



Lambodhara Textiles Limited

16th ANNUAL GENERAL MEETING

Date : 14th July 2010
Day : Wednesday
Time : 9.30 a.m.
Venue : The Chambers, The Coimbatore Club,
East Club Road, Coimbatore - 641 018.

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Sixteenth Annual General Meeting of the company will be held on **Wednesday 14th July 2010 at 9.30 a.m.** at the Coimbatore Club, East Club Road, Coimbatore – 641 018, to transact the following business.

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account relating to the financial year ended 31st March 2010 and the Balance Sheet as on that date together with the Reports of Directors and Auditors thereon.
2. To declare a dividend on the Equity Shares.
3. To appoint a Director in the place of Mr.Vasthupal.R.Mehta, Director who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Mr.Deepak Malani, Director who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint the auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To pass the following with or without modification as an Ordinary Resolution

RESOLVED that pursuant to section 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the members of the company be and is hereby extended for the payment of consolidated remuneration of Rs.50,000/- per month to Ms. Giulia Bosco w.e.f. 01.05.2010.

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year, Ms.Giulia Bosco, Whole Time Director shall be paid minimum remuneration in accordance with the limits stated under Part II of Schedule XIII of the Companies Act, 1956.

By Order of the Board,
(Sd/-) **SANTOSSH.R**
Managing Director

Place : Coimbatore
Date : 18.06.2010

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



NOTES

1. A member who is entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. Proxies in order to be effective must be lodged at the Registered Office of the Company at 3A, B-Block, 3rd Floor, Pioneer Apartments, 1075-B, Avinashi Road, Coimbatore – 641 018 atleast 48 hours before the time fixed for Annual General Meeting.
3. Members/Proxies should bring the Attendance Slip/Proxy Form duly filled in for attending the meeting.
4. Members are requested to intimate change of address, if any, to M/s.SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006, the Registrar and Share Transfer Agent of the Company.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 07.07.2010 to 14.07.2010 (both days inclusive).

EXPLANATORY STATEMENT UNDER SEC.173(2) OF THE COMPANIES ACT, 1956

SPECIAL BUSINESS

Item No.5

The Board has increased the remuneration of Ms.Giulia Bosco, Whole Time Director of the Company from Rs. 20,000/- per month to Rs. 50,000/- per month w.e.f. 01.05.2010 as recommended by the Remuneration Committee. The Board seeks the approval of the shareholders for the same.

Mr.R.Santossh, Ms.R.Vimala and Ms.Giulia Bosco are interested in this resolution.

By Order of the Board,
(Sd/-) **SANTOSSH.R**
Managing Director

Place : Coimbatore
Date : 18.06.2010

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



DIRECTORS' REPORT

Ladies & Gentlemen,

Your Directors are pleased to present the Sixteenth Annual Report of your Company and the Audited Annual Accounts for the financial year ended 31st March 2010. The Management Discussion and Analysis is included as a part of this Report.

FINANCIAL RESULTS

Sl.No.	PARTICULARS	Year Ended	Year Ended
		31.03.2010	31.03.2009
(Rs. in Lakhs)			
1.	Net Sales / Income from Operations	5,031.47	4,798.13
2.	Other Income	8.53	78.53
3.	Total Expenditure	4,517.68	4,370.29
4.	Interest	214.10	235.36
5.	Profit before Depreciation and Taxation	308.22	271.01
6.	Depreciation	180.81	142.20
7.	Profit before Tax	127.41	128.81
8.	Prior year Income	0.48	0.00
9.	Prior year Expenses	0.69	0.00
10.	Provision for taxation	21.85	5.00
11.	Provision for Fringe Benefit Tax	0.00	1.22
12.	Provision for Deferred Tax	17.72	9.82
13.	Income Tax for Prior years	10.73	0.65
14.	Profit after Tax	76.90	112.12
15.	B/F from Previous year	516.43	404.30
16.	Profit available for appropriation	593.33	516.43
17.	Paid-up Equity Share Capital	437.98	437.98



REVIEW OF OPERATIONS

Your Company has achieved a profit of Rs.127.41 lacs from operations before tax on a turnover of Rs.5,031.47 lacs for the year ended 31st March 2010.

FUTURE PLANS OF THE COMPANY

Your Company has expanded capacity from 20,264 spindles to 30,344 spindles as on date during 2010-11 with main focus on fancy yarns as core business. Your Company is also planning foray into yarn export during the year.

OPPORTUNITIES

Your Company is mainly focusing on customized fancy yarn in niche segment should help in having an edge over the competitors.

THREATS

The slow revival from global recessionary trend has impacted every industry may pose threat in the short term.

OUTLOOK

The economy is under revival and should be vibrant in the days to come.

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. Your Company is also engaged in real estate and agricultural operations. Your Company has recognized a net income of Rs.0.92 lacs in connection with the agricultural operations during the year.

DIRECTORS

Mr.Vasthupal R.Mehta and Mr.Deepak Malani, Directors retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-election.

DIVIDEND

The Board of Directors recommend the payment of Rs. 1/- per fully paid equity shares of the company for the financial year ended 31st March 2010 to the members whose name appear in the Register of Members as on the closing of 06th July 2010

AUDITORS

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



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

PUBLIC DEPOSITS

The company has not accepted any deposit from the public during the year under review.

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 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 at Coimbatore, Chennai, Ahemadabad and BSE IndoNext Segment.

COMPLIANCE CERTIFICATE

The Board has duly obtained a compliance Certificate relating to the review period from a Company Secretary in Practice. The said document is available at the Registered Office for inspection.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of The Companies Act, 1956, your Directors have :

- a. followed in the preparation of the Annual Accounts, the applicable accounting standards.
- b. selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true



and fair view of the state of affairs of the company at the end of the financial year and of financial position of the company for the period.

- c. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and,
- d. prepared the attached statement of accounts for the year ended 31st March 2010 on a going concern basis.

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.

Place : Coimbatore
Date : 18.06.2010

By Order of the Board,
(Sd/-) **SANTOSSH.R**
Managing Director



ANNEXURE TO DIRECTORS' REPORT

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

FORM - A

A. CONSERVATION OF ENERGY

Total Energy Consumption and Energy Consumption per unit of Production

		31.03.2010	31.03.2009
I. Electricity			
(a) Purchased	Units	64,91,340	60,78,000
Total Amount	Rs.	3,48,19,252	2,62,65,588
Rate per unit (Average)	Rs.	5.36	4.32
(b) Own Generation			
Through Diesel Generator	Units	13,03,902	6,21,249
Value of HSD	Rs.	1,12,03,789	60,75,478
Unit per litre of Diesel oil	Units	8.59	9.78
Cost per litre	Rs.	31.43	31.00
II. Consumption per kg. of production			
Yarn	Kgs.	32,21,405	29,91,361
Electricity Consumed	Units	77,95,242	66,99,249
Units per kg.		2.42	2.24

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

(i) Expenditure on Foreign Travel	Rs.	12,73,864	1,66,300
(ii) Foreign Exchange Earned	Rs.	—	—

Place : Coimbatore
Date : 18.06.2010

By Order of the Board,
(Sd/-) **SANTOSSH.R**
Managing Director



REPORT ON GOVERNANCE

(In compliance with Clause 49 of the Listing Agreement)

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is to ensure that its obligations are discharged in a fair and transparent manner.

II. BOARD OF DIRECTORS

The Board comprises of a Managing Director, two Whole Time Directors and three Non-executive Directors.

The composition of the directors and their attendance at the board meetings during the year and at the last Annual General Meeting are as follows:-

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Directorship held in Public Companies	Membership in other Committees	Member Chairman (As on 31.3.2010)
Mr.Santossh.R.	Exe-MD Promoter	11	Yes	1	—	—
Ms.Vimala.R.	Exe-WTD	11	Yes	Nil	—	—
Ms.Giulia Bosco	Exe-WTD	11	Yes	1	—	—
Mr.Deepak Malani	Non-Exe. Independent	10	No	Nil	3	3
Mr.Vasthupal R Mehta	Non-Exe. Independent	7	No	Nil	3	—
Mr.Girish G Radia	Non-Exe. Independent	10	No	Nil	3	—

Eleven Board Meeting were held during the 12 month period ended 31.03.2010. The dates on which the meeting were held are as follows:

DATE OF MEETING	NO. OF DIRECTORS PRESENT
08.04.2009	6
30.04.2009	6
26.06.2009	6
31.07.2009	5
27.08.2009	6
26.09.2009	5
30.10.2009	6
31.10.2009	4
20.01.2010	6
29.01.2010	5
25.03.2010	5



III. AUDIT COMMITTEE

The terms of reference of this committee is in compliance with the requirements by SEBI under Clause 49 of the Listing Agreement. The Audit Committee has power to do all activities within the terms of reference. The Audit Committee considered and reviewed the financial statements of the company before the same were placed before the board.

The Audit Committee is headed by Mr. Deepak Malani and has three members namely Mr. Deepak Malani, Mr. Vasthupal R. Mehta and Mr. Girish G. Radia.

The members of the committee met five times during the year on 20.04.2009, 20.07.2009, 20.08.2009, 15.10.2009 and 20.01.2010. The details of attendance at the meeting(s) of Audit Committee are as follows:

Name of the Member	Status	No. of Meetings attended
Mr. Deepak Malani (Chairman)	Non-executive Independent	5
Mr. Vasthupal R Mehta (Member)	Non-executive Independent	2
Mr. Girish G Radia (Member)	Non-executive Independent	5

IV. REMUNERATION COMMITTEE

The Chairman of Remuneration Committee is Mr. Deepak Malani and the other members of the Committee are Mr. Vasthupal R Mehta and Mr. Girish G Radia.

The members of the said committee met only once on 20.03.2010 during the year under review and the said meeting was attended by all the members of the Committee.

The Remuneration Policy of the company is to Reward for Performance and Efforts

The Remuneration of the Managing and the Executive Directors is recommended by the Remuneration Committee and decided by the Board of Directors and the same is paid with the due consent of the members of the company.

Details of Remuneration paid to the Directors for the year ended 31st March 2010.

(1) Executive Directors:

Name	Designation	Total Remuneration
Mr. Santosh R.	Managing Director	Rs. 9,06,629/- p.a.
Ms. Vimala R.	Whole Time Director	Rs. 2,40,000/- p.a.
Ms. Giulia Bosco	Whole Time Director	Rs. 2,40,000/- p.a.

V. INVESTORS' RELATION COMMITTEE

The Investors' Relation Committee is headed by Mr. Deepak Malani and has three members namely Mr. Deepak Malani, Mr. Vasthupal R Mehta and Mr. Girish G Radia.

The members of the committee met 10 times during the year on 10.04.2009, 11.06.2009, 15.07.2009, 22.08.2009, 21.09.2009, 16.10.2009, 16.11.2009, 11.12.2009, 16.01.2010 and 22.02.2010. The details of attendance at the meeting(s) of Investors' Relation Committee are as follows:



Name of the Member	Status	No.of Meetings attended
Mr.Deepak Malani (Chairman)	Non-executive Independent	10
Mr.Vasthupal R Mehta (Member)	Non-executive Independent	6
Mr.Girish G Radia (Member)	Non-executive Independent	7

Compliance Officer : Mr.Ramesh Shenoy.K.
Manager - Accounts

Investors' Complaint : There was one complaint for non receipt of Annual Report which was duly addressed by the Share Transfer agent

No. of pending share transfers as on 31.03.2010 : Nil

VI. ANNUAL GENERAL MEETINGS

The last three Annual General Meetings were held as under:

AGM	Financial year	Date	Time	Venue
13 th	2006-2007	22.09.2007	10.30 a.m	The Coimbatore Club East Club Road, Coimbatore - 641 018
14 th	2007-2008	29.09.2008	12.00 Noon	The Coimbatore Club East Club Road, Coimbatore - 641 018
15 th	2008-2009	25.09.2009	1.00 p.m	The Coimbatore Club East Club Road, Coimbatore - 641 018

The Special resolutions as set out in the respective notice to the members were passed by the shareholders. No special resolution requiring postal ballot was placed before the members at the last Annual General Meeting.

VII. DISCLOSURES

The company has entered into contract with M/s. V.R.Textiles Private Ltd., Punjai Puliampatti for supply of Cotton. Mr.R.Santossh, Managing Director, Ms. R. Vimala, Whole-time Director and Ms. Giulia Bosco, Whole-time Director are interested in the said contract and hence the company has obtained the necessary prior approval from the Ministry of Corporate Affairs, Office of the Regional Director, Southern Bench, Chennai for having transactions with M/s. V.R. Textiles Private Ltd., Punjai Puliampatti.

The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets. No penalties have been imposed on the company by the stock exchanges where the company's shares are listed or by SEBI or by any other statutory authority on any matter.



The Company affirms that no employee of the Company has been denied access to the Audit Committee.

The company has complied with the mandatory requirements of this clause.

VIII. MEANS OF COMMUNICATION

Quarterly Financial results of the Company were published in The Daily Thanthi and Business Line. The same were also updated in the website of the company www.lambodharatextiles.com

Management Discussion and Analysis report is furnished as a part of the Director's Report.

IX. GENERAL SHAREHOLDERS INFORMATION

AGM - Date & Venue : 14.07.2010 at 9.30 a.m.
The Chambers, The Coimbatore Club,
East Club Road, Coimbatore-641 018.

Financial Calendar for the year 2010 - 2011

First Quarter Unaudited Results	: July 2010
Second quarter and Half-Yearly Unaudited Results	: October 2010
Third Quarter Unaudited Results	: January 2011
Fourth Quarter Unaudited Results	: April 2011
Date of Book Closure	: 07.07.2010 to 14.07.2010
Dividend Payment Data	: Dividend of Re. 1/- per equity share fully paidup has been recommended for the financial year ended 31st March, 2010
Listing in Stock Exchange	: The Coimbatore Stock Exchange Ltd., Regional Exchange Building, 683 – 686, Trichy Road, Singanallur, Coimbatore – 641 005. The Madras Stock Exchange Limited Exchange Building, P.B.No.183 11, Second Line Beach, Chennai – 600 001. The Stock Exchange, Ahmedabad Kamdenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad – 380 015. BSE Indo Next Segment Bombay Stock Exchange Limited P.J. Towers, Dalal Street Mumbai - 400 001.
Type of Security	: Equity
Stock Code	: 21176
ISIN	: INE 112F01014



Market Price Data

:

Period	High (Rs.)	Low (Rs.)
Apr 09	11.99	11.00
May 09	10.90	9.16
Jun 09	14.30	10.50
Jul 09	13.00	9.30
Aug 09	11.00	8.89
Sep 09	12.30	9.40
Oct 09	11.60	9.36
Nov 09	10.30	8.93
Dec 09	12.25	9.30
Jan 10	15.25	11.64
Feb 10	14.50	11.95
Mar 10	15.88	12.00

Face value

: Rs. 10/-

For physical Transfer and Demat Service

: M/s. SKDC Consultants Limited, Kanapathy Towers, III Floor, 1391 / A1, Sathy Road, Ganapathy, Coimbatore – 641 006

Share Transfer System

: The Investor Relation Committee meet once in a month to approve Share transfers effected by the Share Transfer Agent and to attend to other related activities.

The average time taken for processing of share transfers including despatch of share certificates is 15-20 days.

Share transfer in physical form is registered and returned within the stipulated time. Trading in equity shares of the company is permitted only in dematerialised form w.e.f. 01.01.2002.

The time taken to process dematerialisation request is 1 to 9 days from the date of receipt of request.

DISTRIBUTION OF SHAREHOLDING VALUE-WISE AS ON 31.03.2010

No. of equity Shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
Upto 5,000	556	61.30	197380	4.51
5,001 – 10,000	191	21.06	175144	4.00
10,001 – 20,000	110	12.13	189023	4.32
20,001 – 30,000	14	1.54	37242	0.85
30,001 – 40,000	3	0.33	11002	0.25
40,001 – 50,000	11	1.21	52278	1.19
50,001 – 1,00,000	7	0.77	52875	1.21
1,00,001 and above	15	1.65	3664856	83.68
Total	907	100.00	4379800	100.00



Shares Dematerialised with : National Securities Depository Limited
4th Floor, Trade World,
Kamala Mills Compound, S.P.Marg
Lower Parel, Mumbai - 400 013
Central Depository Services (India) Limited
P.J.Tower, 28th Floor, Dalal Street,
Mumbai - 400 001

Dematerialisation of Shares : Commenced with effect from 12.02.2002

Total Share dematerialised as on : 32,26,500
31.03.2010

Works : 826, Thazhaiyuthu, Palani Taluk - 624 618.

Address for Communication : The Secretarial Department
Lambodhara Textiles Limited
3A, 3rd Floor 'B Block' Pioneer Apartments,
1075 - B, Avinashi Road
Coimbatore - 641 018

Telefax : (0422) 2249038 & 4351083

Address for Communication : M/s. SKDC Consultants Limited,
regarding transfer of shares and : Kanapathy Towers, III Floor
related activities : 1391 / A1, Sathy Road
Ganapathy, Coimbatore – 641 006.

RETIREMENT OF DIRECTORS BY ROTATION

- a) Mr.Vasthupal R.Mehta and Mr.Deepak Malani retire by rotation at the ensuing AGM and are eligible for re-appointment

PROFILE:

Name : Mr. Vasthupal.R.Mehta
Date of Appointment : 15.11.1995
Status : Director
Age : 59 Years
Qualification : Graduate
Occupation : Business
Other Directorships : Nil

Mr. Vasthupal.R.Mehta has been in Textile business for the last 24 years and has abundant knowledge about the Industry.

- b) PROFILE:

Name : Mr. Deepak Malani
Date of Appointment : 15.11.1995
Status : Director
Age : 59 Years
Qualification : Graduate
Occupation : Business

Mr. Deepak Malani has been associated with the company right from the initial stages and has a vast knowledge of the Industry.



CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

I hereby declare that the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior Management of the Company and that all the Board members and Senior Management personnel to whom this Code of Conduct is applicable have affirmed the Compliance of Code of Conduct during the year 2009-2010.

Place : Coimbatore

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

Date : 18.06.2010

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 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the 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 & VENKATARAMANAN
Chartered Accountants

(SD/-) R.MOHAN
Partner

Place : Coimbatore

Membership No. 201229

Dated : 18.06.2010

Firm Registration No.007321S



TO THE MEMBERS OF LAMBODHARA TEXTILES LIMITED

We have audited the attached Balance Sheet of M/S.LAMBODHARA TEXTILES LIMITED, as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 2010 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.17 wherein four vehicles shown as fixed assets of the Company amounting to Rs. 24,46,804 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, 2010.



- 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.

Interest free Loan received from Managing Director, Loan outstanding balance Rs. 1,97,33,183.(maximum amount outstanding Rs.1,97,33,183).

- (b) The Company has given loan to other 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 the year the company has given loan to V.R. Textiles Private Limited. Managing Director and one of the whole time director of the company are directors in V.R. Textiles Private Limited, Loan outstanding balance is Rs. Nil. (Maximum amount outstanding Rs.67,50,000)



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 2010, except Central Sales Tax of Rs. 7200.

(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	Rs. 757748	Employee Insurance Court.
Income Tax	Rs. 988139	Income Tax Appellate Tribunal.

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 and vice versa.
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 has not raised any money through a public issue during the year.
20. 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 & VENKATARAMANAN
Chartered Accountants

(SD/-) R.MOHAN
Partner

Place : Coimbatore
Dated : 18.06.2010

Membership No. 201229
Firm Registration No.007321S



BALANCE SHEET AS AT 31-03-2010

Particulars	Schedules	As on 31.03.2010	As on 31.03.2009
SOURCE OF FUNDS			
Share Capital	1	43798000	43798000
Reserves & Surplus	2	131109182	128543352
LOANS			
Secured	3	263801723	181210255
Unsecured	4	32733183	19733183
Deferred Tax Liability (Net)		13968667	12197042
	TOTAL	485410755	385481831
APPLICATION OF FUNDS			
Fixed Assets	5	279431915	229257648
Work in Progress		16119111	367964
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	51545811	41060543
Sundry Debtors	7	128204103	108331372
Cash & Bank Balances	8	4321866	998253
Loans & Advances	9	34310073	17496889
		218381853	167887057
Less: Current Liabilities & Provisions			
Current Liabilities	10	20807360	12859955
Provisions	11	8951683	500000
		29759043	13359955
Net Current Assets		188622811	154527102
Miscellaneous Expenditure	12	1236919	1329117
	TOTAL	485410755	385481831
Notes on Accounts	20		

Vide Our Report of even date
for **MOHAN & VENKATARAMANAN**
Chartered Accountants
(Sd/-) **R.MOHAN**
Partner
Membership No.201229
Firm Registration No.007321S

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

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

Place : Coimbatore
Date : 18.06.2010



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

Particulars	Schedules	For the year ended 31.03.2010	For the year ended 31.03.2009
INCOME			
Sales	13	503146641	479813014
Other Income	14	853045	7852565
Stock Adjustments	15	10754926	(30341534)
	TOTAL	514754612	457324045
EXPENDITURE			
Materials Consumed and Purchase of Goods	16	374628312	325174526
Manufacturing and Other Expenses	17	72193756	66037520
Selling Expenses	18	15700284	15475264
Financial Charges	19	21410097	23535574
Depreciation		18081236	14220400
	TOTAL	502013686	444443284
Net Profit Before Taxation		12740926	12880761
Add			
Prior Year Income		47694	-
Less			
Prior Year Expenses		69185	-
Income Tax Paid		1072831	64774
Provision for Taxation		2185000	500000
Provision for Fringe Benefit Tax		-	121718
Provision for deferred tax		1771626	982046
Net Profit after Tax		7689978	11212224
Add : Balance B/F from previous year		51642685	40430462
Profit available for Appropriation		59332663	51642685
APPROPRIATION			
General Reserve		700000	-
Proposed Dividend on Equity Shares		4379800	-
Tax on Dividend		744347	-
Balance in Profit & Loss Account		53508516	51642685
Earnings per share		1.76	2.56
Notes on Accounts	20		

Vide Our Report of even date
for **MOHAN & VENKATARAMANAN**
Chartered Accountants
(Sd/-) **R.MOHAN**
Partner
Membership No.201229
Firm Registration No.007321S
Place : Coimbatore
Date : 18.06.2010

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

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



**SCHEDULES ANNEXED TO BALANCE SHEET
AS ON 31st MARCH 2010**

Particulars	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
SCHEDULE 1 - SHARE CAPITAL		
Authorised:		
50,00,000 Equity Shares of Rs.10/- each	50000000	50000000
Issued, Subscribed and Paid up		
No. of Equity Shares - 43,79,800 Shares		
Share Capital (Rs.10/- fully paid)	43798000	43798000
SCHEDULE 2 - RESERVES & SURPLUS		
General Reserve	700000	-
Revaluation Reserve - Land	76900666	76900666
Balance in Profit & Loss A/c	53508516	51642685
	131109182	128543351
SCHEDULE 3 - SECURED LOANS		
Term Loan - State Bank of India - Non-TUFS - I	20029362	26512952
State Bank of India - Cash Credit	42116773	95708704
Term Loan - State Bank of India TUFS - I	9321400	12821797
Term Loan - State Bank of India TUFS - II	108585379	45691153
Foreign Currency working capital Loan	82097344	-
HP Loan from Finance Companies	1778114	1257350
Less: Unmatured Finance Charges	126649	781701
	1651465	475649
TOTAL	263801723	181210255
SCHEDULE 4 - UNSECURED LOANS		
Loan from Directors	19733183	19733183
Loan from Others	13000000	-
TOTAL	32733183	19733183



SCHEDULE 5 - FIXED ASSETS

NAME OF THE ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 31.03.09	ADDITIONS 2009-10	SALE / TRANSFER	COST AS AT 31.03.2010	UPTO 31.03.2009	DURING THE YEAR	WITH- DRAWN	UPTO 31.03.2010	UPTO 31.03.2010	UPTO 31.03.2009
01. LAND	85623799	-	-	85623799	-	-	-	-	85623799	85623799
02. BUILDING	51309995	10927900	-	62237895	8670109	1817320	-	10487429	51750466	42639886
03. PLANT AND MACHINERY	151440886	57441417	769209	208113094	58006575	15284780	468717	72822637	135290457	93434312
04. FURNITURE AND FIXTURES	1192130	129410	-	1321540	449900	66983	-	516882	804657	742230
05. OFFICE EQUIPMENT	2013314	88225	-	2101539	1077485	144199	-	1221683	879856	935830
06. VEHICLES	8474248	1328615	1942097	7860766	2592656	767955	582525	2778086	5082680	5881591
TOTAL OF FIXED ASSETS	300054372	69915567	2711306	367258633	70796725	18081236	1051242	87826719	279431915	229257648
PREVIOUS YEAR	177598602	122455769	-	300054371	56576324	14220400	-	70796724	229257647	121022278

WORK IN PROGRESS

NAME OF THE ASSET	GROSS BLOCK			
	AS ON 31.03.09	ADDITIONS	SALE / TRANSFER	COST AS AT 31.03.2010
01. BUILDING - WIP	267114	11116476	10927900	455690
02. BUILDING - PEELAMEDU	100850	-	-	100850
03. PLANT & MACHINERY-WIP	-	15001276	-	15001276
04. ELECTRICAL FITTINGS-WIP	-	561295	-	561295
TOTAL	367964	26679047	10927900	16119111
PREVIOUS YEAR	14622869	7125470	21380375	367964



Particulars	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
SCHEDULE 6 - INVENTORIES		
Stock of Finished Goods	23588133	19381916
Stock in Process	10983178	4596567
Stock of Raw Materials	14594633	16356536
Stock of Waste	425203	263104
Stock of Stores & Packing Materials	1954664	462419
	51545811	41060543
SCHEDULE 7 - SUNDRY DEBTORS		
Unsecured and considered good		
Others	128204103	108331372
	128204103	108331372
SCHEDULE 8 - CASH & BANK BALANCES		
Cash Balance	1119973	746473
Bank Balance		
On Current Account	2322796	10628
On Deposit Account	879097	241152
	4321866	998253
SCHEDULE 9 - LOANS & ADVANCES		
(Unsecured - Considered Good)		
Advances Recoverable in cash or kind or for the value to be received	28826567	11651055
Sundry Deposits	4835082	5478562
Prepaid Expenses	648424	367271
	34310073	17496889
SCHEDULE 10 - CURRENT LIABILITIES		
Sundry Creditors		
For Purchases	6166317	6186762
For Expenses	14348024	4186355
For Others	293019	2486838
	20807360	12859955
SCHEDULE 11 - PROVISIONS		
Provision for Taxation	2185000	500000
Provision for Gratuity	907150	-
Provisions for Bonus	735386	-
Proposed Dividend	4379800	-
Tax on Dividend	744347	-
	8951683	500000



Particulars	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
SCHEDULE 12 - MISCELLANEOUS EXPENDITURE		
Agri Expenditure	1236919	1329117
	1236919	1329117
SCHEDULE 13 SALES		
Yarn	461683288	449592990
Cloth	6367149	29789282
Cotton	34383074	-
Waste	713130	430742
	503146641	479813014
SCHEDULE 14 OTHER INCOME		
Interest Receipts (TDS Rs.35995/- Previous year Rs.62366/-)	607890	289766
Miscellaneous Income	160155	7489599
Scrap Sales	45000	73200
Profit on Sale of Assets	40000	-
	853045	7852565
SCHEDULE 15 STOCK ADJUSTMENTS		
Opening Stock	24241588	54583122
Less: Closing Stock of Finished Goods	23588133	19381916
Process	10983178	4596567
Waste	425203	263105
Increase (Decrease) in Stock	10754926	(30341534)
SCHEDULE 16 MATERIAL CONSUMED AND PURCHASE OF GOODS RAW MATERIAL CONSUMED		
Opening Stock	16356536	8051151
Add: Purchase & Expenses	368762034	325988017
	385118570	334039168
Less: Closing Stock	14594633	16356536
	370523937	317682632
STORES CONSUMED		
Opening Stock	102535	560672
Add: Purchase & Expenses	4667501	7033757
	4770036	7594429
Less: Closing Stock	665660	102535
	4104376	7491894
	374628312	325174526



Particulars	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
SCHEDULE 17		
MANUFACTURING AND OTHER EXPENSES		
Power and Fuel	46461476	34112680
Conversion Charges	1122707	14858799
Employee Cost		
Director's Remuneration	1386629	1147405
Salaries, Wages & Bonus	8336954	4916167
Contribution to employee funds	1788636	535281
Staff Welfare	4254991	1827090
	15767210	8425943
Repairs & Maintenance		
Vehicle Maintenance	1725496	1514062
Machinery Maintenance	759206	757409
Building Maintenance	586116	2636739
Others	271403	161813
	3342221	5070023
Printing & Stationary	153005	210560
Postage, Telegram, Telephones & Fax	473840	436017
Travelling Expenses	1786143	727326
Rent Expenses	139700	132000
Rate & Taxes	298653	123898
Audit Fees and Expenses	94894	101555
Professional & Consultation Charges	419210	444084
Insurance Premium	399276	463014
Advertisement	186371	129138
Subscription	10198	18993
Loss on Sale of Assets	679894	-
General Expenses	90304	74014
Pooja Expenses	131967	143912
Bad Debts Written Off	37676	416124
Sales Tax paid	599011	149440
	72193756	66037520



Particulars	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
SCHEDULE 18		
SELLING EXPENSES		
Commission - Yarn	1176126	3046355
Consignment Expenses - Others	2794243	2911996
Packing Material Consumed	4982699	4292046
Consignment Exp. Duty & Cess	1792424	1596877
Freight Outward	4709389	3213137
Sample Purchase	245403	414853
	15700284	15475264
SCHEDULE 19		
FINANCIAL CHARGES		
Interest on Working Capital	9928037	12693655
Interest on Term Loan	7937386	9350011
Bank Charges & Commission	798832	711315
Lease and Hire Charges	904520	75492
Other Interest	1179195	527980
Interest on Vehicle Loan	112284	177122
Exchange Fluctuation	549844	-
	21410097	23535574



NOTES ON ACCOUNTS

SCHEDULE 20

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 Rs.5000/- 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, Goods for Trade and property – Commercial Units, 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. Company has accounted gratuity on payment basis upto previous year, and during the year the company has changed its accounting policy and provided gratuity liability of Rs.907150 upto 31st March 2010, as per the actuarial valuation certificate provided by Consulting Actuary.

f) In respect of fixed return contracts, the prorata income on the fixed returns are treated as revenue accrual and considered as income.

g) 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.

h) 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.

i) 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.



j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

Other Notes

1. Estimated value of contract remaining to be executed on Capital Account is Rs.97,64,597 (Previous Year Rs.Nil).

2. Details of contingent liabilities	31.03.2010	31.03.2009
	Rs.	Rs.
i. On account of hundi discounting	Nil	15,74,915
ii. Appeal made by Income tax department in the Appellate Tribunal. (Asst Year 03-04)	Nil	3,20,871
iii. Employees' State Insurance Corporation demand, the case is before the Employee Insurance Court.	7,57,748	7,57,748
iv. Appeal made by assessee in the Income Tax Appellate Tribunal (Asst year05-06)	9,88,139	Nil
v. Dispute on outstanding balance against the lease finance and hire purchase, the case is before the High Court of Karnataka	20,60,116	Nil

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

i. State Bank of India Term Loan			
	TUFS- I	Rs.	31,85,000
	TUFS – II	Rs.	90,00,000
	Non TUFS	Rs.	59,15,000
ii. Hire Purchase Loans		Rs.	8,92,497
iii. State Bank of India			
Foreign currency demand Loan –I		Rs.	4,70,72,137
Foreign currency demand Loan – II		Rs.	3,50,25,207

4. 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 director 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, and based on this collateral security, the company has



availed working capital facility of Rs.7.34 crores, Foreign Currency Demand Loan of Rs.8.16 crores and Term Loan of Rs.17.60 crores from State Bank of India, Commercial Branch, Tirupur.

5. Loans from State Bank of India

Existing facilities available with the State Bank of India as on 31st March 2010 has the first charge on land, building, plant & machinery and the stock-in-trade of the Company as security for the working capital credit facilities and term loans.

6. Borrowing cost of Rs.10,18,361/- on State Bank of India Term loan, is capitalized towards Building, Plant & machineries and other capital work-in-progress during the year.

7. The Company is engaged in agricultural operations. The expenditure incurred on the agricultural operations is deferred and will be charged on realisation of the produce.

8. Segment Reporting as at 31st March 2010.

The Company is having the main business of textiles and the other businesses are real estate and agricultural operations. With regard to agricultural operations during the year, the company has incurred an expense of Rs.60,032/- and has earned an income of Rs.1,52,230/- which are adjusted against agricultural expenses as referred in Note 7 above. There is no operation on real estate business during the year.

Segment Assets	- Real estate operation	Rs.8,33,00,000	Rs.8,33,00,000
	- Agricultural operation	Rs.2,22,937	Rs.2,61,500
	- Main business of textiles	Balance assets	
Segment Liabilities	- Real estate operation	Nil	-Nil-
	- Agricultural operation	Nil	Nil
	- Main business of textiles	Balance liabilities	

9. 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	31.03.2010	31.03.2009
[Expressed as weighted averages]		
Discount Rate	8.40%	7.90%
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:

PVO as at the beginning of the period	7,61,073
Interest Cost	56,299
Current service cost	1,80,923
Past service cost - (non vested benefits)	-
Past service cost - (vested benefits)	-
Benefits paid	96,850
Actuarial loss/(gain) on obligation (balancing figure)	5,705
PVO as at the end of the period	9,07,150

III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS (PVO) -RECONCILIATION OF OPENING AND CLOSING BALANCES:

Fair value of plan assets as at the beginning of the period	-
Expected return on plan assets	-
Contribution	96,850
Benefits paid	-96,850
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	- 5,705
Actuarial gain / (loss) for the period - Plan Assets	-
Total (gain) / loss for the period	5,705
Actuarial (gain) loss recognized in the period	5,705
Unrecognized actuarial (gain) / loss at the end of the year	-



VI. AMOUNTS RECOGNIZED IN THE BALANCE SHEET AND RELATED ANALYSIS

Present value of the obligation	9,07,150
Fair value of plan assets	-
Difference	9,07,150
Unrecognised transitional liability	-
Unrecognised past service cost - not vested benefits	-
Liability recognized in the balance sheet	9,07,150

VII. EXPENSES RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS

Current service cost	1,80,923
Interest cost	56,299
Expected return on plan assets	-
Net actuarial (gain) / loss recognised in the year	5,705
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	2,42,927

VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET

Opening net liability	7,61,073
Expense as above	2,42,927
Contribution paid	- 96,850
Closing net liability	9,07,150



10. Related party disclosures for the year ended 31st March, 2010

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

	Opening Balance	Amount Received	Amount Repaid	Closing Balance
Mr.Santossh.R Managing Director	1,97,34,183	Nil	Nil	1,97,34,183

b) Remuneration paid to Managing Director, Mr.Santossh.R is Rs.9,06,629/-
(Previous Year Rs.9,07,405/-).

c) Remuneration paid to Whole Time Director, Ms. Giulia Bosco is
Rs. 2,40,000/- (previous year Rs.1,20,000)

d) Remuneration paid to Whole Time Director, Ms. Vimala. R is Rs. 2,40,000/-
(previous year Rs. 1,20,000)

e) Cotton sales to V.R. Textiles Private Ltd., during the year for
Rs. 3,43,83,074/- (previous year Nil)

(Managing director and one of the Whole Time Directors are the directors
of the above company)

f) The following loans have been given during the year for related parties:

	Opening Balance	Amount Given	Amount Received	Closing Balance
V.R.Textiles Private Limited	Nil	67,50,000	67,50,000	Nil

(Managing Director and one of the Whole Time Director are directors in the
above company)

11. Earnings Per share	31.03.2010	31.03.2009
(a) Profits after Tax	76,89,978	1,12,12,224
(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	1.76	2.56

**12. STATISTICAL INFORMATION**

	31.03.2010		31.03.2009	
a) Capacity	NA		NA	
i) Licenced Capacity	29,336 Spindles		20,264 Spindles	
ii) Installed Capacity				
	Quantity Kgs.	Value Rs.	Quantity Kgs.	Value Rs.
b) TURNOVER				
i) Yarn	32,62,972	46,16,83,288	33,00,044	44,95,92,990
ii) Cloth (in Mtrs.)	3,78,823	63,67,149	20,30,248	2,97,89,282
iii) Waste	98,798	7,13,130	95,052	4,30,742
iv) Cotton	4,41,339	3,43,83,074	-	-
c) RAW MATERIAL CONSUMED				
i) VSF, PSF & Waste	34,64,241	37,05,23,937	32,23,339	31,76,82,632
d) PRODUCTION				
i) Yarn	32,21,405	-	29,91,361	-
ii) Cloth (Mtrs.)	3,78,823	-	20,30,248	-
iii) Waste	1,74,062	-	1,68,392	-
e) STOCK				
i) Raw Material				
Opening	2,08,488	1,63,56,536	92,117	80,51,151
Closing	1,79,503	1,45,94,633	2,08,488	1,63,56,536
ii) Finished Goods – Yarn				
Opening	1,72,522	1,93,81,916	3,08,597	3,64,31,562
Closing	1,76,087	2,35,88,133	1,72,522	1,93,81,916
iii) Waste				
Opening	23,919	2,63,104	48,874	5,37,614
Closing	70,664	4,25,203	23,919	2,63,104
iv) Semi finished goods				
Opening	44,029	45,96,567	1,01,506	1,12,14,611
Closing	89,765	1,09,83,178	44,029	45,96,567
f) i) CONSUMPTION OF RAW MATERIALS				
Indigenous	100.00%	37,05,23,937	100.00%	31,76,82,632
ii) CONSUMPTION OF STORES & SPARES				
Indigenous	100.00%	41,04,376	99.84%	74,79,582
Imported	Nil	Nil	0.16%	12,312



		31.03.2010	31.03.2009
13. VALUE OF IMPORTS ON CIF BASIS			
i) Raw Material	Rs.	Nil	Nil
ii) Stores & Spare Parts	Rs.	Nil	12312
iii) Capital Goods	Rs.	11236278	10113200
14. EXPENDITURE IN FOREIGN CURRENCY			
On Foreign travel	Rs.	136616	166300
15. MANAGERIAL REMUNERATION			
Paid to Mr.Santossh.R Managing Director			
Salary	Rs.	780000	780000
Allowance	Rs.	120000	120000
Club payments	Rs.	6629	7405
Paid to Ms. Vimala.R. - Whole Time Director			
Salary	Rs.	240000	120000
Paid to Ms. Giulia Bosco - Whole Time Director			
Salary	Rs.	240000	120000
16. Break up of Audit Fees			
For Audit	Rs.	60000	60000
For Taxation services	Rs.	25,000	25,000
For Other Services & Expenses	Rs.	9894	16,555

17. Vehicles in the Fixed Assets of the Company include, two Trax Jeeps, One car and a Tractor purchased in the name of a director valuing Rs. 24,46,804/-

18. 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.

19. 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 2010. 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.

20. Previous year's figures have been regrouped wherever considered necessary.

Vide Our Report of even date
for **MOHAN & VENKATARAMANAN**
Chartered Accountants
(Sd/-) **R.MOHAN**
Partner
Membership No.201229
Firm Registration No.007321S

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

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

Place : Coimbatore
Date : 18.06.2010



CASH FLOW STATEMENT

(A) CASH FROM OPERATING ACTIVITY	(Rs. in Lakhs)	
	2009-2010	2008-2009
Net Profit before Tax and extraordinary items	127.41	128.81
Adjustment for :		
Depreciation	180.81	142.20
Prior year income	0.48	0.00
Prior year expenses	(0.69)	(0.00)
Interest Income	(6.08)	(2.90)
Interest Payments	206.11	228.24
(Profit) / Loss on Sale of Machinery	6.40	0.00
(Profit) / Loss on conversion of real Estate stock to fixed assets	0.00	
	<u>387.03</u>	<u>769.01</u>
Operating Profit before working Capital Changes	514.44	1265.36
Adjustment for :		
Trade and other receivables	(366.86)	(259.58)
Inventories	(104.85)	226.37
Trade Payable	163.99	(36.78)
	<u>(307.72)</u>	<u>(69.98)</u>
Cash Generated from operation	<u>206.72</u>	<u>1195.38</u>
Direct Taxes paid	(32.58)	(12.86)
Interest Paid	(206.11)	(228.24)
Cash Flow before Extra Ordinary Items	(31.97)	954.27
Extra Ordinary Item :		
Preliminary Exp/Deferred Revenue	0.92	0.05
Net Cash from Operating Activities	<u>(31.05)</u>	<u>954.33</u>
(B) CASH FROM INVESTMENT ACTIVITIES		
Purchase of fixed Assets	(853.48)	(1082.01)
Sale of Fixed Assets	7.01	0.00
Interest Received	6.08	2.90
Net Cash from Investment Activities	<u>(840.39)</u>	<u>(1079.11)</u>



(C) CASH FROM FINANCIAL ACTIVITIES	(Rs. in Lakhs)	
	2009-2010	2008-2009
Proceeds from Borrowings	1491.83	93.61
Dividend paid (Including dividend distribution tax)	(51.24)	0.00
Net Cash from Financial Activities	1440.59	93.61
Net Increase in Cash and Cash Equivalents	569.15	(31.18)
Cash and Cash Equivalents Opening Balance :		
Cash and Bank Balance	9.98	37.28
Cash Credit Account	(957.09)	(953.21)
	(947.11)	(915.93)
Cash and Cash Equivalents Closing Balance :		
Cash and Bank Balances	43.21	9.98
Cash Credit Account	(421.17)	(957.09)
	(377.96)	(947.11)
	(569.15)	(31.18)

For and on Behalf of the Board
(Sd/-) **SANTOSSH.R**
Managing Director

We have verified the above cash flow statements of M/s. Lambodhara Textiles Limited from the audited Annual Financial Statements for the year ended 31.03.2010 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the Listing Agreements with Stock Exchanges.

Vide Our Report of even date
for **MOHAN & VENKATARAMANAN**
Chartered Accountants
(Sd/-) **R.MOHAN**
Partner
Membership No.201229
Firm Registration No.007321S

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

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

Place : Coimbatore
Date : 18.06.2010



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

PART IV - SCHEDULE VI OF COMPANIES ACT

A) Registration Details

Registration Number : 181-4929 of 1994
State Code : 18
Balance Sheet Date : 31.03.2010

B) Capital Raised during the Year (Amount in Rs.Thousands)

Public Issue : Nil
Right Issue : Nil
Bonus Issue : Nil
Private Placement : Nil

C) Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	: 485411	Total Assets	485411
Sources of Funds		Application of Funds	
Paid up Capital	: 43,798	Net Fixed Assets	2,79,432
Reserves and Surplus	: 1,31,109	Work in progress	16,119
Secured Loans	: 2,63,802	Net Current Assets	1,88,623
Unsecured Loans	: 32,733	Miscellaneous Expenses	1,237
Deferred Tax Liability	: 13,969		

D) Performance of the Company (Amount in Rs.Thousands)

Turnover : 503147
Total Expenditure : 502014
Profit Before Tax : 11647
Profit After Tax : 7690
Earnings per Share : 1.76
Dividend (Rs. per share) : Re. 1/-

E) Generic Name of Three Principle Products / Services of the Company

1. Item Code No.
(ITC Code) : 520511.03
Product Description : Synthetic Yarn

Vide Our Report of even date
for **MOHAN & VENKATARAMANAN**
Chartered Accountants
(Sd/-) **R.MOHAN**
Partner
Membership No.201229
Firm Registration No.007321S

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

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

Place : Coimbatore
Date : 18.06.2010