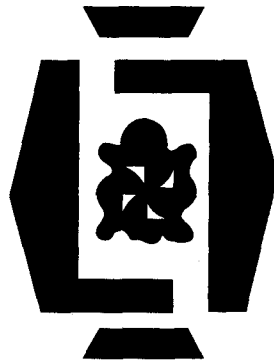


*Lambodhara
Textiles Limited*



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Annual Report

2011 - 2012



Lambodhara Textiles Limited

BOARD OF DIRECTORS

Managing Director	:	Sri. Santossh R.
Whole Time Directors	:	Smt. Vimala R. Smt. Giulia Bosco
Non-Executive Directors	:	Sri. Deepak Malani Sri. Vasthupal R. Mehta Sri. Girish G. Radia
Bankers	:	State Bank of India Specialised Commercial Branch 24, Stanes Road, Tirupur-2. Phone : 0421-2207400 Bank of India Main Branch, Oppanakara Street, Coimbatore-1. Phone : 0422-2396772
Auditors	:	M/s. Mohan & Venkataraman Chartered Accountants No.9, Bharathi Park, III Cross, Saibaba Mission Post, Coimbatore-11.
Registrar & Share Transfer Agent	:	M/s. SKDC Consultants Limited Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore-6. Phone : 0422-6549995, 2539835 - 836 Fax : 0422-2539837 E-mail : info@skdc-consultants.com

REGISTERED OFFICE

3-A, 3rd Floor, B-Block,
Pioneer Apartments,
1075-B, Avinashi Road, Coimbatore-641 018
Phone : 0422 - 2249038

WORKS

826, Thazhaiyuthu
Palani Taluk
Pin : 624 618
Phone : 04252 - 252253



Lambodhara Textiles Limited

18th ANNUAL GENERAL MEETING

Date : 30th August 2012
Day : Thursday
Time : 10.30 a.m.
Venue : The Coimbatore Cosmopolitan Club,
200, Race Course, Coimbatore – 641 018

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Eighteenth Annual General Meeting of the members of Lamodhara Textiles Limited will be held on Thursday, the 30th day of August 2012 at 10.30 a.m. at the Coimbatore Cosmopolitan Club, 200, Race Course, Coimbatore – 641 018 to transact the following business :

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Statement for the financial year ended 31st March, 2012 and the Balance Sheet as on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in the place of Mr. Vastupal Rajnikant Mehta who retires by rotation and being eligible, seeks reappointment.
3. To appoint a Director in the place of Mr. Deepak Padamshi Malani who retires by rotation and being eligible, seeks reappointment.
4. To appoint the Auditors and fix their remuneration.
5. To declare a dividend on Equity Shares.

SPECIAL BUSINESS

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) (d) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time any sum or sums of monies in such manner as may be required for the purpose of business of the Company, with or without security and upon such terms and conditions as they may think fit, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.100 crores (Rupees One hundred crores only).

7. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution.

Resolved that in partial modification of the resolution passed at the Annual General Meeting held on 14th July 2010 and pursuant to the provisions of Section 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended and pursuant to the



provisions of Articles of Association, the consent of the Company be and is hereby accord for payment of the following revised remuneration to Ms.Giulia Bosco, Whole-time Director of the Company with effect from 1st September 2012 for the remainder of the tenure of her office.

I. SALARY

Salary of Rs.50,000/- per month including dearness and all other allowances.

II. PERQUISITES:

Rent free fully furnished residential accommodation. The expenditure on gas, electricity and water will be met by the Company.

Provision of a Company car with driver for use on Company's business and telephone facility at her residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purpose shall be billed by the Company to the Whole Time Director.

The total expenses incurred by the Company on provision of perquisites shall not exceed Rs.6 lakhs per annum.

Further resolved that the above remuneration and perquisites shall be treated/ payable as minimum remuneration in the event of absence / inadequacy of profits in any financial year.

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

Item No.6

Pursuant to Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in general meeting, borrow monies, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose. Keeping in view the growth plans of the Company and funds requirements it is necessary for the Company to have financial assistance from its bankers / financial institutions.

Hence, the Board of Directors feel that it will be necessary for the company to raise further monies from various sources which may exceed the existing borrowing limit(s). The consent of the shareholders is therefore, sought in accordance with the provisions of Section 293 (1) (d) of the Companies Act, to enable the Directors to borrow monies subject to a limit of Rs.100 crores (Rupees One hundred crores only).

The Board recommends passing of the resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.



Item No. 7

Ms.Giulia Bosco was appointed as Whole Time Director of the Company for a period of Five years effective from 1st October 2008. Subsequently her remuneration was revised vide Annual General Meeting held on 14th July 2010.

The Remuneration Committee and the Board of Directors at their meeting held on 16th July 2012 have decided to recommend to the company in general meeting that the remuneration of Ms.Giulia Bosco, Whole Time Director be varied by insertion of a new provision to provide for a rent free accommodation and other perquisites not exceeding Rs.6 lakhs per annum from 1st September 2012, for the reminder period of her service. The Directors are of the opinion that the proposed revision is commensurate with her increasing involvement in the Company's business and in line with the package of persons holding similar positions in the industry.

The Board of Directors recommend the resolution for the approval of the members. Ms.Giulia Bosco is interested in the proposed resolution to the extent of the additional benefit proposed to be given to her and Sri.R.Santoss and Smt.R.Vimala are interested as relatives to Ms.Giulia Bosco. None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

The explanation may be treated as an abstract under section 302 of the Companies Act, 1956, in respect of the variation of the terms of appointment of Ms.Giulia Bosco, Whole Time Director of the Company.

NOTES

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.**
2. Proxies in order to be effective must be lodged at the Registered Office of the Company at 3A, 3rd Floor, B-Block, Pioneer Apartments, 1075-B, Avinashi Road, Coimbatore – 641 018 atleast 48 hours before the time fixed for Annual General Meeting.
3. Unclaimed dividends will be transferred to the Investor Education and Protection Fund set up the Central Government. Shareholders who have not so far encashed the dividend warrant(s) are requested to seek revalidation / issue of duplicate warrant(s)/ Demand Drafts by writing to the Registrar and Share Transfer Agents. Also note that no claim shall be made against said fund or Company in respect of any amount which were unclaimed and unpaid for a period of seven years from the date they become first due for payment and no payment shall be made in respect of such claims.
4. Members / Proxies should bring the Attendance Slip Form duly filled in for attending the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 25.08.2012 to 30.08.2012 (both days inclusive).



6. The dividend for the year ended 31st March, 2012 as recommended by the Board, if approved at the meeting, will be paid to those members whose names appear in the Company's Register of Members on 25th August 2012. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
7. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. The shareholders who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's Share Transfer Agent, M/s.SKDC Consultants Limited, Kanapathy Towers, III Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore- 641 006 for nomination form quoting their folio number. Shareholders holding shares in dematerialised form, should write to their Depository Participant for the purpose.
8. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company's Share Transfer Agent at the address mentioned hereinabove to consolidate their holding in one folio.
9. Members who are holding shares in physical form are requested to notify change in address, if any, to the Company's Share Transfer Agent, M/s.SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 quoting their folio number. Shareholders holding shares in dematerialized form, should intimate change of their address, if any, to their Depository Participant.

APPOINTMENT OF DIRECTORS

A brief resume, nature of experience in specific functional areas and other directorship of committees in respect of reappointment of Directors are given in terms of Clause 49 of the listing agreement.

1	Name Age Qualifications Expertise Other Directorships	Mr Vastupal Rajnikant Mehta 61 Years Graduate 26 years of experience in Textile business and abundant knowledge about the Industry Does not hold directorship in any other companies
2	Name Age Qualifications Expertise Other Directorships	Mr Deepak Padamshi Malani 62 Years Graduate Vast knowledge of the Industry Does not hold directorship in any other companies

By Order of the Board,

Place : Coimbatore
Date : 16.07.2012

(Sd/-) **SANTOSSH.R**
Managing Director



DIRECTORS' REPORT

Ladies & Gentlemen,

Your Directors are pleased to present the Eighteenth Annual Report of your Company and the Audited Annual Accounts for the financial year ended 31st March 2012. The Management Discussion and Analysis is included as a part of this Report.

FINANCIAL RESULTS

PARTICULARS	2011-2012	2010-2011
	(₹ in thousands)	
Profit before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	97523	87988
Less: Finance Cost	47898	28224
Depreciation and Amortisation Expenses	34068	24633
Profit before Tax	15557	35131
Less: Current Tax	3112	7045
Deferred Tax	19136	3832
Profit/(Loss) for the year	- 6691	24254
Add: Balance in Profit & Loss Account	69888	53509
	63197	77763
Less: Appropriation		
Transferred to General Reserve	1200	2400
Proposed Dividend on Equity Shares	4380	4711
Tax on Dividend	711	764
Closing Balance	56907	69888

REVIEW OF OPERATIONS

The Company's operations has resulted in a profit (before charging depreciation and Finance cost) of ₹975.23 lakhs as against a profit (before charging depreciation and Finance cost) of ₹879.88 lakhs in the previous year. However due to higher Finance Cost, the Company has incurred a loss of ₹66.91 lakhs (after current tax & deferred tax) as against a profit of ₹242.54 lakhs in the previous year..

The Company has completed implementation of modernisation project at a cost of ₹692.71 lacs and has commissioned second windmill of 1.5 MW capacity at a cost of ₹910.00 lacs. This has resulted in increase in finance cost from ₹282.24 lacs to ₹478.98 lacs. The said project and windmill is expected to improve the bottomline substantially.

FUTURE PLANS OF THE COMPANY

Your Company has proposed to expand capacity by 4,320 spindles at a project cost of ₹11 Crores with a target turnover of ₹95 Crores during the financial year 2012-13.



OPPORTUNITIES

Your Company is mainly focusing on customized fancy yarn in niche segment and planning to extend its entry into speciality fibre fancy yarn which should help in the years to come.

THREATS

The economy world over is slowing down may have impact in the performance of textile industry in general.

RISKS AND CONCERN

Your Company is exposed to all the risks associated with this business in terms of market conditions, timing, inflation, long term economic conditions, etc.,.

INTERNAL CONTROL SYSTEMS

The company has an Internal Control System commensurate with the size and the nature of its business.

SEGMENT – WISE PERFORMANCE

The main business of your Company is Textiles. The Company has commissioned second wind mill of 1.5 MW capacity at Kundadam Village, Tirupur District, Tamilnadu during Mar'2012. The electricity generated from the said WEG is used for captive consumption and takes care of 50% of power requirement at present level of operation.

DIRECTORS

Mr.Vastupal Rajnikant Mehta and Mr.Deepak Padamshi Malani, Directors of the Company will retire by rotation and being eligible offers themselves for reappointment.

DIVIDEND

The Board of Directors have proposed dividend of 10% subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

AUDITORS

M/s.Mohan & Venkataraman, Chartered Accountants, Coimbatore retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

PUBLIC DEPOSITS

The company has not accepted any deposit from the public during the year under review. In respect of the deposits accepted in earlier years, there are no unclaimed deposits as on 31st March 2012.

INFORMATION PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956.

As per the requirement of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information regarding conservation of energy, technology absorption and foreign exchange earned and outgo are appended hereto and form part of this report.



PARTICULARS OF EMPLOYEES

There is no employee who is in receipt of remuneration in excess of the limits set under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules 1975.

DEMATERIALISATION AND SHARE TRANSFER

The Company's shares are traded compulsorily in the dematerialised form and is available for trading under National Securities Depositories Limited (NSDL) and Central Depositories Service (India) Limited (CDSL).

M/s.SKDC Consultants Limited, Coimbatore is the Company's transfer agent for both physical and electronic form of transfers.

CORPORATE GOVERNANCE

The Board of Directors of your Company has taken all necessary steps to comply with Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges. A separate section on compliance with the conditions of Corporate Governance and certificate from statutory auditors of the Company in this regard is annexed hereto and form part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of The Companies Act, 1956, we state as under :

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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 this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the directors had prepared the annual accounts for the year ended 31st March 2012 on a going concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE

In accordance with Section 383A of the Companies Act, 1956 read with Companies (Compliance Certificate) Rules, 2001 as amended, the Company has obtained a Certificate from Mr. M. D. Selvaraj, FCS Company Secretary in whole-time practice and a copy of the Certificate is annexed to this report.

COST ACCOUNTANT

In conformity with the provisions of the Companies (Cost Accounting Records) Rules, 2011 [notified vide notification No. G.S.R. 429 (E) dated 3rd June 2011] issued by the Ministry of Corporate Affairs, the Company has appointed Mr.G.Sivagurunathan, Cost Accountant, Coimbatore as Cost Accountant for the financial year under review and the Cost



Compliance Report in respect of the financial year 2011-2012 will be filed on or before the due date.

AUDITORS' REPORT

With regard to the Auditors' qualification on registration of four vehicles in the name of one of the Directors, the Directors wish to state that appropriate steps will be taken to register the vehicles in the name of the Company

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Bankers, Government authorities, shareholders, suppliers and contractors for their support and co-operation extended to the Company.

By Order of the Board,

(Sd/-) **SANTOSSH.R**
Managing Director

Place : Coimbatore
Date : 16.07.2012

(Sd/-) **VIMALA.R**
Whole Time Director



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

A. CONSERVATION OF ENERGY

a) Energy Conservation measures Taken :

Usage of energy is constantly monitored and the need to conserve the same is emphasized.

b) Additional investment proposals, if any, being implemented for reduction of consumption of energy :

The Company has enhanced its Wind Energy capacity during the year for captive consumption from 1.25 to 2.75 MW. This would meet 50% power requirement at present level of operation. This will reduce energy cost considerably.

c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

The above measures have resulted in :

Reduction in consumption of electricity with consequent reduction in cost of production.

Environment protection by use of wind energy.

d) Total energy consumption and energy consumption per unit of production.

FORM - A

Total Energy Consumption and Energy Consumption per unit of Production

		<u>31.03.2012</u>	<u>31.03.2011</u>
I. Electricity			
(a) Purchased	Units	6,357,122	6,793,434
Total Amount	₹	38,778,245	33,669,027
Rate per unit (Average)	₹	6.10	4.96
(b) Private Power Purchased	Units	2,861,837	3,196,800
Total Amount	₹	19,343,652	21,463,977
Rate per unit (Average)	₹	6.76	6.71
(c) Own Generation			
Through Diesel Generator	Units	1,830,150	1,356,404
Value of HSD	₹	17,950,647	15,552,723
Rate per unit (Average)	Units	9.81	11.47
Cost per litre	₹	36.25	36.55
(d) Own Generation			
Through Wind Mill	Units	1,219,949	Nil
Total Amount	₹	4,155,283	Nil
Rate per unit	Units	3.41	Nil



II. Consumption per kg. of production

Yarn	Kgs.	4,257,959	3,987,056
Electricity Consumed	Units	12,269,058	11,346,638
Units per kg.		2.88	2.85

FORM - B

A. RESEARCH AND DEVELOPMENT

The Company has no separate Research and Development Department.

B. TECHNOLOGY ABSORPTION

The Company is a member of Tamilnadu Spinning Mills Association and is able to get from the said Association, the recent developments in various segments of the Industry.

C. FOREIGN EXCHANGE EARNING AND OUTGO

The Company is constantly and consciously planning to penetrate unexplored markets to improve its international market share.

Details of earnings in Foreign Exchange during the financial year 31st March 2012 are provided below :

Particulars		2011-12	2010-11
(i) Expenditure on Foreign Travel	₹	Nil	3,59,275/-
(ii) Foreign Exchange Earned	₹	2,54,60,936/-	Nil

By Order of the Board,

(Sd/-) **SANTOSSH.R**
Managing Director

Place : Coimbatore
Date : 16.07.2012

(Sd/-) **VIMALA.R**
Whole Time Director



Company Identification Number : L17111TZ1994PLC004929
Authorised Capital - ₹5,00,00,000/-

SECRETARIAL COMPLIANCE CERTIFICATE

To,
The Members
M/s.Lambodhara Textiles Limited
3A, B-Block, Pioneer Apartments
1075-B, Avinashi Road
Coimbatore – 641 018

I have examined the registers, records, books and papers of **Messrs. Lambodhara Textiles Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2012 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate with Registrar of Companies, Coimbatore and Regional Director, Chennai with requisite additional fee, wherever necessary, for belated filing prescribed under the Act and the rules made thereunder. However, no forms or returns were required to be filed with the Central Government, Company Law Board or other authorities.
3. The Company, being a Public Limited Company, has a paid up capital of Rs.4,37,98,000/- (Rupees Four Crores Thirty Seven Lakhs Ninety Eight Thousand).
4. The Board of Directors duly met 9 times respectively on 30.04.2011, 09.06.2011, 06.07.2011, 29.07.2011, 12.08.2011, 29.09.2011, 31.10.2011, 30.01.2012 and 12.03.2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 27.06.2011 to 04.07.2011 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2011 was held on 04.07.2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting(s) was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under Section 295 of the Act.



9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in the Section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The duly constituted Committee has approved the issue of duplicate share certificates.
13. The Company has:
 - (i) delivered all the certificates on lodgment thereof for transfer/ transmission or any other purpose in accordance with the provisions of the Act, and not made any allotment of securities during the financial year.
 - (ii) deposited the amount of dividend declared in a separate Bank Account on 4th July 2011 which is within 5 days from the date of declaration of such dividend.
 - (iii) paid/posted warrant(s) for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend have been kept in a separate Account.
 - (iv) no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to be Transferred to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has a Managing Director and Two Whole time Directors, who have been appointed in compliance with the provisions of Section 269 read with Schedule XIII of the Act. However the requisite Form 23, Form 25C and Form 32 for re-appointment of Managing Director were belatedly filed with requisite additional fees on 8th May 2012.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.



20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/debentures and hence the question of redemption of preference shares or debentures during the financial year does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has complied with the provisions of section 58A read with Companies (Acceptance of Deposit) Rules, 1975 in respect of deposit accepted and the Company has filed the copy of Statement in lieu of Advertisement with Registrar of Companies, Coimbatore. However the return of deposit was belatedly filed with requisite additional fee on 24th May 2012.
24. The amount borrowed by the Company from Banks and others are within the borrowing limits of the Company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened Extra-Ordinary General Meeting held on 9th May 1994.
25. The Company has not made any investments, loans or advances or given guarantees or provided securities to other bodies corporate(s).
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. According to the information provided to me, no prosecution steps were initiated against or show cause notices received by the Company for alleged offences under the Companies Act, 1956 and no fines or penalties were paid or any other punishment imposed on the Company during the financial year.
32. The Company has not received any money as security from its employees during the financial year.
33. Since, Employees Provident Fund Act, 1952 is applicable to the Company, compliance of Section 418 does not arise.

Practicing Company Secretary : **M.D.SELVARAJ**
C.P.No. : **411(FCS.960)**

Place : Coimbatore
Date : 16.07.2012

ANNEXURE A - SECRETARIAL COMPLIANCE CERTIFICATE

Lambodhara Textiles Limited

Company Identification Number : L17111TZ1994PLC004929

Authorised Capital - ₹5,00,00,000/-

REGISTERS AS MAINTAINED BY THE COMPANY

1. Register of Charges under Section 143 & Copies of Instruments Creating Charge under Section 136.
2. Register of Members under Section 150 and Index of Members under Section 151.
3. Register and Returns under Section 163.
4. Register of Particulars of Contracts in which Directors are Interested under Section 301(1) and under Section 301(3).
5. Register of Directors under Section 303.
6. Register of Director's Shareholdings under Section 307.
7. Register of Deposits Under Rule 7 of the Companies (Acceptance of Deposits) Rules 1975.
8. Minutes Book of Board Meetings under Section 193.
9. Minutes Book of General Meeting under Section 193.
10. Minutes Book of Share Transfer Committee.
11. Minutes Book of Audit Committee.
12. Minutes Book of Remuneration Committee.
13. Register of Renewed and Duplicate Certificates Under Rule 7 of the Companies (Issue of Share Certificate) Rules, 1960.
14. Register of Shareholders Attendance.
15. Register of Transfers.
16. Register of Proxies.



ANNEXURE B - SECRETARIAL COMPLIANCE CERTIFICATE

Lambodhara Textiles Limited

Company Identification Number : L17111TZ1994PLC004929

Authorised Capital - ₹5,00,00,000/-

Forms and Returns as filed by the Company with Registrar of Companies, Coimbatore, Regional Director, Central Government or other authorities during the financial year ended 31st March 2012.

REGISTRAR OF COMPANIES, COIMBATORE

Sl. No	Form No. Return	Filed under Section	For	Date of Filing & Receipt No.	Whether filed within prescribed time Yes/No	If Delay in filing whether requisite Additional fee paid Yes/No
01	Form 23AC -XBRL & 23ACA- XBRL for 31.03.2011	Section 220	Balance Sheet, Profit & Loss Account, Notice convening AGM and Directors Report along with Auditors Report as on 31.03.2011	<u>12.11.2011</u> P78975588	Yes	N.A
02	Form 20B Dated 04.07.2011	Section 159	Annual Return made upto 04.07.2011	<u>14.09.2011</u> P70347844	No	Yes
03	Form 66 for 31.03.2011	Section 383A	Secretarial Compliance Certificate dated 09.06.2011	<u>22.10.2011</u> P74429044	No	Yes
04	Form 8 dated 18.10.2011	Section 135	Particulars for modification of charge created in favour of State Bank of India, Specialized Commercial Branch, Tirupur Branch under Charge ID 90001936 due to enhancement of credit limit from Rs.43.95 Crores to Rs.46.55 Crores	<u>03.11.2011</u> B23999113	Yes	N.A
05	Form 62 dated 11.07.2011	Section 58A & Rule 4A of Companies (Acceptance of Deposit) Rules 1975	For submission of Statement in Lieu of Advertisement for accepting Deposits.	<u>15.10.2011</u> B22857817	Yes	N.A



REGIONAL DIRECTOR

Sl. No	Form No. Return	Filed under Section	For	Date of Filing & Receipt No.	Whether filed within prescribed time Yes/No	If Delay in filing whether requisite Additional fee paid Yes/No
01	Form 24A dated 17.08.2011	Section 297	Obtaining approval for entering into a contract with M/s. Strike Right Integrated Services Limited for a period of 3 years.	17.08.2011 B18365536	Yes	N.A

CENTRAL GOVERNMENT & OTHER AUTHORITIES

NIL

Practicing Company Secretary : **M.D.SELVARAJ**
C.P.No. : 411(FCS.960)

Place : Coimbatore
Date : 16.07.2012

**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

M/s.Lambodhara Textiles Limited's philosophy on Corporate Governance is to ensure that its obligations are discharged in a fair and a transparent manner.

2. BOARD OF DIRECTORS**a. Composition of the Board :**

As on 31st March 2012, the Company's Board comprised of 6 Directors. The Board consists of 3 Promoters and 3 Non- Executive Directors, 3 of them are independent. The members of the Board are well experienced. The day-to-day management affairs are managed by the Managing Director subject to the supervision, control and direction of the Board of Directors. The composition of the Company's Board is in conformity with the Listing Agreement.

b. Category of Directors, Attendance, other directorships and committee membership:

The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the financial period ended 31st March 2012 is as under:-

Name of the Director	Category	Attendance Particulars		No. of directorship in other public companies #	No. of Committee Positions held in other companies \$	
		Board Meeting	Last AGM		Chairman	Member
Mr.Santossh.R	Managing Director-Promoter	9	Yes	1	—	—
Ms.Vimala.R	Executive Director-Promoter	9	Yes	1	—	—
Ms. Guilia Bosco	Executive Director-Promoter	9	Yes	1	—	—
Mr.Deepak Malani	Non-Executive Independent	9	Yes	—	—	—
Mr.Vasthupal R Mehta	Non-Executive Independent	2	—	—	—	—
Mr.Girish G Radia	Non-Executive Independent	5	—	—	—	—

Excludes directorships in Private Companies and Foreign Companies

\$ Only Audit Committee and Investor Grievance Committee are considered.

Mr.R.Santossh, Ms.R.Vimala and Ms. Guilia Bosco are related inter-se.



Details of the Board meetings held during the financial year 2011-2012

The Board met Nine times during the financial year on 30th April 2011, 9th June 2011, 6th July 2011, 29th July 2011, 12th August 2011, 29th September 2011, 31st October 2011, 30th January 2012 and 12th March 2012 and the gap between the meetings did not exceed four months.

3. AUDIT COMMITTEE

The Audit Committee is mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with Stock Exchanges and these also confirm to provisions of section 292A of the Companies Act, 1956. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and Internal Auditors and meet with them to discuss their findings, suggestions, and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

During the financial year ended 31st March 2012, Five Audit Committee Meetings were held on 26th April 2011, 1st June 2011, 27th July 2011, 28th October 2011 and 30th January 2012. The necessary quorum was present at these meetings.

The composition of the Audit Committee and the details of meetings attended by the Members are as follows:

Name of the Members	Category	Designation	No. of Meetings	
			Held	Attended
Mr. Deepak Malani	Non-Executive Independent	Chairman	5	5
Mr. Vasthupal R Mehta	Non-Executive Independent	Member	5	2
Mr. Girish G Radia	Non-Executive Independent	Member	5	5

The Internal Auditor and the Statutory Auditors of the Company are permanent invitees to the meetings of the audit committee. The Minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note of. The Audit Committee considered and reviewed the accounts for the financial period ended 31st March 2012, before it was placed in the Board.

4. REMUNERATION COMMITTEE

The Committee is entrusted to determine and recommend to the Board the remuneration and perquisites payable to the Whole-Time Directors based on overall performance and financial results of the Company during the relevant financial period and in consonance with the existing industrial practice.



The Committee would basically look into and determine the Company's policy on remuneration packages to the Managing Director and other Executive Directors.

a. Composition, Name of Members and Chairman:

Name of the Member	Status
Mr.Deepak Malani (Chairman)	Non-Executive- Independent
Mr.Vasthupal R Mehta	Non-Executive- Independent
Mr.Girish G Radia	Non-Executive- Independent

The Committee has no need to met during the financial year.

Details of Remuneration paid to the Managing Director and Whole Time Director of the Company during the financial period ended 31st March 2012

Name	Designation	Total Remuneration
Mr.R.Santossh	Managing Director	₹9.10 Lakhs
Ms.Vimala.R	Executive Director	₹2.40 Lakhs
Ms.Guilia Bosco	Executive Director	₹6.00 Lakhs

b. Non Executive Directors:

The Company does not pay Sitting fees to Non-Executive Directors for attending Board Meetings, Audit Committee Meetings, and Shareholders / Investors Relations Committee Meetings.

c. The Company does not have any Employee Stock Option Scheme.

d. Shareholding of Non Executive Directors

Name of the Director	No of Shares held (as on 31.03.2012)
Mr.Deepak Malani	Nil
Mr.Vasthupal R Mehta	Nil
Mr.Girish G Radia	Nil

None of the other non executive directors are holding any shares in the Company. There has been no materially relevant pecuniary transaction or relationship between the Company and its non executive Independent Directors during the period.



5. INVESTORS RELATIONS COMMITTEE

The Shareholders and Investors Grievance Committee of the Board is empowered to oversee the re-addressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. The committee also approve transfer, transmission, transposition, consolidation, split, name deletion and issue of duplicate share certificates.

In addition, the Committee looks into other issues including status of dematerialization / re-dematerialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The Shareholders / Investors Grievance Committee consists of the following Directors.

Name of the Member	Category	Designation	No. of Meeting attended
Mr.Deepak Malani (Chairman)	Non-Executive- Independent	Chairman	10
Mr.Vasthupal R Mehta	Non-Executive- Independent	Member	5
Mr.Girish G Radia	Non-Executive-Independent	Member	6

During the year under review, the Committee met 14 times to deliberate on various matters referred above and for redressal of investors complaints.

Mr.Ramesh Shenoy.K, Chief Financial Officer is the Compliance Officer of the Company. The minutes of the Investors Relations committee were placed before the board meeting for due ratification and approval.

At the beginning of the year, no complaint was pending. During the year ended 31st March, 2012, the Company has not received any complaints from the shareholders. No investor complaint was pending on 31st March 2012.

Management Discussion and Analysis Report:

The contents of the Management Discussion and Analysis Report have been included in the Directors' Report at the appropriate places and thus the said report forms part of the annual report.

6. GENERAL BODY MEETINGS

Location and time where the last three annual general meetings were held and details of the special resolutions passed at the last three annual general meetings held:



Details of meeting	Date of meeting	Time of meeting	Venue of meeting	Special Resolution
Annual General Meeting 2008-2009	25.09.2009	1.00 P.M	The Coimbatore Club, East Club Road, Coimbatore – 641018.	—
Annual General Meeting 2009–2010	14.07.2010	9.30 A.M	The Coimbatore Club, East Club Road, Coimbatore – 641018.	—
Annual General Meeting 2010-2011	04.07.2011	12.30 P.M	The Chambers, The Coimbatore Club, East Club Road, Coimbatore – 641018.	—

No Special Resolutions were put through postal ballot last year and there is no proposal for this year.

7. DISCLOSURES:

- (i) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large

Kindly refer to the notes forming part of accounts for the details of related party transactions. There is no materially significant Related Party Transaction that may have potential conflict with the interest of the Company at large.

- (ii) Details of non-compliance by the company, penalties, strictures imposed on the company by any Statutory Authorities, during the last three years

The Company has complied with all the requirements of the listing agreement of the stock exchange as well as regulations and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, Stock Exchange or any other statutory authority on matters relating to capital markets in the last three years.

- (iii) Notes on Whistle Blower Policy

The Company does not have any Whistle Blower policy. However any employee, if he / she so desires, would have free access to meet Senior Level Management and Report any matter of concern.

- (iv) Details of compliance with mandatory requirements and adoption of the non mandatory requirements of clause 49

The Company has complied with all the mandatory requirement of corporate governance norms as enumerated in clause 49 of the listing agreement with the stock exchanges.



The Company has adopted the non mandatory requirement of corporate governance recommended under Clause 49 of the Listing Agreement and constituted a remuneration committee comprising of three non executive directors. The Company has not adopted any other non- mandatory requirements.

8. CODE OF CONDUCT

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on 31st March, 2012

The Company's Managing Director's declaration to this effect forms a part of this report.

Code for prevention of Insider Trading

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Insider-Trading) Regulations, 1992. This code is applicable to all directors / officers / designated employees. The Code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

CEO / CFO certification

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49 (V) of the Listing Agreement.

9. MEANS OF COMMUNICATION:

The quarterly / annual financial results of the Company are published in Business Line (English) and Daily Thanthi (Tamil). The financial results and the annual reports of the Company are uploaded in the Company's website: www.lambodharatextiles.com and in the website : www.bseindia.com.

There were no specific presentations made to Institutional Investors or to analysts during the period ended 31st March 2012.

10. GENERAL SHAREHOLDER INFORMATION

Date	:	30th August 2012
Time	:	10.30 a.m.
Venue	:	The Coimbatore Cosmopolitan Club. 200, Race Course, Coimbatore - 641 018.

(ii) Financial Calender :

Year Ending	:	31 st March 2013
First Quarter Results	:	1 st week of August 2012
Second Quarter Results	:	1 st week of November 2012



Third Quarter Results : 1st week of February 2013
 Annual Results : 4th week of May 2013
 Dividend Payment Date : 10.09.2012
 Date of Book Closure : 25.08.2012 to 30.08.2012
Listing on Stock Exchanges : Madras Stock Exchange Ltd
 Ahmedabad Stock Exchange Ltd,
 Coimbatore Stock Exchange Ltd.

Stock Code

Stock Code – BSE IndoNext : 590075
 Scrip ID – BSE IndoNext : LAMBODHARA
 International Security Identification Number : INE112F01014
 Listing and Custodial Fee : Annual Listing Fees for the year 2012-13 were paid to Madras Stock Exchange Limited, Ahmedabad Stock Exchange Limited.

The Company's shares are traded in "BSE IndoNext" platform of Bombay Stock Exchange Limited.

Custodial Fees to Depositories for the year 2012-13 were paid to National Securities Depository Limited and Central Depository Services (India) Limited.

STOCK MARKET DATA

Period	BSE IndoNext	
	High (₹)	Low (₹)
April 2011	24.00	18.00
May 2011	23.80	17.45
June 2011	23.55	18.55
July 2011	22.45	19.05
August 2011	20.75	17.30
September 2011	20.00	17.15
October 2011	22.05	15.15
November 2011	33.20	21.12
December 2011	35.35	27.70
January 2012	37.20	30.45
February 2012	56.25	34.05
March 2012	58.05	45.25

Face Value : ₹10/-



Registrar & Share Transfer Agent : M/s.SKDC Consultants Limited,
(For both physical & demat segments) Kanapathy Towers, III Floor,
1391/A1, Sathy Road, Ganapathy,
Coimbatore – 641 006.

Secretarial Audit

A qualified Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL & CDSL.

Share Transfer System

The company's shares being in compulsory dematerialised (demat) list are transferable through the depository system. Shares in physical form are processed by the registrar and share transfer agents, M/s.SKDC Consultants Limited, and approved by the investor relation committee of the Company. The share transfers are processed within a period of 21 days from the date of receipt of the transfer documents by M/s.SKDC Consultants Limited, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The investors' relation committee generally meets whenever necessary for approving share transfers and other related activities.

Legal proceedings/ disputes on share transfer against the company : Nil

Shareholding Pattern as on 31.03.2012

Shares held by	No. of Holders	No. of Shares	% of shareholding
Promoters and Promoters Group	4	3137300	71.63
FII	1	1000	0.02
Bodies Corporate	19	222789	5.09
Public	798	941950	21.50
Non Resident Indians	1	500	0.01
Clearing Member	9	24351	0.56
Hindu Undivided Families	9	51910	1.19
Total	841	4379800	100.00



Distribution of Shareholding as on 31.03.2012:

No. of shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
Upto 500	530	63.02	161598	3.69
501 – 1000	161	19.14	146358	3.34
1001 – 2000	91	10.82	157234	3.59
2001 – 3000	16	1.90	42647	0.97
3001 – 4000	1	0.12	4000	0.09
4001 – 5000	9	1.07	42300	0.97
5001 – 10000	14	1.67	99776	2.28
10001 and above	19	2.26	3725887	85.07
	841	100.00	4379800	100.00

Dematerialisation of shares and liquidity as on 31st March 2012:

The Company has arrangement with National Securities Depository Ltd. (NSDL) as well as Central Depository Services (India) Limited (CDSL) for demat facility. The Company's shares being in compulsory dematerialised (demat) list are transferable through the depository system

Particulars	No. of Holders	No. of Shares	% of shareholding
National Securities Depository Limited	258	35,14,967	80.25
Central Depository Services Limited	139	4,05,533	9.26
Physical Form	444	4,59,300	10.49
Total	841	43,79,800	100.00

The company's shares are regularly traded on BSE IndoNext.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments and their likely impact on equity.

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

Plant location:

826, Thazhaiyuthu,
Palani Taluk – 624 618.
Unit II – SKC House,
Vinayagar Kovil Street,
Neikarapatti, Palani – 624 615.



Windmill Installed at

SF No. 13/1(P) Koodankulam Village,
Radhapuram Taluk, Tirunelveli District.

SF No.1051/1, Kundadam Village,
Dharapuram Taluk, Tirupur District.

Address for Correspondence:

Address for Communication: For annual report, transfer of physical/ demat shares, dividend on shares, change of address & other query relating to shares of the Company and investors correspondence, may be addressed to	M/s. SKDC Consultants Limited, Kanapathy Towers, III Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore 641 006, Tamilnadu
Contact address for Shareholder:	The Secretarial Department Lambodhara Textiles Limited 3A, 3rd Floor, 'B Block' Pioneer Apartments, 1075 – B, Avinashi Road, Coimbatore – 641018.
Telefax Website Address	(0422) – 2249038 lambodharatex@airtelmail.in www.lambodharatextiles.com

Declaration for code of conduct

I hereby affirm and state that all board members and senior management personnel of the company have given a declaration pursuant to clause 49(I) (D) of the Listing Agreement and I hereby affirm compliance with the said code of conduct for the financial year 2011-2012.

Place : Coimbatore

Date : 16.07.2012

(Sd/-) **SANTOSSH.R**
Managing Director



CERTIFICATE

To the members of M/s. Lambodhara Textiles Limited.

We have examined the compliance of conditions of Corporate Governance by M/s.Lambodhara Textiles Limited, for the year ended on 31st March 2012 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the 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 explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Investors' Relation Committee.

We further state that such compliance is either an assurance as to the future viability of the company nor efficiency or effectiveness with which the management has conducted the affairs of the company.

for **MOHAN & VENKATARAMAN**
Chartered Accountants
FRN : 007321S

Place : Coimbatore
Date : 16.07.2012

(Sd/-) **R.MOHAN**
Partner
M.No.201229



TO THE MEMBERS OF LAMBODHARA TEXTILES LIMITED

We have audited the attached Balance Sheet of M/S.LAMBODHARA TEXTILES LIMITED, as at 31st March 2012 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors of the company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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, **subject to Note No.25 - II (14) wherein four vehicles shown as fixed assets of the Company amounting to ₹28,30,799 not registered in the name of the Company**, the said accounts together with Accounting policies and notes give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date, and
 - iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date

As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, on the matters specified in paragraphs 4 and 5 of the said Order, we further report that

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) Fixed Assets have been physically verified by the Management according to the regular programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its Fixed Assets. The discrepancies noticed on such physical verification were not material.



- (c) No substantial part of Fixed Assets has been disposed off during the year, which has bearing on the going concern assumption.
 2.
 - (a) The Inventory of the Company at all its locations (except stocks lying with third parties and in transit, confirmation / subsequent receipt have been obtained in respect of such inventory) have been physically verified by the Management at reasonable intervals.
 - (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
 3.
 - (a) The Company has taken loan from parties listed in the register maintained under Section 301 of the companies Act, 1956 and the rate of interest and other terms and conditions of loan are not prima facie prejudicial to the interest of the company. During previous year, interest free Loan of ₹1,82,78,475 is received from Managing director, Loan outstanding balance is ₹3,78,51,860. (maximum amount outstanding is ₹3,79,88,479).
During previous year, interest free loan of ₹47,00,050 is received from one of the director, Loan outstanding balance is ₹47,00,050. (Maximum amount outstanding is ₹47,00,050).
 - (b) The Company has not given any loan to parties listed in the register maintained under Section 301 of the companies Act, 1956.
 4. In our opinion and according to the information and explanations 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 purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
 5.
 - (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
 6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A of the companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board. The company has not accepted deposits during the year as defined under section 58AA of the Companies Act, 1956 and the rules made there under.
 7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
 8. The company has maintained the cost records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956; however, we have not made detailed examination of such records.



9. (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Excise Duty, Cess and any other statutory dues have been regularly deposited during the year with the appropriate authorities though there were some delay in remitting the dues. There are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March 2012, except Central Sales Tax of ₹7,200.
- (b) In our opinion and according to the information and explanations given to us, there are no dues in respect of Income tax, Wealth tax, Sales tax and Excise Duty that have not been deposited on account of any dispute except

Nature of the Dues	Amount	Forum where dispute is pending
ESI	₹7,57,748	Employee Insurance Court.
Income Tax	₹7,70,884	A.Y. 2005-06 DCIT

10. The Company does not have accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of any dues to financial institutions or banks or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society, therefore, the clause 4 (xiii) of the Order is not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion, according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
16. In our opinion, on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. On the basis of an overall examination of the Balance sheet of the Company, no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under Section 301 of the Company Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and on the basis of information and explanations provided by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

for **MOHAN & VENKATARAMAN**
Chartered Accountants
FRN : 007321S

Place : Coimbatore
Date : 16.07.2012

(Sd/-) **R.MOHAN**
Partner
M.No.201229

**BALANCE SHEET AS AT 31st March 2012**

Particulars	Note No.	As at 31 st March 2012	As at 31 st March 2011
I. EQUITY AND LIABILITIES			
		in ₹ '000	in ₹ '000
1. SHARE HOLDERS FUNDS			
(a) Share Capital	1	43798	43798
(b) Reserves and Surplus	2	138108	149889
(c) Monies Received against Share Warrants		—	—
		<u>181906</u>	<u>193687</u>
2. SHARE APPLICATION MONEY PENDING ALLOTMENT		—	—
3. NON CURRENT LIABILITIES			
(a) Long-term borrowings	3	359462	221584
(b) Deferred tax liabilities (net)		36937	17801
(c) Other Long term liabilities	4	131	—
(d) Long-term provisions	5	1146	1145
		<u>397675</u>	<u>240530</u>
4. CURRENT LIABILITIES			
(a) Short-term borrowings	6	145955	134958
(b) Trade payables		8342	8314
(c) Other current liabilities	7	51319	48012
(d) Short-term provisions	8	11273	14739
		<u>216889</u>	<u>206023</u>
TOTAL		<u>796470</u>	<u>640239</u>
II. ASSETS			
1. NON CURRENT ASSETS			
(a) Fixed assets	9		
(i) Tangible assets		535309	377896
(ii) Intangible assets		—	—
(iii) Capital work-in-progress		19989	14798
		<u>555299</u>	<u>392694</u>
(b) Non-current investments		—	—
(c) Long-term loans and advances	10	19562	19324
(d) Other non-current assets		—	—
		<u>574860</u>	<u>412018</u>
2. CURRENT ASSETS			
(a) Current investments		—	—
(b) Inventories	11	109905	86744
(c) Trade receivables	12	84515	107540
(d) Cash and cash equivalents	13	6074	4223
(e) Short-term loans and advances	14	15993	24859
(f) Other current assets	15	5123	4856
		<u>221609</u>	<u>228221</u>
TOTAL		<u>796470</u>	<u>640239</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORM	25		

Vide Our Report of even date
for **MOHAN & VENKATARAMAN**
Chartered Accountants
FRN : 007321S

(Sd/-) **R.MOHAN**
Partner
M.No.201229

Place : Coimbatore
Date : 16.07.2012

(Sd/-) **SANTOSHH.R**
Managing Director

(Sd/-) **VIMALA.R**
Whole Time Director



PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Note No.	As at	As at
		31 st March 2012	31 st March 2011
		In ₹ '000	In ₹ '000
I. REVENUE FROM OPERATIONS	16	756430	755246
II. OTHER INCOME	17	2022	1453
III. TOTAL REVENUE (I + II)		758452	756700
IV. EXPENSES			
Cost of Material Consumed	18	521319	452148
Purchase of Stock in Trade	19	6451	49712
Changes in inventories of finished goods, Work in progress and Stock in Trade	20	- 31327	4911
Employee Benefits Expenses	21	27165	24911
Finance Cost	22	47898	28224
Depreciation and amortisation expenses		34068	24633
Other Expenses	23	137322	137028
Total Expenses		742895	721568
V. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		15557	35132
VI. TAX EXPENSE			
Current Tax		3112	7045
Deferred Tax	24	19136	3832
VII. PROFIT OR LOSS FOR THE YEAR (V) - (VI)		- 6691	24254
VIII. EARNINGS PER SHARE		- 1.53	5.54
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORM	25		

Vide Our Report of even date
for **MOHAN & VENKATARAMAN**
Chartered Accountants
FRN : 007321S

(Sd/-) **R.MOHAN**
Partner
M.No.201229

Place : Coimbatore
Date : 16.07.2012

(Sd/-) **SANTOSSH.R**
Managing Director

(Sd/-) **VIMALA.R**
Whole Time Director



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SHARE CAPITAL

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(a) Authorised 5000000 Equity shares (P.Y. 5000000) of ₹10 each with voting rights	50000	50000
(b) Issued 4379800 Equity shares (P.Y. 4379800) of ₹10 each with voting rights	43798	43798
(c) Subscribed and fully paid up 4379800 Equity shares (P.Y. 4379800) of ₹10 each with voting rights	43798	43798
Total	43798	43798

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 st March 2012 No. of shares	As at 31 st March 2011 No. of shares
Shares outstanding at the beginning of the year	4379800	4379800
Shares outstanding at the end of the year	4379800	4379800

Details of Share Holders Holding morethan 5% shares

Class of shares / Name of shareholders	As at 31 st March 2012		As at 31 st March 2011	
	No. of Shares	% holding	No. of Shares	% holding
The company has only one class of equity shares having a par value of ₹10 per share. Each share holder is eligible for one vote per share				
Shri. Santossh R	1653000	37.74	1653000	37.74
Strike Right Integrated Services Limited	1460300	33.34	1460300	33.34

NOTE 2 - RESERVES AND SURPLUS

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(a) Revaluation reserve As per last balance sheet	76901	76901
Closing balance	76901	76901



Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(b) Other reserve		
General reserve		
Opening balance	3100	700
Add: Additions during the year	1200	2400
Less: Utilised / transferred during the year	—	—
Closing balance	4300	3100
(c) Surplus in Statement of Profit and Loss		
Opening balance	69888	53509
Add: Profit (loss) for the year	– 6691	24254
Transfer to General reserve	1200	2400
Proposed Dividend on Equity Shares (Dividend Per Share Rs.1 (Previous Year Rs.1.08))	4380	4711
Tax on Dividend	711	764
Closing balance	56907	69888
Total	138108	149889

NOTE 3 - LONG TERM BORROWINGS

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(a) Secured		
Term Loans from banks	295133	175581
Long term maturities of finance lease obligations	2277	3458
(b) Unsecured		
Deposits	19500	19500
Loans and advances from related parties	42552	23045
Total	359462	221584

Bank borrowings of term loan and working capital

- 3.1 TUFs Term Loan-I from State Bank of India is secured by first charge on Factory Land, and building and other assets purchased out of the term loan. Total outstanding as on 31.03.2012 is (₹'000) 3016 [Previous year (₹'000) 6387]. Term Loan-I is payable in 78 installments commencing from April 2007. Last installment is due in September 2013.
- 3.2 TUFs Term Loan-II from State Bank of India is secured by first charge on entire assets created out of the term loan, Factory Land and building. Total outstanding as on 31.03.2012 is (₹'000) 96300 [Previous year (₹'000) 109150]. Term Loan-II is payable in 91 installments commencing from April 2009. Last installment is due in October 2016.
- 3.3 TUFs Term Loan-III from State Bank of India is secured by first charge on entire assets created out of the term loan including wind mill land. Total outstanding as on 31.03.2012



is (₹'000) 103500 [Previous year (₹'000) 69533]. Term Loan-III is payable in 109 installments commencing from October 2011. Last installment is due in October 2021.

- 3.4 TUFs Term Loan-IV from State Bank of India is secured by first charge on entire assets created out of the term loan. Total outstanding as on 31.03.2012 is (₹'000) 40069 [Previous year ₹Nil]. Term Loan-IV is payable in 72 installments commencing from October 2012. Last installment is due in September 2018.
- 3.5 Term loan from Bank of India is secured by first charge on Windmill and Windmill Land. Total outstanding as on 31.03.2012 is (₹'000) 69300 [Previous year ₹Nil]. Term loan is payable in 108 installments commencing from March 2013. Last installment is due in Feb 2022.
- 3.6 Term loan from Kotak Mahindra Bank is secured by Residential Apartment purchased out of term loan. Total outstanding as on 31.03.2012 is (₹'000) 8285 [Previous year (₹'000) 8361]. Term loan is payable in 240 installments commencing from August 2010. Last installment is due in August 2030.
- 3.7 Two directors have given personal guarantee and one of them had given personal assets as security for the loan from State Bank of India and no Guarantee Commission has been paid to any directors in this connection.

Three directors have given personal guarantee and one of them had given personal assets as security for the loan from Bank of India and no Guarantee commission has been paid to any directors in this connection.

Details of pledge of shares held by directors for availing loan facilities for the company: The Managing director has pledged 4.62 lakh shares of the company held by him as collateral security for the loan sanctioned by State Bank of India and 5.25 lakh shares of the company held by him as collateral security for the loan sanctioned by Bank of India.

- 3.8 Installments falling due in respect of all the above Loans upto 31.03.2013 have been grouped under "Current maturities of long-term debt" [Refer Note 7(a)]

NOTE 4 - OTHER LONG TERM LIABILITIES

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(a) Trade payables:	—	—
(b) Others		
(i) Creditors for others (interest received in advance)	131	—
Total	131	—

NOTE 5 - LONG TERM PROVISIONS

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(a) Provision for employee benefits		
(i) Provision for gratuity (Unfunded)	1146	1145
(ii) Others	—	—
Total	1146	1145

**NOTE 6 - SHORT TERM BORROWINGS**

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(a) Loans repayable on demand		
From banks (Secured)		
Foreign currency loans	107956	—
Other Loans	37999	134958
Total	145955	134958

- Working capital facilities from State Bank of India is secured by first charge on entire current assets such as raw materials, SIP, finished goods, receivables, stores, spares, consumables and other current assets.
- Bank of India has sanctioned working capital facilities against paripassu charges on the inventories and book debts and same is yet to be utilised.

NOTE 7 - OTHER CURRENT LIABILITIES

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(a) Current maturities of long-term debt	34254	32991
(b) Current maturities of finance lease obligations	3576	2779
(c) Interest accrued but not due on borrowings	3323	1531
(d) Interest accrued and due on borrowings	—	—
(e) Unpaid dividends	168	2
(f) Other payables		
(i) Duties and taxes	1506	1793
(ii) Advances from customers	1523	3056
(iii) Credit balance in Scheduled Banks (Current accounts)	—	825
(iv) Others		
Interest received in advance	175	—
Creditors for capital goods	250	335
Outstanding Expenses	6544	4699
Total	51319	48012

NOTE 8 - SHORT TERM PROVISIONS

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(a) Provision for employee benefits		
(i) Gratuity (Unfunded)	57	52
(ii) Others	3013	2167
(b) Others		
(i) Provision for taxation	3823	7809
(ii) Provision for Dividend	4380	4711
Total	11273	14739



NOTE 9 - TANGABLE ASSETS

NAME OF THE ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.2011	ADDITIONS	SALE / TRANSFER	COST AS AT 31.03.2012	UPTO 31.03.11	DURING THE YEAR	WITH- DRAWN	UPTO 31.03.2012	UPTO 31.03.2012	UPTO 31.03.2011
01. LAND	85908	2254	—	88162	—	—	—	—	88162	85908
02. BUILDING	65076	220	—	65296	12558	2119	—	14677	50619	52518
03. WIND MILL	65176	89517	—	154693	94	3506	—	3600	151093	65082
04. PLANT AND MACHINERY	254455	99237	12596	341095	93599	26715	9661	110653	230443	160856
05. FURNITURE AND FIXTURES	1388	35	—	1423	607	92	—	700	723	780
06. OFFICE EQUIPMENT	2516	306	19	2803	1384	179	11	1552	1251	1131
07. VEHICLES	14144	3735	1527	16353	2524	1457	646	3335	13018	11621
TOTAL OF FIXED ASSETS	488663	195304	14142	669826	110766	34068	10318	134516	535309	377896
PREVIOUS YEAR	367259	124633	3228	488663	87827	24633	1694	110766	377896	279432

WORK IN PROGRESS

NAME OF THE ASSET	GROSS BLOCK		
	AS ON 31.03.11	ADDITIONS	SALE / TRANSFER
01. BUILDING - WIP	12328	4464	—
02 BUILDING - WIP - PEELAMEDU	563	778	—
03 PLANT & MACHINERY - WIP	1775	89850	89770
04 ELECTRICAL FITTINGS - WIP	131	—	131
TOTAL	14798	95092	89901
PREVIOUS YEAR	16119	37118	38440

**NOTE 10 - LONG TERM LOANS & ADVANCES**

Particulars	As at March, 2012 in ₹'000	As at March, 2011 in ₹'000
(a) Capital advances		
Advance for Capital goods (Unsecured considered good)	6554	7232
(b) Security Deposits		
Security Deposits (Unsecured considered good)	11358	12092
(c) Loans and advances to related parties	—	—
(d) Other loans & advances		
Prepaid expenses - AMC (Unsecured considered good)	1650	—
Total	19562	19324

NOTE 11 - INVENTORIES

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(a) Raw materials		
Yarn 1251	705	
Fibre 43782	54029	
Cotton	1918	413
(b) Work-in-progress	17752	14744
(c) Finished goods		
Yarn 42746	13820	
(d) Stock in Trade	—	—
(e) Stores and spares	1540	1510
(f) Others		
(i) Stock of waste	914	1522
Total	109905	86744

Mode of valuation : Refer Note 25-I (C) in significant Accounting Policies
Goods in transit as on 31.03.2012 is Nil (PY - NIL)

NOTE 12 - TRADE RECEIVABLES

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured & considered good	1686	79
Other Trade receivables		
Secured & considered good	82829	107461
Total	84515	107540



NOTE 13 - CASH AND CASH EQUIVALENTS

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(a) Cash and Cash Equivalents		
(i) Balances with banks	3627	60
(ii) Cash on hand	1071	198
(b) Other bank balances		
(i) Unpaid dividend	168	—
(ii) Balance with banks to the extend held as margin money (Margin money for bank guarantee) (Maturity after 12 months)	1208	865
(Margin money for Letter of credit) (Maturity before 12 months)	—	3100
Total	6074	4223

NOTE 14 - SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
Unsecured, considered good		
(a) Loans and advances to related parties	—	—
(b) Others		
Advance recoverable in cash or in kind or for value to be received		
(i) For Material Purchase	1903	9383
(ii) For Expenses / Others	2388	1636
(iii) For Duties & Taxes	10120	13142
(iv) Prepaid Expenses	1581	697
Total	15993	24859

NOTE 15 - OTHER CURRENT ASSETS

Particulars	As at 31 st March 2012 in ₹ '000	As at 31 st March 2011 in ₹ '000
(i) Interest accrued on deposits	149	108
(ii) Duty draw back receivable	1675	—
(iii) Interest receivable on Trade receivables	108	—
(iv) Interest subsidy receivables from banks	3078	4729
(v) Windmill Energy income receivable	113	20
Total	5123	4856



NOTE 16 - REVENUE FROM OPERATIONS

Particulars	For the year ended 31 st March, 2012 in ₹'000	For the year ended 31 st March, 2011 in ₹'000
(a) Sale of products [Refer Note (i) below]	745539	754151
(b) Sale of services	—	—
(c) Other operating revenues		
(i) Wind mill - Electricity captive consumption value	7649	20
(ii) Sales of waste and scrap	876	1075
(iii) Duty drawback	2366	—
Total	756430	755246

Note (i) Sale of products

Finished goods

Yarn	726854	673585
Cloth	11948	26818

Traded goods

Fibre	—	1943
Cotton	6738	51805

Total	745539	754151
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NOTE 17 - OTHER INCOME

Particulars	For the year ended 31 st March, 2012 in ₹'000	For the year ended 31 st March, 2011 in ₹'000
(a) Interest income	779	366
(b) Other non-operating income (net of expenses directly attributable to such income)		
(i) Exchange Flexuation Gain	—	—
(ii) Profit on Sale of Assets	1051	878
(iii) Other income	192	209
Total	2022	1453

**NOTE 18 - COST OF MATERIALS CONSUMED**

Particulars	For the year ended 31 st March, 2012 in ₹'000	For the year ended 31 st March, 2011 in ₹'000
Opening Stock	55148	14595
Add : Purchases	513123	492701
	568271	507296
Less: Closing stock	46951	55148
Cost of material consumed (Refer note 1 below)	521319	452148
Note - 1		
Details of Raw material consumed		
Imported	224	6786
Indigeneous	521096	445362
	521319	452148
Details of Raw material consumed		
Yarn	19898	13209
Fibre	499949	437494
Cotton	1473	1445
Total	521319	452148

NOTE 19 - PURCHASE OF STOCK IN TRADE

Particulars	For the year ended 31 st March, 2012 in ₹'000	For the year ended 31 st March, 2011 in ₹'000
Cotton Purchase	6451	49712
Total	6451	49712

NOTE 20 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-PROGRESS AND STOCK IN TRADE

Particulars	For the year ended 31 st March, 2012 in ₹'000	For the year ended 31 st March, 2011 in ₹'000
Opening Stock		
Finished goods	13820	23588
Work-in-progress	14744	10983
Waste	1522	425
Stock in Trade	—	—
	30086	34997
Closing Stock		
Finished goods	42746	13820
Work-in-progress	17752	14744
Waste	914	1522
Stock in Trade	—	—
	61413	30086
Net (increase) / decrease	- 31327	4911



NOTE 21 - EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 st March, 2012 in ₹'000	For the year ended 31 st March, 2011 in ₹'000
(a) Salaries and Wages	19402	17101
(b) Managerial Remuneration	1750	1717
(c) Contribution to Provident fund and other funds	1500	1433
(d) Gratuity as per actuarial valuations	115	359
(e) Staff Welfare Expenses	4398	4302
Total	27165	24911

NOTE 22 - FINANCE COST

Particulars	For the year ended 31 st March, 2012 in ₹'000	For the year ended 31 st March, 2011 in ₹'000
(a) Interest expense	44216	24694
(b) Other borrowing costs	1120	954
(c) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	2562	2576
Total	47898	28224

NOTE 23 - OTHER EXPENSES

Particulars	For the year ended 31 st March, 2012 in ₹'000	For the year ended 31 st March, 2011 in ₹'000
Manufacturing expenses		
Consumption of stores and spares (Refer Note below)	20021	18685
Power and fuel	82322	72497
Yarn Conversion charges	3637	5913
Repairs to Buildings	888	2105
Repairs to Machinery	1148	1012
	108016	100213
Selling and Distribution Expenses		
Freight and forwarding	13827	10696
Sales commission	3232	3842
Consignment Expenses	639	1348
Business promotion	508	241
Advertisement	240	168
	18446	16295



NOTE 23 - OTHER EXPENSES - Contd...

Particulars	For the year ended 31 st March, 2012 in ₹'000	For the year ended 31 st March, 2011 in ₹'000
Establishment Expenses		
Rent	182	145
Repairs and maintenance - Others	2786	2950
Insurance	722	526
Rates and taxes, excluding taxes on income	1515	10301
Postage and Telephone	416	364
Travelling and conveyance	801	943
Printing and stationery	167	187
Audit Fees and Expenses	165	139
Subscription	58	28
Professional & Consultancy	676	675
Net loss on foreign currency transactions and translation (other than considered as financial cost)	626	—
Loss on sale of fixed assets	2270	568
Bad debts written off	—	3363
Prior period items (net)	18	- 6
Miscellaneous expenses	459	337
	10861	20520
Total	137322	137028

Note - Consumption of stores and spares

Particulars	For the year ended 31 st March, 2012 in ₹'000	For the year ended 31 st March, 2011 in ₹'000
Indigeneous	20021	18644
Imported	—	41
Total	20021	18685

NOTE 24 - DEFERRED TAX

Particulars	For the year ended 31 st March, 2012 in ₹'000	For the year ended 31 st March, 2011 in ₹'000
Mat Credit Entitlement	- 3113	- 6223
Deferred Tax	22249	10056
Total	19136	3832



NOTES ON ACCOUNTS

NOTE 25

I. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting :

- i) Revenue Recognition: The Financial Statements are prepared under historical cost. Revenue / Income and Cost / Expenditure are generally accounted for on accrual as they are earned or incurred, except in case of significant uncertainties. The Export Sales are recognized on the date of the Bill of Lading.
- ii) Use of Estimates: The preparation of financial statement in conformity with generally accepted accounting principles required estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

b) Fixed Assets and Depreciation :

- i) Fixed Assets are stated at cost and includes all expenditure of Capital nature and net of VAT credit, if any.
- ii) In respect of leased assets all expenses incurred to bring the assets into working condition, including customs duty paid for imported machinery and lease rent upto the date of commercial production or up to the date of commissioning the respective machinery are capitalised.
- iii) Assets acquired under Hire Purchase agreements are capitalised to the extent of principal value while interest on hire purchase are expensed when paid.
- iv) Depreciation on fixed assets is provided on straight-line basis at the rates specified in Schedule XIV of the Companies Act 1956. In respect of assets costing less than ₹5,000/- the policy of the Company is to charge depreciation at 100% on Prorata basis to the period of use.

c) Inventory valuation

Inventories are valued as follows :

- i) Raw materials, materials in process, finished goods and Goods for Trade are valued at Cost or Net Realizable Value, whichever is lower.
- ii) Stores, Spares, Etc., are valued, either at Cost or at Cost less amounts written off.
- iii) Goods in transit are valued at cost to date.
- iv) 'Cost' comprises all cost of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost formula used is 'First in First Out' as applicable.



d) Value Added Tax:

The value added tax is accounted for by reducing the Purchase cost of the related items.

e) Retirement Benefits:

1. Provident fund is accounted on accrual basis with contribution to recognized funds.
2. Leave encashment benefit are paid annually as per the policy of the company.
3. Gratuity liability has been provided in the books of accounts as per the actuarial valuation certificate provided by Consulting Actuary.

f) Borrowing Cost :

- a) Borrowing costs that are directly attributable to the acquisition / construction of a qualifying asset are capitalized as part of the cost of that asset till the time it is ready to put to use.
- b) All other Borrowing cost are recognized as expenditure during the period in which these are incurred.

g) Taxes on income :

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

h) Foreign currency Transactions

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the currency and the foreign currency at the date of the transaction.

Foreign currency monetary assets and liabilities (other than those covered by forward contracts) as on the balance sheet date are revalued in the accounts on the basis of exchange rates prevailing at the balance sheet date and exchange difference arising there from is charged to Profit & Loss Account.

In the case of transactions covered by forward contracts, the difference between the contract rate and the exchange rate prevailing on the date of transaction is charged to profit & loss Account, proportionately over the contract period. Exchange differences on such contracts are recognized in the statement of Profit & Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expenses for the year.



i) Earnings per share:

Earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net Profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

j) Cash Flow Statement :

The cash Flow statement is prepared by the indirect method set out in Accounting Standard 3 on cash flow statement and presents cashflows by operating, investing and financing activities of the Company.

Cash and cash equivalents presented in the cash flow statement consists of cash on hand and demand deposits with banks as on the balance sheet date.

k) Operating lease:

Operating lease payments are recognized as expenditure in the profit & loss Account on a straight line basis , which is representative of the time pattern of benefits received from the use of assets taken on lease.

l) Contingent Liabilities

Contingent Liabilities as defined in Accounting Standard -29 are disclosed in the notes to accounts. Provisions is made if it became probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

m) Impairment

a) The Carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

b) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there no impairment.



n) Government Grants

The company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with and the grants will be received. Grants relating to specific fixed assets are shown as deduction from the gross value of the assets. Grants related to revenue is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. The capital grants towards promoters contribution is recognized as capital reserve.

II. OTHER NOTES

1. Estimated value of contract remaining to be executed on Capital Account is (₹'000) 8187 [Previous Year (₹'000) 35690]

2. Details of contingent liabilities	31.03.2012	31.03.2011
	(₹'000)	(₹'000)

i. Employees' State Insurance Corporation demand, the case is before the Employee Insurance Court.	758	758
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ii. Reassessment pending with DCIT (Asst. Year 05-06)	771	771
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iii. Dispute on outstanding balance against the lease finance and hire purchase, the case is before the High court of Karnataka	1234	1234
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iv. Letter of credit given to supplier	Nil	19877
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3. Disclosure in respect of derivative instruments:

(a) Derivative instruments outstanding:		
Loans taken Principal forward contract	- USD 2199000	USD 319555
	INR 116900	INR14714

(b) All the derivative instruments have been acquired for hedging purposes.

(c) Foreign currency exposures that are not hedged by derivative instruments

i. Cash and bank balance	USD 26.00	USD 47.40
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4. Borrowing cost of (₹'000) 1356 on State Bank of India Term loan (₹'000) 999 on Bank of India Term Loan and (₹'000) 1018 on Kotak Mahindra Bank is capitalized towards Building, Plant & machineries and other capital work-in-progress during the year. Further (₹'000) 1511 being exchange fluctuation gain on import of machinery is reduced in the cost of the machinery capitalized.



5. Segment Reporting

	31.03.2012	31.03.2011
Segment Revenue	(₹'000)	(₹'000)
Yarn Manufacturing	750760	756680
Wind Mills	7693	20
Real Estate	—	—
Total	758452	756700
Segment Expenditure		
Yarn Manufacturing	732410	721474
Wind Mills	10485	94
Real Estate	—	—
Total	742895	721568
Segment Profit / Loss		
Yarn Manufacturing	18350	35206
Wind Mills	- 2793	- 75
Real Estate	—	—
Total	15557	35132
Segment Assets		
Yarn Manufacturing	559229	491263
Wind Mills	153941	65676
Real Estate	83300	83300
Total	796470	640239
Segment Liabilities		
Yarn Manufacturing	493862	394490
Wind Mills	120702	52062
Real Estate	—	—
Total	614564	446553

During the year 2008-09, the real estate land which was a stock in trade with a value of (₹'000) ₹6399 was converted into fixed asset. The same was revalued for a value of (₹'000) ₹83300 resulting in a revaluation reserve of (₹'000) ₹76901.



6. In accordance with the revised Accounting Standard – 15 details are given below which is certified by the actuary and relied upon by the auditors and the company has provided the liability in accounts, to meet its liability from internal generation.

I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	31 03 2011	31 03 2012
Discount Rate	8.40%	8.70%
Salary escalation rate	6.00%	6.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	0.00%	0.00%

In the following tables, all amounts are in Rupees, unless otherwise stated.

II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES: (₹'000)		
PVO as at the beginning of the period		1197
Interest Cost		96
Current service cost		303
Past service cost - (non vested benefits)		—
Past service cost - (vested benefits)		—
Benefits paid		- 109
Actuarial loss/(gain) on obligation (balancing figure)		- 285
PVO as at the end of the period		1203

III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period		—
Expected return on plan assets		—
Contributions		109
Benefits paid		- 109
Actuarial gain/(loss) on plan assets [balancing figure]		—
Fair value of plan assets as at the end of the period		—



IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets		—
Actuarial gain (loss) on plan assets		—
Actual return on plan assets		—

V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation		285
Actuarial gain / (loss) for the period- Plan Assets		—
Total (gain) / loss for the period		- 285
Actuarial (gain) / loss recognized in the period		- 285
Unrecognized actuarial (gain) / loss at the end of the year		—

VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSIS		
Present value of the obligation		1203
Fair value of plan assets		—
Difference		1203
Unrecognised transitional liability		—
Unrecognised past service cost - non vested benefits		—
Liability recognized in the balance sheet		1203

VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost		303
Interest Cost		96
Expected return on plan assets		—
Net actuarial (gain)/loss recognised in the year		- 285
Transitional Liability recognised in the year		—
Past service cost - non-vested benefits		—
Past service cost - vested benefits		—
Expenses recognized in the statement of profit and loss		115



VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability		1197
Expense as above		115
Contribution paid		- 109
Closing net liability		1203

7. Related party disclosures for the year ended 31st March 2012.

a) The following loans have been taken during the year from related parties:

	Opening Balance	Amount Received	Amount Repaid	Closing Balance (₹'000)
Mr.Santossh.R. Managing Director	23044	18278	3470	37852
Ms.Giulia Bosco Whole time Director	Nil	4700	Nil	4700

b) Remuneration paid to Managing Director, Mr.Santossh.R. is (₹'000) 910 [Previous Year (₹'000) 907].

c) Remuneration paid to Whole Time Director, Ms.Giulia Bosco is (₹'000) 600 [Previous Year (₹'000) 570].

d) Remuneration paid to Whole Time Director, Ms.Vimala.R. is (₹'000) 240 [Previous Year (₹'000) 240].

e) i. Cotton sales to M/s.V.R. Textiles Private Ltd., during the year for (₹'000) 3952 [Previous Year (₹'000) 36352].

ii. Yarn purchase from M/s.V.R. Textiles Private Ltd., during the year for (₹'000) Nil [Previous year (₹'000) 6632].

iii. Polyester purchase from M/s.V.R. Textiles Private Ltd., during the year for (₹'000) 7662 [Previous year (₹'000) Nil].

(The Managing Director and one of the Whole Time Director are the Directors' of the above company)

f) Polyester purchase from M/s.Strikeright Integrated Services Limited., during the year for (₹'000) 5696 [previous year (₹'000) Nil].

Company in which Managing Director and other two directors of M/s.Lambodhara Textiles Limited are directors.

g) Interest paid to Mr. Santossh.R Managing Director is (₹'000) Nil [Previous year (₹'000) 220] [TDS (₹'000) 22].

8. Earnings Per share	31.03.2012	31.03.2011
(a) Profits after Tax (₹'000)	- 6691	24254
(b) Weighted Average No. of Shares	43,79,800	43,79,800
(c) Face Value per share (₹)	10	10
(d) Earnings per share- Basic & Diluted	- 1.53	5.54



9. VALUE OF IMPORTS ON CIF BASIS	(₹'000)	(₹'000)
a) Raw Material	Nil	7010
b) Stores & Spare Parts	Nil	41
c) Capital Goods	48952	Nil
10. EXPENDITURE IN FOREIGN CURRENCY		
On foreign travel	Nil	359
On Import of raw materials & stores	Nil	5618
Advance for Capital goods	Nil	2209
11. EARNINGS IN FOREIGN CURRENCY (Export sales)	25461	Nil
12. MANAGERIAL REMUNERATION:		
Paid to Mr.Santosh.R, Managing Director		
Salary	780	780
Allowance	120	120
Club payments	10	7
Paid to Ms.Vimala.R., Whole time Director		
Salary	240	240
Paid to Ms.Giulia Bosco, Whole time Director		
Salary	600	570
13. Break up of Audit Fees		
For Audit	100	75
For Taxation services	25	25
For Other Services & Expenses	30	28
14. Vehicles in the Fixed Assets of the Company include two Trax Jeeps, tractor and a Innova Car purchased in the name of a director valuing (₹'000) 2831.		
15. In the opinion of the Board, Current Assets, Loans and Advances will fetch the amount stated, if realised in the normal course of the business.		
16. There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st March 2012. This information as required to be disclosed under the MSMED Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.		
17. Previous year's figures have been regrouped wherever considered necessary.		

Vide Our Report of even date
for **MOHAN & VENKATARAMAN**
Chartered Accountants
FRN : 007321S

(Sd/-) **R.MOHAN**
Partner
M.No.201229

Place : Coimbatore
Date : 16.07.2012

(Sd/-) **SANTOSSH.R**
Managing Director

(Sd/-) **VIMALA.R**
Whole Time Director



CASH FLOW STATEMENT

	(₹'000)	
	2011-2012	2010-2011
(A) CASH FROM OPERATING ACTIVITY		
Net Profit / (Loss) before extraordinary items and tax	15557	35132
Adjustments for:		
Depreciation and amortisation	34068	24633
(Profit) / loss on sale / write off of assets	1219	- 310
Interest payments	44986	27270
Interest income	- 779	51228
	79494	- 366
Operating profit / (loss) before working capital changes	95051	86359
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	- 23161	- 35198
Trade and other receivables	34498	10544
Trade Payable & Other liabilities	- 2400	- 64
	8937	- 24718
	103988	61641
Direct taxes paid	- 3565	- 6683
Interest paid	- 44986	- 27270
Cash Flow before Extra Ordinary items	55437	27688
Extra Ordinary item	—	—
Preliminary Exp / Deferred revenue	—	1237
Net cash flow from operating activities	55437	28925
B. Cash flow from investing activities		
Capital expenditure on fixed assets	- 200496	- 123311
Sale of fixed assets	2605	1845
Interest received	779	366
Net cash flow from investing activities	- 197112	- 121100



	(₹'000)	
	2011-2012	2010-2011
C. Cash flow from financing activities		
Proceeds from borrowings	245833	4468
Dividend paid (including dividend distribution tax)	- 5307	- 5125
Net cash flow from financing activities	<u>240526</u>	<u>- 657</u>
Net increase / (decrease) in Cash and cash equivalents	<u>98851</u>	<u>- 92832</u>
Opening Balance of Cash and Cash equivalents		
Cash and Bank Balance	4331	4322
Cash Credit Account	- 134958	- 42117
	<u>- 130627</u>	<u>- 37795</u>
Closing Balance of Cash and Cash equivalents		
Cash and Bank Balance	6223	4331
Cash Credit Account	- 37999	- 134958
	<u>- 31776</u>	<u>- 130627</u>
	<u>98851</u>	<u>- 92832</u>

Vide Our Report of even date
for **MOHAN & VENKATARAMAN**
Chartered Accountants
FRN : 007321S

(Sd/-) **R.MOHAN**
Partner
M.No.201229

Place : Coimbatore
Date : 16.07.2012

(Sd/-) **SANTOSSH.R**
Managing Director

(Sd/-) **VIMALA.R**
Whole Time Director



Lambodhara Textiles Limited

ATTENDANCE SLIP

I hereby record my presence at the 18th Annual General Meeting of the Company held on Thursday, the 30th day of August 2012 at 10.30 a.m. at the Coimbatore Cosmopolitan Club, 200, Race Course, Coimbatore – 641 018.

.....
Full name of Share Holder (in Block Letters)

.....
Signature of Shareholder

Folio No.:

No. of Shares held :

.....
Full name of the Proxy (in Block Letters)

.....
Signature of Proxy

Note : Shareholders attending the Meeting in Person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting Hall. Only Members or their Proxies are entitled to be present at the Meeting.



Lambodhara Textiles Limited

PROXY FORM

..... Folio No.

I / We..... of

.....being a member / members of

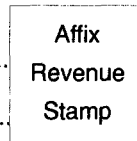
Lambodhara Textiles Limited do hereby appoint.....

..... or failing him of

as my/our proxy and to vote for me/us on my/our behalf at the 18th Annual General Meeting of the the company to be held on Thursday, the 30th day of August 2012 and at any adjournment thereof.

Signed

Date



Note : Proxy Form duly stamped must reach the Company's Registered Office not less than 48 hours before commencement of the Meeting. The Proxy need not be a member of the Company.



If undelivered please return to :

Lambodhara Textiles Limited

3-A, 3rd Floor, B-Block, Pioneer Apartment,
1075-B, Avinashi Road,
Coimbatore-641 018.