



FLORA TEXTILES LIMITED

COIMBATORE - 641 043

**EIGHTEENTH ANNUAL REPORT
2010 - 2011**



FLORA TEXTILES LIMITED

BOARD OF DIRECTORS	:	Sri. V.R. Gupta Chairman
		Sri. A.K. Gupta Vice Chairman - Cum Managing Director
		Sri. K. Venkatasubramaniam
		Ms. C .R. Padma
		Sri. R. Ravindra Kumar
REGISTERED OFFICE	:	No. 23, Bharathi Park Road, Coimbatore -641 043, Tamilnadu
MILL PREMISES	:	S.F. No. 498 - A/C Mopparipalayam Village Kaduvettipalayam Post Karumathampatti - Annur Road Palladam Taluk Coimbatore - 641659 Tamilnadu.
STATUTORY AUDITORS	:	Anjana & Co., Chartered Accountants, Coimbatore.
BANKERS	:	The Catholic Syrian Bank Ltd.

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FLORA TEXTILES LIMITED

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the eighteenth annual general meeting of the members of the company will be held at the A/C Conference Hall, Rajasthani Sangh, 579, D.B. Road, R.S. Puram, Coimbatore - 641002, on Wednesday the 27th July 2011 at 1600 hrs. to transact the business as per the Agenda given below :

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the audited profit and loss account for the year ended and balance sheet as at 31st March, 2011 together with the reports of the directors and auditors of the company.
2. To appoint a director in the place of Ms. C.R. PADMA who retires by rotation and being eligible offers herself for reappointment.
3. To appoint a director in the place of Mr. V.R. GUPTA, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors for the current year and to fix their remuneration - M/s. Anjana & Co., Chartered Accountants, Coimbatore, retire and are eligible for reappointment.

Notes :

1. A MEMBER ENTITLED TO ATEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXY SHOULD BE LODGED WITH THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE COMMENCEMENT OF MEETING.
3. The register of members and share transfer books of the company will remain closed from 21st July 2011 to 27th July 2011, both days inclusive

For Flora Textiles Limited

Managing Director,

**4. Details of Directors**

Name	Qualification	Experience	Directorship with Indian Public Limited Companies	Committee Membership
V.R. Gupta Chairman, Non-executive Promoter	S S L C	51 years experience in textiles, flour milling, sleeper making unit, LPG cylinder making unit	nil	Audit Committee & investors Grevence and Share transfer committee
A.K. Gupta Vice Chairman Executive Promoter	Intermediate	31 years in textiles, flour milling, Past President of Flour Mills Assn.	nil	Not a member of any committee
C.R. Padma Director, Non-executive Independent	M.Com., FCS, BL, C.Ht	16 years in corporate administrative, legal and finance matters	nil	Audit Committee
K.Venkatasubramanian Director, Non-executive Independent	MBA with specialisation in Management, Accounting and finance	30 years consultant to various textiles units on project finance	nil	Audit Committee & Investors Grievance and Share transfer committee
R. Ravindrakumar Director, Executive Independent	B.E., (Electrical) Holder of "C" Certificate	10 years in electrical appliance in Textile mills	nil	Investor's Grievance committee

Place : Coimbatore
Date : 08.06.2011

For & on behalf of the Board of Directors
-sd-
A.K. Gupta
Vice Chairman & Managing Director



FLORA TEXTILES LIMITED

DIRECTORS' REPORT

Ladies and Gentlemen,

Your directors take pleasure in submitting to you their Eighteenth Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2011 and the Profit & Loss Account for the Year ended on that date.

WORKING RESULTS

The working results of the company for the year under review are summarised and furnished below : -

	Rs. in Lacs
Sales and Other Receipts	554.05
Other Income	6.22
Total Reccepts	<u>560.27</u>
Gross Profit before interest and Depreciation	<u>31.11</u>
Less : Interest	36.46
Profit before Depreciation	<u>(5.35)</u>
Less : Depreciation	8.89
Net Profit /loss for the Year	(14.24)
Opening balance - Loss' brought forward	(1349.32)
Total Loss taken to P & L Account	(1363.56)

REVIEW OF OPERATIONS :

During the year under review, the Company achieved production in fabric, measuring 8.54 Lakh Metres as against 7.48 lakh Metres in the previous year. The fabric sales value realised was at Rs 546.37 Lakhs as against Rs284.40 Lakhs in the last year. The Company did Conversion of Yarn into fabric for Third Parties and earned income by way of conversion charges amounting to Rs.7.25 Lakhs (Rs 42.27 Lakhs in the last Year). Waste sales value realized was at Rs0.43 lakhs as against Rs0.46 lakhs last year. The company earned interest of Rs6.22 lakhs by other activities which has been included in other income. The overall sales and other income of the Company was Rs.560.27 Lakhs as against Rs.329.66 Lakhs in the last year.

On account of power cut imposed by the state , the Volume of Production and Sales remained very low.



PROSPECTS :

As the textiles industry is hard hit by slowing of economy and government policies and high input cost , there may not be any improvement in the performance of the company in the current year.

The Directors are evaluating various options to improve the performance of the Company with reference to sales and profitability. Unless the Company could secure remunerative prices for fabrics, the working results may not be profitable.

DIRECTORS :

Ms. C R Padma retires by rotation and offers herself for re-election. Mr.V R Gupta retires by rotation and offers himself for re-election. Your directors recommend these resolutions for your approval.

DEPOSITS :

Your Company has accepted Inter Corporate Deposits from Companies . As at the close of the year, there were no amounts remaining unclaimed.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956 :

217 (1) (e) – A statement on the conservation of energy, technology absorption and foreign exchange earnings and outgo has been furnished by way of Annexure- I to this report.

217 (2A) – There was no employee of the company who has drawn the prescribed salary during the year under review.

DIRECTOR'S RESPONSIBILITY STATEMENT :

The Directors of the Company confirm the following, subject to the fact that your company is a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provision) Act. 1985 :

- i. that in the preparation of annual accounts, the applicable accounting standards had been followed and there is no material departure from the said standards :
- ii. that the Directors had selected such accounting policies and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state



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of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period :

- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities :
- iv. that the Director had prepared the annual accounts on a going concern basis.

AUDITORS :

M/s. Anjana & Co., Chartered Accountants, Coimbatore, the retiring Auditors are eligible for reappointment. A certificate under Section 224(1B) of the Companies Act, 1956 has been obtained from them confirming their eligibility for reappointment.

STATUS OF THE COMPANY UNDER SICA :

Your company's restructuring plan has been approved by the BIFR on 1.10.2002 and your directors are regular in sending the quarterly reports based on the plan to the Operating Agencies and to the BIFR. As per BIFR directions on 9.9.2009, Catholic Syrian bank was appointed as monitoring agency and the company will keep the CSB informed of the implementation of sanctioned scheme. The company has submitted draft modified rehabilitation scheme as required to CSB on 9.3.2010 and the same has been sent by them to BIFR and are awaiting BIFR directions.

AUDIT COMMITTEE :

Pursuant to provision of Section 292A of the Companies Act.1956, the audit committee constituted last year comprising of Sri. V.R. Gupta, Sri. K. Venkatasubramaniam, Ms. C.R. Padma discussed and given useful suggestions in the implementation of the accounting standards and the quickening process of internal check and audit.

STOCK EXCHANGES :

Your company is listed with Coimbatore, Mumbai, Calcutta and Delhi Stock Exchanges. The Corporate Governance Report of your company as on 31.3.2011 is enclosed for your perusal as Annexure – II.

ACKNOWLEDGEMENT :

The Board wishes to place on record of their appreciation for the good work done by the employees of the company. It takes the pleasure of recording the services rendered by the O A and B I F R for and on the revamping exercise of the company.

Place : Coimbatore

Date : 30.05.2011

On behalf of the Board.

V.R. GUPTA

Chairman



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ANNEXURE TO DIRECTORS' REPORT :

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 :

A. CONSERVATION OF ENERGY

a) ENERGY CONSERVATION MEASURES TAKEN :

The Companies has installed imported machines, which minimise the energy required for production. Further high efficiency power capacitors have been installed in close proximity to the load centres to curtail power losses and to maintain the power factor.

b) ADDITIONAL INVESTMENTS & PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY :

The company has selectively chosen its machinery with a view to attain maximum production with the minimum consumption of energy. If any further measures are warranted to be undertaken, it will be undertaken in the current year.

c) IMPACT OF THE MEASURES (A)&(B) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON COST OF PRODUCTION OF GOODS:

Because of the installation of high efficiency machines, there has been considerable saving of energy.

d) FORM A : PARTICULARS WITH RESPECT TO ENERGY CONSERVATION :

I. POWER AND FUEL CONSUMPTION :

	Current Year	Previous Year
1. Electricity :		
a) Purchased Units	870556	844568
Total Amount (with tariff Concession) Rs.	4401088	4022623
Rate per unit Rs.	5.06	4.76
b) Own Generation		
i) Through Diesel Generator	nil	nil
Units/Litre of Diesel		
Total Amount		
Cost/Unit		
ii) Throuh Steam Turbine/Generator		
2. Coal	nil	nil
3. Furnace Oil	nil	nil
4. Others/Internal Generation	nil	nil

II. CONSUMPTION PER UNIT OF PRODUCTION :

Product	Standard (if any)	Current Year	Previous Year
COTTON GREY FABRIC			
Fabric Production	(In Mts)	853986	748469
Electricity Units (Units/mt of fabric)		1.02	1.13



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B. TECHNOLOGY ABSORPTION :

e) FORM B : PARTICULARS WITH RESPECT TO ABSORPTION OF RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company : NIL
2. Benefits derived as a results of above R & D. : NIL
3. Future Plans of Action on Research and Development Etc. : NIL
4. Expenditure on R & D : NIL
5. Technology Absorption, Adaptation & Innovation : NIL

i) Efforts in Brief, made towards technology absorption, adaptation & innovation :

All the machinery installed are of the latest technology available in the field of fabric manufacture. To exploit the hi tech machines, suitable training is being given to the employees. If any improved versions of these machines are being developed, such devices will be replaced wherever possible.

ii) Benefits derived as a result of above efforts :

The productivity is higher resulting in production of Quality fabrics which are well accepted in the market within a short span of time.

iii) Impoted Technology :

Open – End spinning machines and shuttleless weaving (airjet) looms with micro processor controls have been installed. This impoted technology has been well absorbed in weaving.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	CURRENT YEAR	PREVIOUS YEAR
i) Total Foreign Exchange used : Remittance in foreign currency on account of travel, training etc. Remittance in Foreign Currency on account of purchase of Machinery and Spares (US\$)	NIL	NIL
ii) Total Foreign Exchange Earned FOB value of Exports	NIL	NIL

Place : Coimbatore

Date : 30.05.2011

On behalf of the Board.

V.R. GUPTA

Chairman

**ANNEXURE - II
REPORT ON CORPORATE GOVERNANCE****A. MANDATORY REQUIREMENTS****1. Company's Philosophy of Corporate Governance**

The company firmly believes in good Corporate Governance and envisages the attainment of transparency in all matter of Management of the company and in reporting to Share holders, Stake Holders and all others concerned.

2. Board of Directors

- (a) The Board of Directors consists of 5 Directors, of whom 3 are Non Executive Directors.
(b) Attendance of each Directors at the Board Meeting and the Last Annual General Meeting (AGM)

Name of the Directors	Category of Directorship	No. of Board Meeting attended & Attendance at the Last AGM	No. of Committee meetings attended Audit & Investor Grievance
Mr. V.R. Gupta (Chairman)	Non-Executive Non -independent	5 No	AUDIT - 3 INVESTOR - 4
Mr. A.K. Gupta (Vice Chairman - and Managing Director)	Executive & Non-independent	8 Yes	NA
Mr. K. Venkatasubramaniam	Non-Executive & Independent	8 Yes	AUDIT - 4 INVESTOR - 7
Miss. C.R. Padma	Non-Executive & Independent	8 Yes	AUDIT - 4
Mr. Ravindra Kumar	Executive & Independent	8 Yes	INVESTOR-7

- (c) Number of other Companies or Committee the Directors of the Company is Director / Member / Chairman : Details are provided in the notice part of this annual report.
- (d) Details of Board Meeting held during the period from 01.04.2010 to 31.03.2011 : Board meetings were held during 2010-2011 on 29.5.2010 , 21.7.2010 , 31.07.2010 , 30.10.2010 . 20.11.2010 , 29.11.2010 , 31.1.2011 and 31.3.2011

3. Audit Committee

The Audit Committee as of 31st March 2011 comprises of Mr. V.R.Gupta, Ms. C. R. Padma and Mr.K.Venkatasubramaniam all of whom are Non-executive Directors. Mr.K.Venkatasubramaniam a non executive independent Director who has good financial and Accounting knowledge, is the chairman of the committee. The role and terms of reference of the audit committee covers the areas mentioned under Clause 49 of listing Agreement and section 292A of The Companies Act, 1956.

The Audit Committee met 4 times during the year with full quorum. The Chairman of the Audit Committee, K.Venkatasubramaniam was present at the Annual General Meeting of the Company held on 21st July 2010.

4. Remuneration Committee

No remuneration committee was formed since nobody in the Board is paid any remuneration during the year. The company intends forming the same once the necessity arises.



5. Investors' Grievance and Share Transfer committee and Meeting Attendance

The following are the terms of reference of the Share Transfer committee :

- a. To approve and registrar, transfer and transmission of equity shares
- b. To register power of attorney r any similar documents.
- c. To subdivide, split, consolidate and issue share certificates.
- d. To affix or authorize affixation of common seal of the company on share certificates and
- e. To do all such acts, things and deeds as may be necessary and incidental to the exercise of the power provided that in doing so the committee shall comply with the provisions of the Companies Act, Depositories Act, Listing Agreement, Securities Contracts (regulation) Act and all other applicable laws.

The Committee consists of 3 Independent Directors namely Mr. K.Venkatasubramaniam, Mr. R Ravindra Kumar and Mr. V.R Gupta. Mr. V R Gupta heads the committee.

During the year the committee met 7 times on 31.7.2010, 16.9.2010, 30.10.2010, 20.12.2010, 31.1.2011, 15.2.2011 and 31.3.2011

As on 31st MARCH, 2011 no share transfer request is pending for registration with the company.

During the year 2010-2011, complaint's received from share holder's have been redressed to the satisfaction of the complainant within 16 days of the receipt. There were no outstanding complaint's as on 31st MARCH 2011.

6. Annual General Meeting

- (i) Location and time of Last three Annual general Meetings

Financial Year Ending	Date	Time	Venue
31st March, 2008	29.9.2008	4.00 P.M.	Rajasthan Sangh, Coimbatore
31st March 2009	30.9.2009	5.00 P.M.	Rajasthan Sangh, Coimbatore
31st March 2010	21.7.2010	4.00 P.M.	Rajasthan Sangh, Coimbatore

7. (a) Disclosures

- ❖ The Company had not entered into any transaction of a material nature which will have a conflict with its interest during the year.
- ❖ Full disclosure of related party transaction as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India is given under Notes on the Annual Accounts. All the transaction covered under related party transaction were fair, transparent and at arms length.
- ❖ During the last three years there were no structures of penalties imposed by either the Security Exchange Board of India or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

8. Means of Communication

- | | |
|---|---|
| (i) Half yearly report sent to each household of Share holders. | No |
| (ii) Quarterly, Half yearly unaudited financial results normally published in | Trinity Mirror
Makkal Kural,
floratextiles.in |
| (iii) Any website where results are displayed | None |
| (iv) Presentation made to Institutional Investor or to the Analysts | None |
| (v) Whether Management discussion and Analysis report Is a part of the Annual Report or not | Yes |



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9. General Share Holders Information :

- a. AGM information :- As available in page no.1
b. Financial Calendar (tentative)

Result for the Quarter Ending 30th June 2011	Last week of July 2011
Result for the Quarter Ending 30th September 2011	Last week of October 2011
Result for the Quarter Ending 31st December 2011	Last week of January 2012
Result for the Year Ending 31st March 2012	Last week of May 2012

- c. Book Closure Date : 21st July 2011 to 27th July 2011
d. Dividend payment date : N.A.
e. Listing on Stock Exchanges : Coimbatore, Mumbai , Calcutta and Delhi

f. Stock Code :

- (i) Scrip code in Mumbai Stock
Exchange trading symbol in NSE - : 530705 , FLORATX
(ii) ISIN Number in NSDL & CDSL for - : NOT ALLOTTED
Equity Shares

- g. Stock Market Data : The company' shares were removed from suspension of trading in BSE on 7th January 2011. The shares were traded at a high of Rs 45.00 and low of Rs18.00 on 7th January 2011 . No trading has happened after that upto 31st March 2011.

- h. Registrar and Transfer Agents : The Company handles the physical transfer of Shares directly.

i. Share Transfer System :

The Equity Shares of the company are not yet dematted. CDSL vide their letter CDSL/ADM-ISS/AK-VJ/2010/428 DT 10.12.2010 has rejected our application for demat of shares as the networth of the company is negative.

The Share Transfers which are received in physical form are processed and the share certificate are returned within 21 days from the date of receipt, subject to the Documents being valid and completed in all respects.

j. Share Holding Pattern as on 31.03.2011

Sl.no.	Category	No. of Shares	% (Percentage)
1.	Indian Promoters	3331800	55.53
	Mutual funds and UTI	600100	10.00
	Banks, Financial Institutions, Insurance Companies	180000	3.00
	Private Corporate bodies	32300	0.54
	Indian Public	1390800	23.18
	NRIs / OCBs	465000	7.75
		6000000	100



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- k. Dematerialization of shares and Liquidity : There were no dematerialization of shares during the year
- l. Plant Location : S.F.No.498 - A/c,
Moopparipalayam Village
Kaduvettipalyam (Post)
Karumathampatti - Annur Road
Palladam Taluk
Coimbatore - 641 659
Tamil Nadu
- m. Particulars of Compliance officer and Address for Correspondence : Mr Hemant Kumar
23 Bharathi Park road,
Coimbatore-641043. Tamil Nadu
Ph: 0422 3535393
Email : floratex@md3.vsnl.net.in
- n. Website of the company : floratextiles.in

10. NON - MANDATORY REQUIREMENTS

The company is taking steps to comply with the non-mandatory requirements. The Board wishes to assure that all non-mandatory disclosure requirements would be fully complied in the future years

For & on behalf of the Board of Directors
-Sd-

A K Gupta
Vice Chairman & Managing Director

Place: Coimbatore
Date : 30.05.2011



FLORA TEXTILES LIMITED

CEO/CFO CERTIFICATION

To The Board of Directors
Flora Textiles Limited

In regard to annual accounts of the company for the financial year 1st April 2010 to 31st March 2011, we hereby certify that and that to the best of our knowledge and belief :

- a. We have reviewed the financial statements and the cash flow statement of the company for the year 2010-11.
 - i. These financial statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
 - ii. These financial statements together present a true and fair view of the company's affairs and are in compliance with existing account standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal control if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have disclosed to the Auditor 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 and
 - 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. Internal control system over financial reporting.

K.Venkatasubramaniam
Chief Financial Officer

A.K.Gupta
Vice Chairman & Managing Director

Place: Coimbatore
Date: 30.05.2011

DECLARATION BY THE CEO UNDER CLAUSE 49(I)(D) OF THE LISTING AGREEMENT.

To the Members of
Flora Textiles Limited

I, A.K.Gupta, Vice Chairman and Managing Director of the Company to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2011

Place : Coimbatore
Date : 30.05.2011

On Behalf of the Board
A.K.GUPTA
Vice Chairman & Managing Director.



FLORA TEXTILES LIMITED

DECLARATION REGARDING COMPLIANCE BY BOARD OF DIRECTORS AND STAFF WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the company has adopted a Code of Conduct for its Board and Staff of the Company and a declaration to the effect that the same have been completed with has been received from them in respect of the Financial year 31st March 2011

Place : Coimbatore
Date : 30.05.2011

On Behalf of the Board
V.R..GUPTA
Chairman

COMPLIANCE CERTIFICATION FROM THE AUDITORS OF THE COMPANY.

To
The members of Flora Textiles Limited

We have examined the compliance of the conditions of Corporate Governance by Flora Textiles Limited for the year ended March 2011 as stipulated in Clause 49 of the Listing Agreements of the said Company with the stock exchanges in India.

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

We have conducted our review on the basis of relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

In our opinion to the best of our informational and according to the explanations given to us, the Company has complied with condition of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of investor grievances received during the year ended March 2011, no investor grievance are pending against the Company's as on May 30, 2011 as per the records maintained by the company and presented to the Investor / Shareholders Grievance Committee.

We further state 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.

Place : Coimbatore
Date : 30.05.2011

For ANJANA & CO
(FRN No. 006724S)
Chartered Accountants
PRAVIN KUMAR
MAHESHWARI
Partner
(Membership No. 26866)



ANNEXURE III MANAGEMENT DISCUSSION AND ANALYSIS

1. Overall Review

The general global scenario was demand slow down production cuts and loss of employment. This adverse factor affected the general performance of the corporate. The Bank rates also have witnessed steep increase making the manufacturing not competitive. Added to this state of Tamilnadu has experienced severe power shortage curtaining the operations. The raw material cotton yarn prices shot up during the year abnormally due to sudden increase in cotton prices which affected the Company's performance.

2. Industry Outlook:

The general demand recession witnessed has impacted the performance of the textile industry as manufacturers are not in a position to put their plants in full operation. This has resulted in under performance of the industry as a whole. The situation has not been any improvement to facilitate the performance of the units. The power supply in the state of Tamilnadu also has not seen any improvement at all causing the plants to run at around 60% of the capacity.

3. Opportunities:

The demand recession, high cost of funding would act as a dampener for to setup or new units and would act as entry barriers. This would help the already established players to have a firm foot in the market. The market provides ample opportunities to those who provide quality cotton fabric made out of superior brands of cotton. Yarn and the company is a leader in providing cotton fabric made out of the above cotton Yarn and hence commands leadership positions in its operations segment. This will be driving force of the company in the years ahead.

4. Challenges :

- i) Improvement in international scenario to cause demand momentum.
- ii) Availability of good quality cotton Yarn at reasonable prices unaffected by any influence of cotton yarn exports.
- iii) High power cut in the state of Tamilnadu virtually resulting huge production loss.
- iv) Abnormal increase in the rate on interest by the lending banks.
- v) Appreciation of quality of cotton fabric manufactured and remunerative prices for the same.
- vi) Disproportionate increase in weaving capacity and manufacturing of cotton fabric without focus to market demand.
- vii) Short noticed Government policies.

5. Company Outlook:

The company has completed all its expansions scheme and strengthened its production base and a leading performer on textile segment. Due to its strong production and market base the company would be in a position to meet the different kinds of challenges thrust upon it and would register a strong growth.

6. Risks and concerns:

Change in policies of the government , and the sudden increase in the cost of finance will be the major factors having a bearing on the operations of the company.



7. Internal control, systems and adequacy:

The company has put in place effective control systems in respect of all its operation and such systems are continuously reviewed and upgraded.

8. Human Resources Development.

The company places its utmost value in the human resource and contribution from the employees is always fine - tuned towards to achieve the overall organization performance by constant education, training and various incentive schemes, which were in vogue.

9. Safety and Environment:

The company ensures high safety and environmental standards in all its operation at all the units. Safety needs are continuously monitored and preventive actions are imitated through departmental safety committees consisting of plant staff and workmen.

10. Cautionary statement

The views and statements expressed or implied in the Management Discussions and Analysis are based on the available informations, assessments and judgements. They are subject to altrations. The Company's actual performance may differ due to national or international ramifications, Government Policies, regulations, tax laws and other unforeseen factors over which the company do not or may not have control.

For & on behalf of the Board of Directors

-Sd-

A K Gupta

Vice Chairman & Managing Director

Place: Coimbatore

Date : 30.05.2011



FLORA TEXTILES LIMITED

REPORT OF THE AUDITOR TO SHARE HOLDERS

We have audited the attached Balance Sheet of Flora Textiles Limited as at 31st March 2011, the Profit and Loss Account for the year ended and Cash flow statement 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the Audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order 2003 issued by the Government of India in terms of Section 227 of the Companies Act, 1956 we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. We further report that:
 - (a) We have obtained all the information and explanations which is to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, Proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with the books of accounts of the company.
 - (d) In our opinion, the Profit & Loss account, Balance Sheet and Cash flow statement dealt with by this report comply with Accounting Standards specified by The Institute of Chartered Accountants of India referred to in sub-section 3 (C) of Section 211 of the Companies Act, 1956.
 - (e) Based on the representations made by the Directors as on March 31, 2011 and taken on record by the Board of Directors of the company and information and explanation given to us, none of the Directors is disqualified as on March 31, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and other notes, thereon gives the information required by Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) In the case of the Balance Sheet of the state of affairs of the company as at 31st March 2011
 - (b) In the case of the Profit and Loss Account of the Loss for the year ended on that date.
 - (c) In the case of the Cash flow statement for the year ended on that date.

For ANJANA & CO
(FRN No. 006724S)
Chartered Accountants
PRAVIN KUMAR MAHESHWARI
Partner
(Membership No. 26866)

ANNEXURE REFERRED TO IN PARAGRAPH (2) OF OUR AUDIT REPORT OF EVEN DATE OF FLORA TEXTILES LIMITED

- I.
 - (a) The Company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets.
 - (b) As explained to us, according to the practice of the company fixed assets are physically verified by the management at reasonable intervals in a phased verification programme, which in our opinion, is reasonable looking at the size of the company and the nature of its business. During the year, as informed to us no material discrepancies have been notified on such verification.
 - (c) During the year, the company has not disposed off substantial part of its fixed assets so as to affect its going concern;
- II.
 - a) As explained to us the inventories have been physically verified during the year, by the Management.
 - b) The procedures, as explained to us which are followed by the management for physical verification of inventories are in our opinion adequate in relation to the size of the company and the nature of the business.



FLORA TEXTILES LIMITED

- c) The company is maintaining proper records of inventory and it is told to us that the discrepancies that were noticed in the course of physical verification have been properly dealt with in the book of accounts
- III The Company has not granted/taken any loan secured or unsecured to/from companies Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence matters regarding rate of interest, terms and conditions of loans, repayments and overdue amounts more than one lakh of rupees are not applicable.
- IV In our opinion and according to the information given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to the purchase of inventory and fixed assets and for the sale of goods. During the course of audit no major weakness has been noticed in the Internal Controls.
- V As explained to us, during the year there has not been any transactions required to be entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.5,00,000/- or more in respect of each such party.
- VI The company has not accepted deposits from the public and hence the provisions of Section 58 A of the Companies Act, 1956 and the rules framed there under are not applicable. In the company case, the Company Law Board has passed no order.
- VII In our opinion the company has an internal audit system commensurate with the size and the nature of its business.
- VIII In our opinion, and according to the information given to us the provisional of Section 209 (1) (d) of the Companies Act 1956, are not applicable to the company.
- IX (a) According to the records, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees state Insurance, Income tax, Sales tax, Wealth tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it. There are no undisputed statutory dues that are outstanding at the end of the Financial year which have been due by more than 6 months.
- (b) On the basis of our examination of the documents and records, the disputed statutory dues that have not been deposited with the appropriate authorities are as under:

Nature of the Dues	Amount in Rs.	Forum where Dispute is pending
1. Customs Duty	7120395	C E G A T

- X As the Accumulated Losses exceed the Net Worth of the Company, the Company remains a Sick Industrial Company within the meaning of Sick Industrial Company (Special Provisions) Act, 1985. However it has not incurred Cash Losses in both the Current Financial year and also in the immediately preceeding financial year.
- XI On the basis of the records examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or Debenture Holders.
- XII As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities and hence maintenance of documents and records relating to such items are not applicable.
- XIII The provisions of any special status applicable to chit funds are not applicable as the company is not a nidhi/ has a mutual benefit fund/society.
- XIV In respect of investments dealt or traded by the company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All investments are held by the company in its own name.
- XV The company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI The company has not taken any terms loan during the year covered by our audit.
- XVII Based on our examination of the books of accounts and Balance Sheet of the company we are of the opinion that funds raised on short term basis have not been used for long term investment.
- XVIII The company has not made any preferential allotments of shares during the year.
- XIX The company has not issued any debenture during the year.
- XX The company has not raised any money by public issues during the year.
- XXI Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Coimbatore
Date : 30.05.2011

For ANJANA & CO
(FRN No. 006724S)
Chartered Accountants
PRAVIN KUMAR MAHESHWARI
Partner
(Membership No. 26866)



FLORA TEXTILES LIMITED

BALANCE SHEET AS AT 31st MARCH 2011

	Sch. No.	Current Year As at 31-03-2011 Rs.	Last Year As at 31-03-2010 Rs.
SOURCES OF FUNDS			
A SHARE HOLDERS FUNDS			
Share Capital	1	60000000.00	60000000.00
Share Application Money		27000000.00	27000000.00
B LOAN FUNDS			
Secured Loans	2	1954914.17	2687662.90
Unsecured Loans	3	78797691.40	79810114.40
C Deferred Tax Liability		0.00	0.00
TOTAL		167752605.57	169497777.30
APPLICATION OF FUNDS			
A FIXED ASSETS			
Gross Block	4	146322666.00	146166386.00
Less : Depreciation		136935840.86	136047151.61
TOTAL		9386825.14	10119234.39
B CURRENT ASSETS, LOANS & ADVANCES			
(a) Current Assets			
Inventories	5	10796618.61	11307831.25
Sundry debtors	6	13539289.65	13193777.64
Cash & Bank Balances	7	4101798.18	3700978.33
Other Current Assets	8	1838.00	1838.00
(b) Loans and Advances	9	1227821.41	1323448.42
TOTAL		29667365.85	29527873.64
C CURRENT LIABILITIES & PROVISIONS	10	7657869.89	5081139.89
NET CURRENT ASSETS		22009495.96	24446733.75
D MISCELLANEOUS EXPENDITURE	11	136356284.48	134931809.15
TOTAL		167752605.57	169497777.30

Subject to our reports of even date attached

For ANJANA & CO

(FRN No. 006724S)

Chartered Accountants

PRAVIN KUMAR MAHESHWARI

Partner

(Membership No. 26866)

Place : Coimbatore

Date : 30.05.2011

ON BEHALF OF THE BOARD

V.R. GUPTA

Chairman

A.K. GUPTA

Managing Director



FLORA TEXTILES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR 31ST MARCH 2011

	Sch. No.	Current Year As at 31-03-2011 Rs.	Last Year As at 31-03-2010 Rs.
INCOME			
Sales & other Receipts	12	55361713.00	32666962.25
Miscellaneous Sales	13	42796.00	45859.00
Other Income	14	622271.99	253286.69
TOTAL-A		56026780.99	32966107.94
EXPENDITURE			
Raw Material Consumed	15	37660539.72	15343294.00
Salaries, Wages and other Benefits	16	3827296.50	3808803.90
Power & Fuel	17	4404159.10	4025700.75
Stores, Chemical & Packing Material Consumed	18	249551.20	353306.92
Other Manufacturing Expenses	19	2185378.41	1545971.46
Repairs & Maintenance	20	1631464.90	1055540.68
Interest & Financial Costs	21	3646220.00	3801024.48
Administrative & Other Expenses	22	1771397.02	1604891.30
Selling Expenses	23	1187208.10	587475.84
Depreciation		888689.25	893376.65
TOTAL-B		57451904	33019385.98
Profit & Loss (A-B)		-1425123.21	-53278.04
Changes in Stock		647.89	-5441080.74
Net Profit / Loss before tax		-1424475.33	-5494358.78
Less : Fringe Benefit Tax		0.00	0.00
Deferred tax benefit for the year (note "o" to notes on accounts)		0.00	0.00
NET PROFIT / LOSS FOR THE YEAR		-1424475.33	-5494358.78
ADD : Opening loss brought forward		134931809.15	129437450.37
LOSS TAKEN TO PROFIT AND LOSS ACCOUNT		136356284.48	134931809.15
BASIC EARNINGS PER SHARE (note "n" to notes of accounts)		(0.24)	(0.92)
DILUTED EARNINGS PER SHARE (note "n" to notes of accounts)g Director		(0.16)	(0.63)

Subject to our reports of even date attached

For ANJANA & CO

(FRN No. 006724S)

Chartered Accountants

PRAVIN KUMAR MAHESHWARI

Partner

(Membership No. 26866)

Place : Coimbatore

Date : 30.05.2011

ON BEHALF OF THE BOARD

V.R. GUPTA
Chairman

A.K. GUPTA
Managing Director



FLORA TEXTILES LIMITED

SCHEDULES TO BALANCE SHEET

	Current Year As at 31-03-2011 Rs.	Last Year As at 31-03-2010 Rs.
SCHEDULE - 1 SHARE CAPITAL		
Authorised : 60,00,000 Equity Sahres of Rs.10/- each	60000000.00	60000000.00
Issued, Subscribed and Fully Paid up 60,00,000 Equity Sahres of Rs. 10/-each	60000000.00	60000000.00
Share Application Money	27000000.00	27000000.00
SCHEDULE - 2 SECURED LOANS		
TERM LOANS	0.00	0.00
WORKING CAPITAL LOANS :- From Catholic Syrian Bank	1954914.17	2687662.90
HIRE PURCHASE :- (At agreement Value less instalments paid and unmatured finance charges)		
From Citi Bank	0.00	0.00
	1954914.17	2687662.90
SCHEDULE - 3		
UNSECURED LOANS		
Inter Corporate Loans	78797691.40	79810114.40
	78797691.40	79810114.40



FLORA TEXTILES LIMITED

SCHEDULE 4 FIXED ASSETS SCHEDULE

Sl. No.	PARTICULARS	Cost as on 01.04.2010 Rs. Ps.	Additions Rs. Ps.	Sales/ Trf	Cost as on 31-03-2011 Rs. Ps.	DEPRECIATION				Net Block as on 31.3.2011 Rs. Ps.	Net Block on 31.3.2010 Rs. Ps.
						upto 31.3.2010 Rs. Ps.	For the year Rs. Ps.	Added Back Rs. Ps.	Total Rs. Ps.		
1.	Land & Site Development	470239.25			470239.25	0.00	0.00		0.00	470239.25	470239.25
2.	Furniture & Fittings	537099.37			537099.37	512121.86	24977.51		537099.37	0.00	24977.51
3.	Electrical Fittings	33208.30			33208.30	23870.46	1577.39		25447.85	7760.45	9337.84
4.	Office Equipments	607934.00	123000.00		730934.00	443340.14	66766.08		510106.22	220827.78	164593.86
5.	Vehicle	442611.00			442611.00	152179.74	42048.05		194227.78	248383.22	290431.26
6.	Borewell	70121.55			70121.55	50105.99	3330.77		53436.77	16684.78	20015.56
7.	Pain & Machinery	130181779.41	33280.00		130215059.41	128347125.93	288288.13		128635414.06	1579645.35	1834653.48
8.	Building	13823393.12			13823393.12	6518407.49	461701.33		6980108.82	6843284.30	7304985.63
	TOTAL	146166386.00	156280.00		146322666.00	136047151.62	888689.25	0.00	136935840.87	9386825.13	10119234.39
	Previous Year Figures	146166386.00	0.00	0.00	146166386.00	135153774.97	893376.65	0.00	136047151.62	10119234.38	11012611.04



FLORA TEXTILES LIMITED

SCHEDULES TO BALANCE SHEET

	Current Year As at 31-03-2011 Rs.	Last Year As at 31-03-2010 Rs.
SCHEDULE - 5 INVENTORIES		
(As Physically verified and certified bny Managing Director)		
Stock of Raw Materials	554532.62	1070425.44
Stock of Finished Goods	9298862.50	9648318.61
Stock of Work in Progress	691306.00	341202.00
Stock of Consumable & Stores	251817.49	247885.20
	10796618.61	11307831.25
SCHEDULE - 6 SUNDRY DEBTORS		
(Unsecured and Considered good)		
Debts exceeding 6 Months	8620655.91	6857134.90
Debts not exceeding 6 months	4918633.74	6336642.74
	13539289.64	13193777.64
SCHEDULE - 7 CASH & BANK BALANCES		
Cash on hand -	62441.29	21475.44
Balances with scheduled banks in current accounts	931313.63	50532.63
Fixed Deposit Accounts	3108043.26	3628970.26
	4101798.18	3700978.33
SCHEDULE - 8 OTHER CURRENT ACCOUNTS		
PLA & Modvat	1838.00	1838.00
	1838.00	1838.00



FLORA TEXTILES LIMITED

SCHEDULES TO BALANCE SHEET

	Current Year As at 31-03-2011 Rs.	Last Year As at 31-03-2010 Rs.
SCHEDULE - 9		
LOANS & ADVANCES (Recoverable in cash or kind unsecured and considered good)		
Deposit with government depts	771405.77	728482.77
other trade deposits	0.00	145500.00
Advance form other expenses	59180.00	17000.00
Advance Income Tax & TDS	333117.64	361268.65
Prepaid Expenses	64118.00	71197.00
	1227821.41	1323448.42
SCHEDULE - 10 CURRENT LIABILITIES & PROVISIONS		
Liability for Purchases	4640798.89	2436763.89
Liability for Expenses	2411922.00	1726733.00
Liability for Other Finances	384969.00	469684.00
Advance from Customers	220180.00	447959.00
	7657869.00	5081139.89
SCHEDULE - 11 MISCELLANEOUS EXPENDITURE		
(a) Share issue expenses	0.00	0.00
Less : 1/10th written off	0.00	0.00
Sub - TOTAL (a)	0.00	0.00
(B) Preliminary expenses	0.00	0.00
Less : 1/10th written off	0.00	0.00
Sub - TOTAL (b)	0.00	0.00
(B) Profit and loss account Dr.	136356284.48	134931809.15
Deferred Tax Liability	0.00	0.00
Sub-TOTAL @ Loss Carried Forward	136356284.48	134931809.15
GRAND TOTAL (a+b+c)	136356284.48	134931809.15



FLORA TEXTILES LIMITED

SCHEDULES TO PROFIT LOSS ACCOUNT

	Current Year As at 31-03-2011 Rs.	Last Year As at 31-03-2010 Rs.
SCHEDULE - 12 SALES & OTHER RECEIPTS		
Fabric Sales	54636669.00	28440230.25
Job charges collected	725044.00	4226732.00
Other charges collected	0.00	0.00
	55361713.00	32666962.25
SCHEDULE - 13 MISCELLANEOUS SALES		
Waste Sales	42796.00	45859.00
	42796.00	45859.00
SCHEDULE - 14		
Duty Draw back	0.00	0.00
Interest received	622271.99	253286.69
	622271.99	253286.69
SCHEDULE - 15 RAW MATERIAL CONSUMED		
(a) Cotton & Waste Cotton		
Opening Stock	53822.00	53922.00
Add : Purchase	0.00	0.00
	53922.00	53922.00
Less : Closing Stock	53922.00	53922.00
Sub - Total (a)	0.00	0.00
B Yarn		
Opening Stock	1016503.94	78124.44
Add : Purchases	37144646.90	15422010.00
	38161150.34	16211134.44
Less : Closing Stock	500610.62	1016503.44
Sub - Total (b)	37660539.72	15194631.00
C Cloth Purchase	0.00	148663.00
GRAND TOTAL (a+b)	37660539.72	15343294.00



FLORA TEXTILES LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT

	Current Year As at 31-03-2011 Rs.	Last Year As at 31-03-2010 Rs.
SCHEDULE - 16		
SALARIES, WAGES & OTHER BENEFITS		
Salaries	1988837.00	1974797.00
Stipend & Wages	1413462.00	1432543.00
Bonus & Ex gratia	222557.00	163003.00
PF & ESI Benefits	127407.00	158107.00
Staff & Labour Welfare Expenses	75033.50	80353.90
	3827296.50	3808803.90
SCHEDULE - 17		
POWER & FUEL		
Opening Stock of Fuel	3071.10	6148.85
Electricity Charges	4401088.00	4022623.00
	4404159.10	4028771.85
Less : Closing Stock	0.00	3071.10
	4404159.10	4025700.75
SCHEDULE - 18		
STORES AND PACKAGING MATERIAL CONSUMED		
(a) Consumable Stores (a)	0.00	111161.00
(B) Packing Materials		
Opening Stock	0.00	15245.92
Add : Purchases and expenses	272764.00	226900.00
	272764.00	242145.92
Less : Closing Stock	23212.80	0.00
Sub - Total (b)	249551.20	242145.92
GRAND TOTAL (a+b)	249551.20	353306.92



FLORA TEXTILES LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT

	Current Year As at 31-03-2011 Rs.	Last Year As at 31-03-2010 Rs.
SCHEDULE - 19		
OTHER MANUFACTURING EXPENSES		
Opening Stock	244814.10	174389.56
Yarn Sizing Charges	2156825.00	1561145.00
	228704.69	1735534.56
Less : Closing stock of Sizing Chemicals	2401639.10	244814.10
	2172934.41	1490720.46
Processing & Job Charges	12444.00	1990.00
Other expenses	0.00	53261.00
	2185378.41	1545971.46
SCHEDULE - 20		
REPAIRS & MAINTENANCE		
Office Maintenance	29199.00	7474.00
Factory Maintenance	1485910.00	946999.08
Vehicle Maintenance	95051.90	79972.60
General Maintenance	21304.00	21095.00
	1631464.90	1055540.68
SCHEDULE - 21		
INTEREST AND FINANCIAL COSTS		
Interest Paid on Bank Loans	125961.00	343188.46
Interest Paid on other Loans	3217596.00	3062021.00
Bank Charges	302663.00	395815.02
	3646220.00	3801024.48



FLORA TEXTILES LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT

	Current Year As at 31-03-2011 Rs.	Last Year As at 31-03-2010 Rs.
SCHEDULE -22		
ADMINISTRATIVE AND OTHER EXPENSES		
Professional and Consultancy Charges	101176.00	115426.00
Security Service Charges	363956.00	175905.00
Rates & Taxes	370575.00	164170.00
Traveling & Conveyance	138670.00	186004.00
Auditors Remuneration		
- Audit Fees & Other Services	48964.00	44120.00
Insurance charges	92107.00	115208.00
Subscription & Periodicals	12297.00	2964.00
Miscellaneous Expenditure	126371.00	64824.00
Donation	3100.00	5200.00
Rent	186526.00	268476.00
Printing & Stationery	84547.75	66958.00
Postage & Telegram	48177.00	36473.00
Telephone charges	178385.27	214282.00
Listing fees	16545.00	117980.00
	1771397.02	1604891.30
SCHEDULE -23		
SELLING EXPENSES		
Sales Commission	879269.00	309868.00
Freight	144537.10	116484.00
Advertisement	25010.00	33826.00
Rebate & Discounts	138392.00	127297.84
	1187208.00	587475.84
SCHEDULE - 24		
Opening Stock - Finished Goods	9648318.61	15267595.87.00
- Workin Progress	341202.00	163005.48
A	9989520.61	15430601.35
Closing Stock - Finished Goods	9298862.50	9648318.61
- Work in Progress	691306.00	341202.00
B	9990168.50	9989520.61
INCREASE / DECREASE IN STOCK B - A	647.89	-5441080.74



NOTES ON ACCOUNTS :

A. Accounting Policies :

- a. The Company has been adopting accrual basis of accounting for all its regular sources of income and expenditure including sale of its manufactured goods and purchases of raw materials, stores, packing and other materials.
- b. Fixed assets have been represented and disclosed in the Balance Sheet at their historical cost. Cost includes Excise Duty paid on machinery purchased on which no claim for MODVAT was made. Provision for depreciation has been made adopting straight line method at the rates prescribed in the Schedule XIV to the Companies Act, 1956.
- c. **Inventories :**
Stock of finished goods and stock of waste are valued at cost or at net realisable value, whichever is less. Stock of raw materials, stores, packing materials and work in progress are valued at cost.
- d. **Retirement Benefits :**
There was no liability to the company as at the close of the year towards retirement benefits to the employees.

B. BALANCE SHEET :

- e. Working Capital Loan from Catholic Syrian Bank is secured by equitable mortgage of the company's land and building by deposit of title deeds and also by hypothecation of the plant and machinery, stores and spares acquired under the project for manufacture of fabric. This loan is secured by the personal guarantee of the chairman, managing director and a director of the company.
- f. Auditors' Remuneration consists of Audit fee Rs.40,000/- towards Tax Audit and Taxation Services (including Service Tax) Rs. 8964/-.
- g. Tax deducted at source from Interest, Commission and Job Work Charges amounted to Rs. 42689/- (Previous Year Rs.109802/-)

C. OTHER INFORMATION :

- h. The estimated amount of contracts remaining to be executed on Capital Accounts and not provided for accounted to Rs. NIL (Previous Year Rs.NIL)
- i. The Company is contingently liable to a sum of Rs. 125.84 lakhs for concession in customs duty availed against import of machinery for which the company has undertaken export obligation to the extent of Rs. 2557.06 lakhs due to be performed within a period of 5 years from the date of import. This liability is secured by guarantee executed by the Vysya Bank, Catholic Syrian Bank and Andhra Bank in favour of the Government of India, for which the Company has executed Counter Guarantee to the bankers. The bankers guarantee is secured by a lieu on Fixed Deposits of Rs. 24.75 lakhs held by the Company with its bankers. The company has applied for redemption of EPCG licences to DGFT as it has fulfilled export obligation.
- j. Based on information available with Company, there are no outstanding dues to small scale undertakings as at the year end.



k. SEGMENT INFORMATION

According to the concept of segment reporting, we are of the opinion that the business of the company viz yarn and cloth manufacturing falls under one segment. Hence no separate statement of segment reporting is reported.

I. RELATED PARTY DISCLOSURE:

1. RELATED PARTIES :

KEY MANAGEMENT PERSONNEL :

- a. Shri V.R. Gupta – Chairman
- b. Shri A.K. Gupta – Managing Director

RELATIVES OF KEY MANAGEMENT PERSONNEL :

Relatives of Shri A.K.Gupta

- a. Aditya Gupta - Son
- b. Indira Devi Gupta - Wife
- c. Nidhi Gupta - daughter in law
- d. V R Gupta - Father

2. RELATED PARTY TRANSACTIONS :

- a. NIL
 - b. NIL
- m. As per the explanations given to us, there are no operating or Financial lease.



FLORA TEXTILES LIMITED

n. EARNINGS PER SHARE:

Basic Earnings Per Share

a) Net Profit/(Loss) for the period	(1424475.33)
b) Weighted average number of equity shares	60,00,000
c) Basic Earnings Per Share – a/b	(0.24)

Diluted Earnings Per Share

a) Net Profit/(Loss) for the period	(1424475.33)
b) Less : Interest Reversal Added Back	NIL
c) Adjusted Net Profit	(1424475.33)
d) Weighted Average Number of equity Shares	60,00,000
e) Potential Equity Shares – Share application Money	27,00,000
f) Total	87,00,000
g) Diluted Earnings Per Share – c/f	(0.16)

- o. The Company has not accounted for Deferred Tax in accordance with the Accounting Standard 22 issued by the Institute of Chartered Accountants of India. The deferred tax asset on account of opening unabsorbed loss and unabsorbed depreciation has not been recognised as the Company is of the opinion that there is no virtual certainty of realisation of the same.

D. Particulars as per Part D of Part II of Schedule VI to the companies act, 1956 are as follows :

A. CAPACITY, PRODUCTION, STOCK AND TURNOVER

	Product	Unit	For the Year Ended 31.3.2011	For the Year Ended 31.3.2010
Licensed Capacity			Not Applicable	Not Applicable
Installed Capacity (As certified by the management)	Looms (Fabric)	Mtrs./day (80picks)	4620	4620
Actual Production	Fabric	Mts.	853986	748469
Purchase	Yarn	Kgs. value	168822.53 37144647	102868 15422010
	cloth	mtrs value	0 0	4577 148663
Opening Stock	Fabric	Mts.	218883	359228
	Fabric	Rs.	9648319	15267596
	Cotton & cotton waste	Kgs.	1419	1419
	Cotton & cotton waste	Rs.	53922	53922
	Yarn	kgs	7086	6431
	Yarn	value	1016503	789124



FLORA TEXTILES LIMITED

	Product	Unit	For the Year Ended 31.3.2011	For the Year Ended 31.3.2010
Closing Stock	Fabric	Mts.	135206	218883
	Fabric	Rs.	9298863	9648319
	Cotton & cotton waste	Kgs.	1419	1419
	Cotton & cotton waste	Rs.	53922	53922
	Yarn	kgs	2528	7086
	Yarn	value	500611	1016503
Sales (Inclusive of free samples)	Fabric	Mts.	888099	619475
	Fabric	Rs.	54636669	28440230
	Fabric job work	mts	49564	273916
Job work charges	Rs.	725044	4226732	
Raw Material Consumed	Yarn	Kgs.	173380	102212
	Rs.	37660540	15194631	

B. VALUE OF IMPORTED / INDIGENEOUS MATERIALS CONSUMED			
1. Raw Materials			
- Indigeneous (100%)		37660540	15194631
2. Stores and Spare Parts			
- Indigeneous (100%)		249551.20	353306.92
C. Imports - CIF VALUE (In Rupees)		0	0
D. EARNING IN FOREIGN EXCHANGE		0	0

Previous year figures have been regrouped or reclassified wherever necessary to confirm to the current year grouping

SIGNATORIES TO SCHEDULE 1 to 25

Subject to our reports of even date attached
For ANJANA & CO
(FRN No. 006724S)
Chartered Accountants
PRAVIN KUMAR MAHESHWARI
Partner
(Membership No. 26866)

ON BEHALF OF THE BOARD

V.R. GUPTA
Chairman

A.K. GUPTA
Managing Director

Place : Coimbatore
Date : 30.05.2011



FLORA TEXTILES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	Current Year As at 31.3.2011 Rs.	Last Year As at 31.3.2010 Rs.
A. CASH FLOW FROM OPERATIVE ACTIVITIES		
Profit before tax	(1424475)	(5,494,359)
Fringe benefit tax		
Adjustments for Depreciation	888689	893,377
Preliminary Expenses Written Off	---	---
Share Issue Expenses Written Off	---	---
Interest received during the year	(622272)	(253287)
Interest Paid on Bank Loans	125961	343188
Interest paid on Other Loans	3217596	3062021
Operating Profits before Working Capital Changes	2185499	(1,449,059)
Adjustments for Change in Net Current Assets	2838058	11499403
Net Cash from Operating Activities A	5023557	10050344
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Interest Received	622272	253,287
Purchase of Fixed Assets	(156280)	
Net Cash used in Investment Activities B	465992	253,287
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid on Bank Loans	(125961)	(343188)
Interest Paid on Other Loans	(3217596)	(3062021)
Share Application Money		---
Net Increase / Decrease in Borrowings	(1745172)	(6,941,637)
Net Cash generated from Financing Activities C	5088729	(10,346,846)
Net Increase / (Decrease) in Cash and Cash Equivalents A+B+C	400820	(43216)
Opening Balance of Cash	3700978	3744194
Closing Balance of cash	4101798	3700978

Place : Coimbatore
Date : 30.05.2011

ON BEHALF OF THE BOARD
V.R. GUPTA A.K. GUPTA
Chairman Managing Director

AUDITORS CERTIFICATE

We have verified the above cash flow statement of FLORA TEXTILES LIMITED derived from the audited annual financial statements for the year ended 31st March 2011 and found the same to be drawn in accordance herewith and also with the requirements of clause 32 of the listing agreements with stock exchanges.

Place : Coimbatore
Date : 30-05-2011

For ANJANA & CO
(FRN No. 006724S)
Chartered Accountants
PRAVIN KUMAR MAHESHWARI
Partner
(Membership No. 26866)



FLORA TEXTILES LIMITED

NOTES ATTACHED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :	
Registration No.	181-4290
State Code	18
Balance Sheet Date	31.3.2011
II. Capital raised during the year (Rs. In thousands)	
Public Issue	---
Right Issue	---
Bonus Issue	---
Private Placement	---
III. Position of mobilisation and deployment of funds (Rs.in thousands)	
Total Liabilities	167753
Total Assets	167753
Sources of Funds	
Paid-up Capital	60000
Share Application Money	27000
Reserves & Surplus	---
Secured Loans	1955
Unsecured Loans	78798
Application of Funds	
Net Fixed Assets	9387
Net Current Assets	22009
Miscellaneous Expenditure	
Accumulated Losses	136356
Pre-operative Expenses	0
Preliminary Expenses	0
IV. Performance of Company (Rs. in thousands)	
Turnover	56027
Total Expenditure	57451
Profit Before Tax and deferred tax	-1424
Profit After Tax and deferred tax	-1424
Earning per share in Rs.	-0.02
Dividend Rate	
V. Generic names of three principal products / Services of company (as per monetary terms) :	
Item Code No. (ITC Code)	Product description
520811.49	100% Cotton Woven Fabric

ON BEHALF OF THE BOARD

Place : Coimbatore
Date : 30-05-2011

V.R. GUPTA
Chairman

A.K. GUPTA
Managing Director



FLORA TEXTILES LIMITED

23, Bharathi Park Road, Coimbatore - 641 043.

ATTENDANCE SLIP

Please Hand over this
at the entrance of the
Meeting Hall

Member's Folio Number		No. of Shares held	
-----------------------	--	--------------------	--

Name of the proxy (in BLOCK LETTERS) to be filled in if the proxy attends instead of the member

I hereby record my presence at the 18th Annual General Meeting held on Wednesday, the 27th July 2011 at 4.00 p.m. at A/C Conference Hall, Rajasthani Sangh, D.B. Road, Coimbatore - 2, Tamiladu.

Member's / Proxy's Signature

Note:

1. A Member / Proxy attending the meeting must complete this Attendance Slip and hand it over at the entrance
2. Members are requested to advise, indicating their folio number, change in their address, if any, to the company.



FLORA TEXTILES LIMITED

23, Bharathi Park Road, Coimbatore - 641 043.

PROXY FORM

I/We.....
of being a Member / Member of Flora Textile Limited
hereby appoint of
of failing him of
of failing him of
as my/our proxy to attend and vote for me / us my / our behalf at the 18th Annual General Meeting
of the Company to be held on Wednesday, the 27th July 2011 and at any adjournment there of , as
witness my / our hands (s) this day of

Affix
Revenue
Stamp

Signed by the said

Note : The proxy form must be returned so as to reach the Registered Office of the Company at 23, Bharathi Park Road, Coimbatore - 641043, not less than forty - eight hours before the time of holding the aforesaid meeting.

MEMBERS / PROXIES ARE ONLY ALLOWED



FLORA TEXTILES LIMITED

No.23, Bharathi Park Road,
Coimbatore - 641 043, Tamilnadu.