, The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, where the rate of interest and other terms and conditions are prima facie prejudicial to the interest of the Company.
 - b) The company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, except for unsecured loan from a relative of a Director/Shareholder at a rate of interest and terms & conditions which are not prima facie prejudice to the interest of the Company. Therefore the clauses (f) and (g) of para (iii) of the Companies (Auditors Report) Order 2003 are not applicable, except to the extent stated above
4. 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, for the purchase of inventory and fixed assets and for the sale of goods and services. In our opinion and according to information and explanations given to us, there has been no continuing failure to correct major weakness in internal control system during the year.
5. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts and agreements that need to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been so entered;
- b) In our opinion and according to the explanations given to us, the transactions made in pursuance of contract or arrangements to be entered in the Register maintained under Section 301 of the Companies Act 1956, and exceeding the value of Rs. 5 lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the market prices prevailing at that time.
6. In our opinion and according to the explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, and also provision of the Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under, in respect of deposits accepted by it.
7. In our opinion the company has an internal audit system commensurate with its size and nature of its business;
8. We have broadly reviewed the records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of the cost records u/s 209(1) (d), of the Act. We are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. a) According to the records of the Company, it has 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, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year.
- b) At the end of the Financial year there were no dues of Sales Tax, Customs Duty, Wealth Tax, Excise Duty, Cess which have not been paid for a period of more than 6 months from the date they become payable except as detailed below:

Name of the Statute	Year	Nature of Dues	Amount in Lacs Rs.	Forum where dispute is pending	Provided in the books of accounts
TamilNadu Additional Sales Tax Act, 1970	1996-97	Additional Sales Tax	20.07	Supreme Court of India	Yes
TNGST, CST Acts	2003-04	TNGST, Surcharge AST, Penalty	3.88	STAT Coimbatore	No
Income Tax Act, 1961	2004-05	Interest u/s 234B / 234C	5.85	ITAT Chennai	No

10. **There are accumulated losses at the end of the financial year ending 31.03.2010. In our opinion, the accumulated losses of the Company as on 31.03.2010 are not more than fifty percent of its net worth. As on 31.03.2010 the Company has incurred cash loss during the financial year covered by our Audit and had also incurred cash loss in the immediately preceding financial year;**
11. The Company has not defaulted in repayment of dues to financial institution or bank considering the reliefs in the CDR package sanctioned.
12. During the year the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, according to the information and explanation given to us.
13. In our opinion, the provisions of special statue applicable to Chit Fund, Nidhi/ Mutual Benefit Fund/ Societies are not applicable to the company;
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanation given to us, the company has utilized term loans for the purpose for which the loans were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to information and explanations given to us, there are no funds raised on short-term basis, which have been used for any long-term investments by the Company.
18. According to the information and explanation 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.
19. During the year the Company has not issued any debentures.
20. According to the information and explanation given to us, during the year the Company has not raised money by public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For THAKKER & SANGHANI
Firm Registration No. 004351S
Chartered Accountants

Aswin C
Partner
Membership No.22204

Coimbatore
19.5.2010

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	1,06,72,73,170	16,30,73,170
Reserves and Surplus	2	54,86,05,356	19,14,70,406
LOAN FUNDS			
Secured Loans	3	3,27,85,73,715	4,00,55,60,465
Unsecured Loans	4	17,90,66,917	16,58,23,082
	TOTAL	5,07,35,19,158	4,52,59,27,123
APPLICATION OF FUNDS			
Net Fixed Assets	5	3,08,31,82,155	3,12,76,24,216
Capital Work-in-Progress	5	42,78,25,448	54,16,08,570
		3,51,10,07,603	3,66,92,32,786
Investments	6	15,00,65,500	15,00,65,500
	TOTAL	3,66,10,73,103	3,81,92,98,286
Current Assets, Loans and Advance			
CURRENT ASSETS			
Inventories	7	30,50,36,942	22,50,43,779
Trade Debtors	8	16,65,53,170	9,36,76,534
Cash and Bank Balances	9	4,69,35,604	1,36,55,560
Loans and Advances	10	16,51,26,755	33,41,12,250
	(A)	68,36,52,471	66,64,88,123
Current Liabilities	11	17,65,70,790	14,87,44,437
Provisions	12	50,000	12,50,000
	(B)	17,66,20,790	14,99,94,437
	(A-B)	50,70,31,681	51,64,93,686
Net Current Assets		4,68,22,217	5,26,56,659
Miscellaneous Expenditure		17,01,45,940	13,74,78,492
Deferred Tax Assets		68,84,46,217	-
Profit and Loss account			
Notes on Accounts	23	5,07,35,19,158	4,52,59,27,123

Schedules 1 to 12 and 23 form part of this Balance Sheet

MAXIM JOSEPH Company Secretary	Vide our Report of Even Date For THAKKER & SANGHANI Firm Registration No. 004351S Chartered Accountants Aswin C Partner Membership No.22204	MANOJ KUMAR TIBREWAL Managing Director
Coimbatore 19.5.2010		MOHANLAL TIBREWAL Executive Director

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

	SCHEDULE	31.03.2010	31.03.2009
INCOME			
Sales	13	1,42,94,02,925	1,20,27,44,273
Other Income	14	1,95,31,087	10,08,00,216
Stock Adjustment	15	69,09,110	-34,94,28,252
	TOTAL	1,45,58,43,122	95,41,16,237
EXPENDITURE			
Raw Materials consumed	16	80,68,05,690	65,00,62,323
Stores consumed	17	3,73,18,618	3,09,33,010
Power and fuel		14,82,00,188	13,77,19,577
Personnel cost	18	8,01,99,856	8,01,32,162
Processing charges		14,02,77,029	5,72,38,671
Repairs and Maintenance	19	3,35,47,519	2,45,53,933
Other operating expenses	20	7,88,44,105	8,39,71,695
Selling expenses	21	3,14,21,190	2,90,84,153
	TOTAL	1,35,66,14,195	1,09,36,95,524
GROSS PROFIT		9,92,28,927	-13,95,79,287
Less: Financial Charges	22	27,60,18,498	38,17,69,377
Depreciation		18,01,16,930	17,98,58,005
	TOTAL	-35,69,06,501	-70,12,06,668
NET PROFIT			
Add: Surplus / Deficit b/f from previous year		-36,41,46,815	-
Taxes of prior years		-	70,320
Prior Year adjustment income		-	89,328
Investment Fluctuation Reserve		22,944	-
		-72,10,30,372	-70,10,47,020
Less: Taxes of Prior Years		33,293	-
Investment Fluctuation Reserve		-	22,944
PROFIT AVAILABLE FOR APPROPRIATION		-72,10,63,665	-70,10,69,964
APPROPRIATIONS			
Provision for Taxation-Wealth Tax		50,000	50,000
Provision for Taxation-FBT		-	12,00,000
Provision for Deferred Tax asset		-3,26,67,448	-20,90,96,238
Deficit carried over to Balance sheet (Debit balance of P&L account)		-68,84,46,217	-49,32,23,726
		-72,10,63,665	-70,10,69,964
Earnings per Share (Face Value Rs.5/-) (refer Notes no.10)		-11.61	-15.12

Notes on Accounts 23

Schedules 13 to 22 form part of this Profit & Loss Account

MAXIM JOSEPH
Company Secretary

Vide our Report of Even Date
For THAKKER & SANGHANI
Firm Registration No. 004351S
Chartered Accountants

MANOJ KUMAR TIBREWAL
Managing Director

Coimbatore
19.5.2010

Aswin C
Partner
Membership No.22204

MOHANLAL TIBREWAL
Executive Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2010

		31.03.2010	31.03.2009
1. SHARE CAPITAL			
Authorised Capital			
i) 6,00,00,000 Equity Shares of Rs. 5/- each	30,00,00,000		
ii) 92,00,000 6.5 % Cumulative Redeemable Preference Shares of Rs.100/- each	92,00,00,000	1,22,00,00,000	25,00,00,000
Issued, Subscribed, and Paid-up Capital		16,30,73,170	16,30,73,170
i) 32614634 Equity Shares of Rs. 5/- each of which 96,00,000 shares of Rs.5/- each was allotted as bonus shares by capitalisation of reserves			
ii) 90,42,000 6.5 % Cumulative Redeemable Preference Shares of Rs.100/- each issued at par for consideration other than cash (Of this 1/3rd will be Redeemed on 31.03.2016, another 1/3rd will be Redeemed on 31.03.2017 and final 1/3 will be Redeemed on 31.03.2018)		90,42,00,000	-
	Total	1,06,72,73,170	16,30,73,170
2. RESERVES AND SURPLUS			
General Reserve		-	
Balance as per last Balance Sheet		-36,41,46,815	12,90,76,911
Less: Transfer to Profit & Loss Account		-36,41,46,815	49,32,23,726
Investment Fluctuation Reserve		-	-36,41,46,815
Surplus (I.e Balance in Profit and Loss Account after providing for appropriation)		-	22,944
Deferred Govt. Grants- Capital Subsidy		3,72,54,977	4,25,77,116
Share Warrant Forfeited		80,00,000	80,00,000
Capital Reserve	2,20,90,331		
Less: Transferred to Profit and loss a/c	16,66,782	2,04,23,549	2,20,90,331
Share premium		48,29,26,830	48,29,26,830
	Total	54,86,05,356	19,14,70,406
3. SECURED LOANS			
Fixed Loans-Term Loans			
From Banks		3,11,80,40,653	3,41,72,41,933
Hire Purchase Loan		6,68,596	36,79,186
WC loans/Cash credit from banks		15,98,64,466	57,53,22,663
Interest Accrued and due on secured loans		-	93,16,683
	Total	3,27,85,73,715	4,00,55,60,465
4. UNSECURED LOANS			
Interest Free Sales Tax Loan		4,93,62,455	6,17,73,438
Trade Deposits		80,85,177	94,30,358
From Others		12,16,19,285	9,46,19,286
	Total	17,90,66,917	16,58,23,082

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2010

5. FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	UP TO 31.03.2009	ADDITIONS	SALE/ TRANSFER	TOTAL 31.03.2010	UP TO 31.03.2009	FOR THE YEAR	WITHDRAWN DURING THE YEAR	TOTAL 31.03.2010	W.D.V AS 31.03.2010	W.D.V AS 31.03.2009
LAND	9,74,28,152	32,48,730	2,14,012*	10,04,62,870	-	-	-	-	10,04,62,870	9,74,28,152
BUILDINGS	93,49,55,733	6,12,16,418	-	99,61,72,151	10,14,44,608	3,15,36,446	-	13,29,81,055	86,31,91,096	83,35,29,148
PLANT & MACHINERY	3,06,39,54,164	7,30,95,553	-	3,13,70,49,717	91,33,90,468	14,47,32,458	-	1,05,81,22,927	2,07,89,26,790	2,15,05,45,673
OFFICE EQUIPMENT	3,98,80,702	6,31,065	-	4,05,11,767	2,37,73,028	18,62,287	-	2,56,35,315	1,48,76,452	1,61,07,674
FURNITURE	1,79,06,595	-	-	1,79,06,595	49,06,108	12,15,395	-	61,21,503	1,17,85,092	1,30,00,487
VEHICLES	3,08,67,519	4,800	18,13,563	2,90,58,756	1,59,46,150	23,21,660	11,01,121	1,71,66,689	1,18,92,067	1,49,21,370
CANTEEN EQUIPMENTS	24,91,560	99,742	-	25,91,302	6,01,548	1,15,466	-	7,17,014	18,74,288	18,90,012
LIVE STOCK	2,01,700	14,800	43,000	1,73,500	-	-	-	-	1,73,500	2,01,700
Total	4,18,76,86,125	13,83,11,108	20,70,575	4,32,39,26,658	1,06,00,61,910	18,17,83,712	11,01,121	1,24,07,44,503	3,08,31,82,155	3,12,76,24,216
Previous Year	4,07,69,96,381	13,34,96,830	2,28,07,086	4,18,76,86,125	88,00,56,671	18,20,41,405	20,36,167	1,06,00,61,910	3,12,76,24,216	3,19,69,39,710

*Cost of Fencing written off

CAPITAL WORK IN PROGRESS AS ON 31.3.2010

PARTICULARS	AS on 31.03.2009	Added During the Year	Total	BROUGHT INTO USE	AS ON 31.03.2010
LAND	32,48,730	-	32,48,730	32,48,730	-
BUILDING, LAND DEVELOPMENT	24,18,95,792	12,33,536	24,31,29,328	6,00,77,363	18,30,51,965
PLANT AND MACHINERY	29,64,59,248	79,25,290	30,43,84,538	5,96,11,055	24,47,73,483
VEHICLES	4,800	-	4,800	4,800	-
TOTAL	54,16,08,570	91,58,826	55,07,67,396	12,29,41,948	42,78,25,448

Note: Depreciation includes depreciation on revaluation assets of Rs.16,66,782/- (Previous year Rs.21,83,400/-)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2010

	31.03.2010	31.03.2009
6. INVESTMENTS		
(AT COST) - NON TRADING		
QUOTED		
640 IDBI Shares of Rs. 10/- each at a premium of Rs. 120/- each (Market value Rs.73600/-)	52,000	52,000
UNQUOTED		
1,50,00,000 Cumulative Redemable Preference Shares of Rs.10 each in M/s.Jagannath Textile Co.Ltd	15,00,00,000	15,00,00,000
National Saving Certificate	13,500	13,500
Total	15,00,65,500	15,00,65,500
7. INVENTORIES (As furnished, valued & certified by the Management)		
Stock of stores, spares etc.,	1,31,71,335	1,37,03,292
Raw Materials	7,58,56,736	3,57,65,793
Mixing and Process Stock	10,41,32,044	7,15,08,633
Finished Goods	10,39,33,173	9,86,12,410
Waste	27,61,537	12,69,182
Fabric & Accessories	51,82,117	41,84,469
Total	30,50,36,942	22,50,43,779
8. TRADE DEBTORS		
Unsecured		
Debts considered good for which the Company holds no security other than the debtors personal security		
a) More than 6 months	1,43,95,077	67,20,283
b) Other debts	16,34,88,484	8,69,56,251
	17,78,83,561	
Less: Provision for Doubtful Debts	1,13,30,391	
Total	16,65,53,170	9,36,76,534
9. CASH AND BANK BALANCES		
Cash on hand	13,34,086	7,66,084
Balance with Scheduled Banks	-	-
On Current Accounts	4,16,37,205	1,05,77,850
On Deposit Accounts	32,57,500	15,07,500
On Unpaid Dividend Accounts	7,06,813	8,04,126
Total	4,69,35,604	1,36,55,560

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2010

	31.03.2010	31.03.2009
10. LOANS AND ADVANCES		
Unsecured - Considered Good		
Advances recoverable in cash or in kind or for the value to be received	8,64,52,145	13,67,06,799
Advances to Staff and Operatives	4,35,795	7,53,443
Sundry Deposits	3,33,07,965	4,23,91,860
Tender / Trade Deposits	32,70,000	41,83,360
Prepaid Expenses	32,18,650	30,31,700
Prepaid Taxes	2,08,97,950	1,92,27,397
Subsidies Receivable / EB Dues Wind Mill	1,75,44,250	12,78,17,691
Total	16,51,26,755	33,41,12,250
11. CURRENT LIABILITIES		
Sundry Creditors		
For Capital Items	39,14,589	1,76,67,132
For Purchases	6,51,79,063	4,27,00,532
For Expenses - SSI Unit	23,11,597	2,75,901
For Expenses - Others	9,95,58,505	7,71,20,107
For Customer's credit balance	49,00,223	1,01,76,640
Investor Education and Protection fund-Unpaid Dividend	7,06,813	8,04,126
Total	17,65,70,790	14,87,44,437
12. PROVISIONS		
Provision for Taxes	50,000	12,50,000
Total	50,000	12,50,000
SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2010		
13. SALES		
Yarn Sales - Domestic	62,26,98,070	54,70,64,236
Yarn Sales - Export	1,40,77,232	1,34,69,649
Fabric Sales- Domestic	63,33,56,026	48,81,85,821
Fabric Sales- Export	1,17,43,346	14,93,548
Garment Sales	11,05,80,337	11,80,15,460
Waste Sales	95,77,722	1,18,71,747
Panel Sales	6,53,051	23,03,090
Scrap Sales	11,73,738	23,81,236
Dyeing Charges Receipts	2,55,43,403	1,79,59,486
Total	1,42,94,02,925	1,20,27,44,273
14. OTHER INCOME		
Dividend Receipts	1,600	1,280
Insurance Receipts	-	8,54,511
Miscellaneous Income	1,12,40,335	9,12,49,417
Interest Receipts	29,67,013	33,72,869
Capital Subsidy - Income	53,22,139	53,22,139
Total	1,95,31,087	10,08,00,216
15. STOCK ADJUSTMENTS		
Opening Stock of Finished Goods	9,97,85,601	44,92,13,853
Closing Stock Of Finished Goods	10,66,94,711	9,97,85,601
Total	69,09,110	-34,94,28,252
Increase/Decrease		

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2010

	31.03.2010	31.03.2009
16. RAW MATERIALS CONSUMED		
Purchases & Expenses	88,01,25,432	63,88,19,775
Add: Opening Stock	11,18,51,155	12,30,93,703
Less: Closing Stock	18,51,70,897	11,18,51,155
Total	80,68,05,690	65,00,62,323
17. STORES CONSUMED		
Purchases and Expenses	3,67,86,661	3,39,72,566
Add: Opening Stock	1,37,03,292	1,06,63,736
Less: Closing Stock	1,31,71,335	1,37,03,292
Total	3,73,18,618	3,09,33,010
18. PERSONNEL COST		
Managing/Whole Time Director's Remuneration	42,00,000	42,00,000
Salary to Management Trainee	1,80,000	1,80,000
Salaries, Wages and Bonus	5,41,77,006	5,12,26,446
Welfare Expenses	1,55,45,954	1,95,63,418
PF Contribution	42,80,661	38,21,687
PF Administration charges	5,16,235	4,15,612
Group Gratuity Premium	13,00,000	7,25,000
Total	8,01,99,856	8,01,32,162
19. REPAIRS AND MAINTENANCE		
Machinery	2,47,82,915	1,58,66,986
Building	15,90,979	21,46,456
Sundry Repairs	71,73,625	65,40,491
Total	3,35,47,519	2,45,53,933
20. OTHER OPERATING EXPENSES		
Rent	20,25,830	87,54,414
Printing and stationery	9,78,181	7,82,428
Postage, telegram and telephone	23,06,304	22,01,509
Travelling and Motor Vehicle expenses	1,04,83,083	92,86,980
Insurance	49,00,815	36,89,257
Rates, Taxes and Licence Fees	1,52,50,343	88,19,091
Sales Tax Payment	3,55,737	4,58,486
Advertisement Expenses	2,53,339	4,08,495
Audit fees and Expenses	2,84,489	2,79,299
Professional and Consultancy charges	18,29,622	5,82,241
Sitting Fees	1,35,000	95,000
Software development charges	2,25,008	-
Miscellaneous Expenses	3,66,96,523	4,56,52,181
Watch and Ward Expenses	29,89,610	29,62,314
Loss on Sale of Assets	1,30,221	-
Total	7,88,44,105	8,39,71,695
21. SELLING EXPENSES		
Brokerage and Commission	47,01,254	1,34,27,254
Carriage Outwards	92,97,189	85,94,034
Packing charges	14,43,350	22,09,952
Testing Fee	5,29,489	1,79,116
Consignment Expenses	83,09,615	16,61,469
Depot Expenses	4,01,078	2,65,902
Garment Selling Expenses	67,39,215	27,46,426
Total	3,14,21,190	2,90,84,153
22. FINANCIAL CHARGES		
Interest on Term Loans	23,24,84,791	28,55,15,439
Interest on Working capital / others	3,65,12,161	8,62,23,420
Bank and other charges	70,21,546	1,00,30,518
Total	27,60,18,498	38,17,69,377

Schedule 23

NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2010

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

i) The financial statements are prepared on the basis of historical cost convention based on the accrual concept and in accordance with applicable Accounting Standards referred under Section 211 (3C) of the Companies Act, 1956. The accounting is on the basis of going concern concept.

ii) *Income and expenditure are recognized and accounted on accrual basis. Revenue for sale transaction is recognized as and when the property in the goods sold is transferred to the buyer for a definite consideration.*

2. USE OF ESTIMATES

The preparation of financial statement requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Difference between the actual results and estimates are recognised in the period in which results are known/materialised.

3. INVENTORIES

Inventories are valued as under

(As Furnished, valued and certified by the Management)

- | | |
|-----------------------------------|---|
| i) a. Raw Materials | - At Identified Cost |
| i) b. Raw Materials obsolete | - At lower of identified cost or Realisable value |
| ii) Process Stock | - At Average Cost |
| iii) Finished goods | - At Lower of Cost or Net Realisable Value |
| iv) Waste | - At Net Realisable Value |
| v) Stores, Consumables and Spares | - At Weighted Average Cost |

4. FIXED ASSETS

Fixed Assets are stated at cost and includes all expenditure of capital nature including the cost of borrowings and net of Cenvat credit wherever applicable. The preoperative expenses and the loss during trial production of new units are capitalised as Fixed Assets wherever applicable.

5. DEPRECIATION

Depreciation has been provided on Straight Line Method in accordance with the rates specified under schedule XIV of the Companies Act, 1956. Depreciation on additions during the year is provided on pro-rata basis with reference to the date of installation and period of use. In respect of assets upto Rs. 5000/- each, the policy of the Company is to charge 100% depreciation in the year in which such assets are installed or put to use.

6. IMPAIRMENTS OF ASSETS

The Company has internal system to access their impairment of assets. Appropriate disclosure on material impairment of losses and their treatment in Profit & Loss Account, classes of assets and nature of impairment will be made in the year in which the impairment is recognised.

7. INVESTMENTS

Investments are meant to be long term investments and are stated at cost. Diminution in the value of investments, other than temporary in nature, are provided for.

8. EMPLOYEE RETIREMENT BENEFITS

a. Defined Benefit Plan

The Company has taken out a Master policy with LIC of India under the "Cash Accumulation Scheme" to cover the gratuity liabilities of the Company. The premium paid / payable to LIC on the said policy is charged to Profit & Loss Account of the year.

b. Defined Contribution Plan

Company's Contribution paid/payable during the year towards Provident Fund Scheme and Employee State Insurance are recognized in the Profit and Loss Account.

9. FOREIGN CURRENCY TRANSACTIONS

i) Transactions arising in foreign currency for import of raw materials, spares and fixed assets and for exports during the year are converted at exchange rates prevailing on the date of transaction.

ii) Liabilities payable in foreign currencies as on the date of the Balance Sheet are restated at year end exchange rates in such cases where the fluctuations result in losses or at the rates at which foreign currency forward covers have been obtained. All exchange differences arising from conversion are included in the Profit and Loss Account except relating to specific borrowings and other liabilities attributable to the fixed assets, which are capitalised.

10. INTEREST ON BORROWINGS

Borrowing cost is charged to the Profit and Loss Account for the year in which it is incurred except for capital assets which is capitalised till the date the asset is put to commercial use.

11. INTEREST UNDER TUF SCHEME

Certain term loans of the company has been sanctioned under the TUF scheme of the Govt. of India. Under this scheme, interest subsidy @5% p.a. is given by the Government on the interest paid by the company on its term loans which is refunded quarterly after TUF claim is lodged. This refund is accounted for on merchantile basis and is treated as revenue receipt except in such cases where the lending bankers have not lodged any claim or having lodged, have not received any amount towards claim, considering that our company is under CDR package, wherein a holiday period for interest payment to lenders has been sanctioned.

12. TAXES ON INCOME

Deferred tax is recognized, subject to consideration of prudence on all timing differences between taxable income and accounting income that originate in one period and are capable of being reversed in one or more subsequent periods. The accumulated deferred tax liability is adjusted by applying applicable tax rates under relevent tax laws.

13. MISCELLANEOUS EXPENDITURE

Preliminary and Public Issue expenses are amortised over a period of 10 years.

14. CONTINGENT LIABILITIES

Contingent liabilities are not provided for and are disclosed by way of notes.

15. INCOME - TAX

Minimum Alternative Tax(MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. MAT credit becomes eligibile to be recognized as an asset in accordance with the recommendation contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Profit and Loss Account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

16. GOVERNMENT GRANTS - CAPITAL SUBSIDY

In respect of Capital Subsidy on Specific Machinery from Government, the Company has opted the second option spelt out in AS 12 - Accounting for Government Grants, which is the "Income Approach" due to which the income is recognised in the Profit & Loss Account. The above subsidy is recognised as income equally over 10 years being the period fixed by the Board of Directors as the life of the Specific Asset. Balance is being treated as Deferred Income .

B OTHER NOTES ON ACCOUNTS

1 Secured loans from Banks and Financial Institutions have been guaranteed by the Managing Director and Executive Director of the Company. No guarantee commission has been paid to any director in this connection. Security details of the said loans are:-

i. TERM LOANS

- (A) TUF Loan - Rs. 150 Million
- (B) TUF Loan - Rs. 95 Million
- (C) Funded Interest Term Loan (FITL) - Rs. 4.94 Million

Above term loans sanctioned by IDBI are secured by extension of first charge on all assets of the Company, present and future, subject to the prior charge created / to be created (i) on specific assets covered by loans from other financial institutions and banks (ii) on specified movables (Current Assets) in favour of the Company's Bankers for working capital borrowings.

- (D) TUF Loan - Rs 76.10 Million
- (E) FITL - Rs. 53.85 Million

The Term Loan availed from Corporation Bank is secured by way of exclusive charge over the assets created out of the said loan.

- (F) TUF Loan Rs.190 Million & Non TUF Loan - Rs 15 Million
- (G) FITL - Rs.20.08 Million

The Term Loan sanctioned by State Bank of India is secured by exclusive first charge over the assets financed under the term loan and second charge on the entire current assets of the Company on pari passu basis and extension of charge on the fixed assets of washing unit at Perundurai.

- (H) Corporate Loan - Rs. 100 Million & Rs 150 Million
- (I) FITL - Rs. 21.66 Million

The Corporate Loan sanctioned by IDBI is secured by extension of first charge on Pari Pasu basis except the assets which are exculsively charged to SBI and Corporation Bank. First charge by way of Hypothecation in favour of IDBI of all assets of the company's movable (save and except book debts), including movable machinery, machinery spares, tools and accessories, present and future, subject to the prior charge created/to be created in favour of company's bankers on the company's stocks of raw materials, semi finished and finished goods, consumable stores and such other movable as may be agreed to by IDBI for securing the borrowings for working capital requirements in the ordinary course of business.

- (J) Term Loan - Rs. 150 Million
- (K) FITL - Rs. 9.42 Million

The Term Loan sanctioned by the State Bank Of Indore is secured by second charge on all present fixed assets of the company.

L) Term Loan for New Project from Sanctioned Amount

Rs. in Million

Bank Name	Sanctioned Amount	FITL*
State Bank of Hyderabad	250	27.45
Canara Bank	500	66.23
State Bank of Indore	250	29.05
State Bank of Mysore	300	30.49
State Bank of Travancore	200	22.02
Corporation Bank	400	53.85
State Bank of India	160	12.20
Syndicate Bank	270	27.11
United Bank Of India	400	52.10

The Term Loan sanctioned by the above Banks in consortium is secured by first charge on paripassu basis by way of Equitable mortgage of Land and Buildings and Hypothecation of all the fixed assets and second charge on all the current assets of the Company shared on pari passu basis with banks in the consortium of the New Project of Rs 351 crores.

* FITL- Funded Interest Term Loan

ii . WORKING CAPITAL LOANS

- (A) Fund based limits - Rs.130.30 Million
Non fund based - Rs 70 Million

The working capital facility sanctioned by State Bank of India is secured by hypothecation of entire current assets and movable assets of the Company and a second charge over entire fixed assets of the Company on pari passu basis with other commercial bankers under consortium agreement.

- (B) Fund based limit - Rs 28.30 Million

The working capital facility sanctioned by State Bank of Hyderabad is secured by hypothecation of the entire current assets of the Company and movable assets of the Company and a second charge on the fixed assets of the Company on paripassu basis with other commercial banks under Consortium agreement.

- (C) Fund based limit - Rs 18.70 Million

The working capital facility sanctioned by Corporation Bank is secured by hypothecation of the entire current assets of the Company and movable assets of the Company and a second charge on the fixed assets of the Company on paripassu basis with other commercial banks under Consortium agreement.

iii) FUNDED INTEREST TERM LOAN

- State Bank of India : Rs.99.15 Million
State Bank of Hyderabad : Rs.23.84 Million
Corporation Bank : Rs.16.68 Million

Funded Interest Term Loan is secured by First charge on the entire fixed assets of the company existing / proposed including EM on factory land and buildings on pari-passu basis with other Consortium TL bankers.

iv) WORKING CAPITAL TERM LOAN

- a) State Bank of India : 399.90 Million
b) State Bank of Hyderabad : 88.60 Million
c) Corporation Bank : 57.30 Million

Working Capital Term Loan is secured by First charge on the entire fixed assets of the company existing / proposed including EM on factory land and buildings on pari-passu basis with other Consortium TL bankers.

1 Corporate Debt Restructuring (CDR Package)

Financial Restructuring Scheme under Corporate Debt Restructuring Mechanism has been approved by the Empowered Group with the cut off date being 01.07.2008.

- 2 Amount outstanding for more than 30 days to Micro and small Enterprises undertakings is Rs 14.39 lakhs as detailed below (Previous year Rs 2.76 lakhs)

- 1) Aadi Plastic Industries P Ltd
- 2) Adhi Vinayagar Enterprises,
- 3) Apex Engineering,
- 4) Avanathi Industries
- 5) Erode Scientific and Chemicals,
- 6) Ganesh Colour Company,
- 7) Sekar Engineering Works,
- 8) Sigma Industries
- 9) Sri Vignesha Engineers,
- 10) Venus Rubbers
- 11) Pioneer Woven Sacks Pvt Ltd

- 3 Contingent liabilities not provided for in the accounts

a. Estimated amount of Contracts remaining to be executed on capital accounts - Rs.Nil (Previous year Rs 20.09 lakhs).

b. The Company has export obligations for value Rs. 24106 lakhs under EPCG Scheme against which exports aggregating Rs. 5626.53 lakhs including third party exports have been made as on 31.03.2010. Balance obligations required to be fulfilled as per various schedules, culminating on 20.07.2015.

c. The Counter guarantee given by the Company for the guarantees issued by the Bankers is Rs.14.03 lakhs (previous year Rs.NIL)

d. The sales tax department has preferred an appeal before STAT Coimbatore for the year 2003-04 for issues representing sales tax of Rs 3.68 lakhs which is pending before STAT Coimbatore.

e. The Income Tax Department has preferred an appeal before ITAT, Chennai against the Order of CIT(Appeal) in favour of the Company regarding interest claim U/S 234B/234C for the Assessment Year 2004-05

f. The Company has preferred an appeal before the CIT, appeals Coimbatore against the order of the Assistant commissioner of income tax Company circle for the Assessment year 2007-08 on disallowance of Rs.7.50 lakhs and the company is confident on favourable judgement.

g. The lenders, with the approval of the Corporate Debt Restructuring Empowered Group shall have the right to recompense the reliefs / sacrifices / waivers extended by respective CDR lenders amounting to Rs.1012 Million as on 31.03.2010 with regard to the interest differential as per CDR guidelines. In the event of default, Lenders shall have the right to reverse the waivers with the approval of Corporate Debt Restructuring Empowered Group.

i. In the opinion of the Board of Directors, Current Assets, Loans and Advances will fetch the amounts stated, if realised in the normal course of business.

ii. The balances due to / due from parties and Loans and Advances are subject to confirmation.

iii. Miscellaneous expenses not yet written off as shown on the asset side of Balance Sheet includes Rs. 38.69 million towards follow-on public issue made during the year.

4. The amount falling due within one year in respect of long term secured loans are as follows:

6. The provision for all liabilities is neither inadequate nor more than what is reasonably necessary.

5. Term Loans - Rs. 105.80 Million (Previous year - Rs.Nil in view of CDR Package) IFST Dues - Rs.14.12 million (Previous year Rs 12.41 million)

7. The borrowings cost capitalised during the year in respect of the qualifying assets is Rs. Nil (previous year Nil).

8. TRANSACTIONS OF RELATED PARTIES (AS 18)

Rs. in Lakhs

PARTICULARS	ASSOCIATES	KEY MANAGEMENT PERSONNEL	RELATIVES OF KEY MANAGEMENT PERSONNEL	TOTAL
	31.03.2010	31.03.2010	31.03.2010	31.03.2010
For Services	-	-	-	-
Finance	-	-	-	-
a) Loans accepted	-	-	-	-
b) Interest paid	-	-	-	-
C) Salary	-	-	1.80	1.80
Managerial Remuneration Paid	-	42.00	-	42.00
Rent Payments	-	-	-	-
Outstanding Balance	-	-	-	-
Debits	-	-	-	-
Credits	-	-	870.00	870.00

Names of related parties and description of relationship upto 31.03.2010

Key Management Personnel

Sri. Manoj Kumar Tibrewal, Managing Director

List of relatives of key personnel

Sri. Mohanlal Tibrewal, Executive Director

Sri. Manoj Kumar Tibrewal Managing Director	:	Smt. Anitha Tibrewal	Wife
	:	Mr. Mayank Tibrewal	Son
	:	Mr. Umang Tibrewal	Son
Sri. Mohanlal Tibrewal Executive Director	:	Smt. Lakshmi Devi Tibrewal	Wife
	:	Ms Suman Tibrewal	Daughter
	:	Ms Neha Tibrewal	Daughter

9. Earning per share (EPS)

Profit After Tax (Rs in lakhs)
Profit available to Equity Shareholders (after deducting the probable Dividend on Preference Shares and Dividend Distribution Tax (Rs in lakhs)
Average number of equity shares (Face value of Rs 5 /-each) (No. in lakhs)
Basic EPS (in Rupees)
Diluted EPS (in Rupees)

2009-10	2008-09
-3,569	-4,932
-3,786	-4,932
326	326
-11.61	-15.12
-11.61	-15.12

- 10 Requirement under Clause 32 of the Listing Agreement. Loans and advances in the nature of loans to Subsidiaries, Firms, Associates and Companies in which Directors are interested is Rs.Nil (previous year Nil)
- 11 In compliance with AS 22 relating to 'Taxes on Income' the company has recognised Deferred tax liability/assets on account of

	Opening as on 1.04.2009	During the Year	Closing as on 31.03.2010
Depreciation	2,862	469	3,331
Others	-4,237	-795	-5,032
Total	-1375	-326	-1701

12. Breakup of Audit Fees

	2009-10 Amount in Rs	2008-09 Amount in Rs
For Statutory Audit	60,665	1,34,832
For Certification	1,03,134	75,587
For Expenses- Statutory	10,390	12,700
For Tax Audit/ other Representations	66,180	11,236
For Cost Audit	44,120	44,944
	2,84,489	2,79,299

13. The investment in 6% Redeemable Cumulative Preference Shares is redeemable as under

- a. On 25.11.2012 - Rs. 5,00,00,000/-
b. On 25.11.2013 - Rs. 5,00,00,000/-
c. On 25.11.2014 - Rs. 5,00,00,000/-
Total - Rs. 15,00,00,000/-

	Amount in Rs		Amount in Rs	
	2009 - 2010		2008 - 2009	
(A) Calculation of Managerial remuneration				
Net Profit as per Profit & Loss Account		-35,69,06,501		-70,12,06,668
Add :				
Directors Remuneration	42,00,000		42,00,000	
Directors Sitting Fees	1,35,000		95,000	
Loss on Sale of Assets	1,30,221		-	
Prior year Income			89,328	
Depreciation as per P & L Account	18,01,16,930	18,45,82,151	17,98,58,005	18,42,42,333
Less :				
Profit on sale of Assets	-	-17,23,24,350	-	-51,69,64,335
prior year expenses	-		-	
Depreciation allowed U/s 350	18,01,16,930	18,01,16,930	17,98,58,005	17,98,58,005
Net Profit for the purpose of Managerial Remuneration		-35,24,41,280		-69,68,22,340
Amount available for payment of Managerial Remuneration @ 5% u/s 198		Nil		Nil
(B) Payment of remuneration to managerial personnel u/s 309				
Shri. Manoj Kumar Tibrewal Managing Director @ 5% Minimum remuneration paid		Nil 21,00,000		Nil 21,00,000
Shri.Mohanlal Tibrewal Executive Director @ 5% Minimum remuneration paid		Nil 21,00,000		Nil 21,00,000
TOTAL		42,00,000 1,35,000		42,00,000 95,000
(C) Sitting fees paid to other directors				

14. Statistical information	2009 - 10		2008 - 09	
	Qty.	Value Rs.	Qty.	Value Rs.
(a) Capacity				
i) Licensed (Rotors/ Spindles/ Looms/Processing Capacity)		Not Applicable		Not Applicable
ii) Installed				
- Rotors (Nos)		5,904		5,904
- Spindles (Nos)		23,424		17,376
- Looms (Nos)		128		128
- Processing Capacity per day (Mts)		50,000		50,000
(b) Turnover				
i) Cotton yarn (Kgs)	83,83,868	63,67,75,302	85,60,513	56,05,33,886
ii) Waste (Kgs)	26,15,469	95,77,722	33,65,608	1,18,71,747
iii) Garments (Nos)	1,90,138	11,05,80,337	2,12,009	11,80,15,460
iv) Garment waste/Panel (Kgs)	40,835	6,53,051	7,449	1,09,873
v) Fabrics (Mtrs)	87,22,780	64,50,99,372	75,97,859	49,18,72,585
vi) Scrap		11,73,738		23,81,236
vii) Dyeing Charges		2,55,43,403		1,79,59,486
		1,42,94,02,925		1,20,27,44,273
(c) Raw materials Consumed				
i) Cotton and Cotton Waste (Kgs)	1,30,73,102	37,42,83,477	1,32,71,321	30,67,08,744
ii) Fabric for garments (Mtrs)	3,31,722	3,90,75,364	2,98,624	3,94,43,730
iii) Cotton Yarn for Fabrics	13,06,740	23,60,16,106	18,33,132	18,92,09,717
iv) Fabric (Mtrs)	14,60,420	6,28,46,257	4,57,723	1,78,71,759
v) Dyes & Chemicals		7,98,87,465		8,52,96,117
vi) Accessories for Garments		1,46,97,021		1,15,32,256
(d) Production				
i) Cotton Yarn (Kgs)	89,94,051		92,27,157	
ii) Waste (Kgs)	46,37,674		59,80,733	
iii) Garments (Nos)	2,06,741		1,81,304	
iv) Fabrics (Mtrs)	88,16,100		70,37,507	
(e) Stock				
i) a. Raw Materials - Cotton and Cotton Waste (Kgs)				
Opening Stock	3,82,140	1,21,80,432	11,65,254	3,54,30,399
Closing Stock	10,92,558	4,57,73,915	3,82,140	1,21,80,432
b. Raw Materials - Cotton Yarn for Fabrics				
Opening Stock	1,41,296	1,57,99,175	2,83,334	4,17,48,489
Closing Stock	1,07,154	2,01,84,709	1,41,296	1,57,99,175
c. Raw Materials - FABRIC for Garments (Mtrs.)				
Opening Stock	62,325	77,99,686	96,454	1,19,84,501
Closing Stock	77,416	98,98,112	62,325	77,99,686
d. Accessories for Garments (Various)				
Opening Stock	-	41,84,468	-	56,14,499
Closing Stock	-	51,82,117	-	41,84,468
e. Consumables for FABRIC (Various)				
Opening Stock	-	97,41,628	-	56,64,668
Closing Stock	-	74,87,486	-	97,41,628

	2009 - 10		2008 - 09	
ii) a. Finished Goods - Cotton Yarn (Kgs.)				
Opening Stock	5,38,840	4,19,11,444	11,39,621	6,70,71,608
Closing Stock	5,29,729	4,20,08,616	5,38,840	4,19,11,444
b. Garments (Nos)				
Opening Stock	83,151	2,39,71,890	1,14,809	7,62,08,900
Closing Stock	1,03,026	27,610,865	83,151	2,39,71,890
c. Finished Goods - Fabrics(mtrs)				
Opening Stock	7,12,813	3,27,29,076	20,14,758	17,37,10,551
Closing Stock	5,05,642	3,43,13,692	7,12,813	3,27,29,076
iii) By-Products - Waste (Kgs)				
Opening Stock	1,16,020	12,69,182	2,25,471	15,65,519
Closing Stock	6,44,877	27,61,537	1,16,020	12,69,182
iv) a. Semi-finished Goods Yarn (Kgs)				
Opening Stock	1,43,224	72,14,469	2,38,987	1,16,03,486
Closing Stock	2,68,275	2,06,46,412	1,43,224	72,14,469
b. Semi-finished Goods - Garments (mts)				
Opening Stock	63,987	1,04,02,925	27,880	61,62,587
Closing Stock	69,532	1,26,23,713	63,987	1,04,02,925
c. Semi-finished Goods Fabric Division				
A) Fabric (Mts)				
Opening Stock	9,89,073	4,76,36,650	21,15,851	13,08,19,355
Closing Stock	5,97,986	4,05,76,492	9,89,073	4,76,36,650
B) Yarn (Kgs)				
Opening Stock	40,088	62,54,589	68,895	1,03,87,655
Closing Stock	1,35,117	3,02,85,427	40,088	62,54,589
(f) Value and percentage of imported and indigenous raw materials and stores consumed				
i) Raw materials				
- Indigenous	100%	80,68,05,690	100%	65,00,62,323
- Imported	-	-	-	-
ii) Stores and spares				
- Indigenous	55%	2,06,91,513	99%	2,97,69,486
- Imported	45%	1,66,27,105	1%	11,63,524
(g) CIF Value of Imports				
i) Capital Goods		25,61,623		-
ii) On Stores Spares		1,66,27,105		11,63,524
(h) Expenditure in foreign currency				
i) On Business Travel		Nil		Nil
(i) Earnings in foreign Exchange				
i) FOB Value of Exports		1,17,43,346		Nil

15. EMPLOYEE BENEFITS

31.03.2010

31.03.2009

		31.03.2010	31.03.2009
	Company's Contribution to Provident Fund	47,96,896	42,37,299
	Defined Benefit Plans	Gratuity	Gratuity
a	Liability recognised in the balance sheet		
	Present value of obligations as at 01.04.2009	39,51,339	35,94,778
	Interest Cost	11,01,579	8,06,993
	Current Service Cost	11,01,579	8,06,993
	Benefits Paid	-9,71,640	-7,27,610
	Actuarial (gain)/ loss on obligations	87,521	-10,405
	Present value of obligations as at 31.03.2010	44,84,906	39,51,339
b	Fair value of Plan Assets as on 01.04.09	82,94,697	77,06,097
	Expected return on plan assets	7,06,836	6,78,118
	Contributions	12,16,958	-6,38,092
	Benefits Paid	-9,71,640	-7,27,610
	Actuarial (gain) / loss on plan assets	-	-
	Fair value of plan assets	92,46,851	82,94,697
	Funded Status	47,61,945	43,43,358
	Net Asset / (Liability) recognised in the balance sheet	-47,61,945	-43,43,358
c	Actuarial (gain) /loss recognised 31.03.10		
	Actuarial (gain) /loss - obligation	-87,521	10,405
	Actuarial (gain) / loss - plan assets	-	-
	Total (gain) / loss for the year	87,521	-10,405
	Actuarial (gain) / loss recognised	87,521	-10,405
d	Expenses during the year		
	Current service cost	11,01,579	8,06,993
	Interest Cost	3,16,107	2,87,583
	Expected return on plan assets	-7,06,836	-6,78,118
	Net actuarial (gain) / loss	87,521	-10,405
	Total	7,98,371	4,06,053
e	Principal actuarial assumptions		
	Discounting rate	8.00%	8.00%
	Salary escalation	6.50%	6.50%

MAXIM JOSEPH
Company Secretary

Vide our Report of Even Date
For THAKKER & SANGHANI
Firm Registration No. 004351S
Chartered Accountants

MANOJ KUMAR TIBREWAL
Managing Director

Coimbatore
19.5.2010

Aswin C
Partner
Membership No.22204

MOHANLAL TIBREWAL
Executive Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

		31.03.2010		31.03.2009	
A	CASH FLOW FROM OPERATING ACTIVITY				
	Net Loss before tax and extraordinary items		-3,569.07		-7,012.07
	Adjustment for				
	Depreciation	1,801.17		1,798.58	
	Profit/Loss on sale of assets	1.30		-788.34	
	Interest	2,760.19	4,562.66	3,817.69	4,827.93
	Operating profit before working capital changes		993.59		-2,184.14
	Adjustment for:				
	Trade & other receipts	961.09		3,687.96	
	Inventories	-799.93		3,579.28	
	Trade payable	266.26	427.42	-522.59	6,744.65
	Cash generated from operation		1,421.01		4,560.51
	Direct taxes paid	0.83		11.80	
	Interest paid	2,760.19	2,761.02	3,817.69	3,829.49
	Cash flow before extraordinary items		-1,340.01		731.02
	Extraordinary items		-		0.89
	Net cash from operation	Total (A)	-1,340.01		731.91
B	CASH FLOW FROM INVESTMENT ACTIVITIES				
	Purchase of fixed assets(less revaluation amount)		241.33		3,084.43
	Sale of fixed assets		-6.25		-942.79
	Capital subsidy		53.22		-54.18
	Miscellaneous expenditure written off		-56.54		
	Total (B)		231.76		2,087.46
	CASH FLOW FROM FINANCIAL ACTIVITIES				
	Proceeds/Repayment of borrowings		-7,137.43		1,310.73
	Increase/Decrease in Equity- Share Capital/Premium		9,042.00		0.00
			1,904.57		1,310.73
D	DIVIDEND PAID		-		0.00
E	NET CASH FROM FINANCIAL ACTIVITIES (C-D)		1,904.57		1,310.73
F	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+E-B)		332.80		-44.82
(G) - 1	CASH AND CASH EQUIVALENTS OPENING BALANCE				
	Cash and bank balances		136.56		181.38
(G) - 2	CASH AND CASH EQUIVALENTS CLOSING BALANCE				
	Cash and bank balances		469.36		136.56

MAXIM JOSEPH
Company Secretary

Coimbatore
19.5.2010

Vide our Report of Even Date
For THAKKER & SANGHANI
Firm Registration No. 004351S
Chartered Accountants

Aswin C
Partner

Membership No.22204

MANOJ KUMAR TIBREWAL
Managing Director

MOHANLAL TIBREWAL
Executive Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

A) REGISTRATION DETAILS

Registration No : 181 02491
CIN No : L17115TZ1989PLC002491
State Code : 18
Balance Sheet : 31-03-2010

B) CAPITAL RAISED DURING THE YEAR (Amount in Rs thousands)

Public Issue : Nil
Rights Issue : Nil
Bonus Issue : Nil
Private Placement : Nil

C) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs thousands)

Total Liabilities :	50,73,519	Total Assets :	50,73,519
Source of Funds :		Application of Funds	
Paid-up Capital :	10,67,273	Net Fixed Assets :	35,11,008
Reserves & Surplus :	5,48,605	Investments :	1,50,066
Secured Loans :	32,78,574	Net Current Assets :	5,07,032
Unsecured Loans :	1,79,067	Miscellaneous Expenditure :	46,822
		Deferred Tax Asset :	1,70,145
		Profit & Loss Account :	6,88,446
Total	50,73,519	Total	50,73,519

D) PERFORMANCE OF THE COMPANY (Amount in Rs thousands)

Turnover : 14,29,403
Total Expenditure : 13,56,614
Loss before Tax : -3,56,916
Loss after tax (after Extra Ordinary items) : -3,56,966
Earning per share (Rs) : - 11.61
Dividend Rate : Nil

E. GENERIC NAMES OF PRINIPAL PRODUCTS / SERVICE OF THE COMPANY

Product Description	Cotton Yarn	Cotton Waste	Garments	Mill Made Fabrics
Code Number	520511	520200	620100	520800

MAXIM JOSEPH
Company Secretary

Coimbatore
19.05.2010

Vide our Report of Even Date
For THAKKER & SANGHANI
Firm Registration No. 004351S
Chartered Accountants
Aswin C
Partner
Membership No.22204

MANOJ KUMAR TIBREWAL
Managing Director

MOHANLAL TIBREWAL
Executive Director