

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Shareholders of VOLANT TEXTILE MILLS LIMITED will be held at the company's Registered Office at Shreeniwas House, 2nd Floor, H. Somani Marg, Fort, Mumbai 400 001 on Thursday the 30th day of September, 2010 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance sheet as at March 31, 2010 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. D. A. Tare who retires by rotation as a Director and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. S. Ramadoss, who was appointed as Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of Director liable to retire by rotation be and is hereby appointed as Director of the Company."

5. To consider, and if thought fit, to pass, with or without modification (s), following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 94(1) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Authorised Share Capital of the Company be and is hereby increased from Rs. 8,00,00,000/- (Rupees Eight Crores Only) divided into 80,00,000 (Eight Lacs) Equity Shares of Rs. 10/- each to Rs. 12,50,00,000/- (Rupees Twelve Crores Fifty Lacs Only) divided into 1,25,00,000 (One Crore Twenty Five Lacs) Equity Shares of Rs. 10/- each by creation of additional 45,00,000 (Forty Five Lacs) Equity Shares of Rs. 10/- each, the new Equity Shares ranking pari passu with the existing Equity Shares in the Company.

RESOLVED FURTHER THAT the Board of Directors / Committee of the Board of Directors be and is hereby authorized to do all such acts, matters, deeds and things as are necessary, usual or expedient to implement this Resolution."

RESOLVED FURTHER THAT THE Board is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of the Directors or to any Director or Directors or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this resolution.

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

*RESOLVED THAT pursuant to Section 16 of the Companies Act, 1956 ("the Act") and other applicable provisions, if any, of the Act, Clause V of the Memorandum of Association of the Company be altered to read as follows.

- V. The Authorised Share Capital of the Company is Rs. 12,50,00,000/- (Rupees Twelve Crores Fifty Lacs Only) divided into 1,25,00,000 (One Crore Twenty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each with power to increase or reduce the Capital and to divide the Shares in the Capital for the time being into several Classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate such rights, privileges or conditions in such manner as may for the time being be provided in the Articles of Association of the Company.

RESOLVED FURTHER THAT suitable alterations be made in the Memorandum of Association to give effect to the above Resolution and any person authorized by the Board of Directors of the Company shall file the requisite and prescribed forms with the Registrar of Companies, Maharashtra."

7. To consider, and if thought fit, to pass, with or without modification (s), following resolution as a Special Resolution:

* RESOLVED THAT pursuant to Section 31(1) and applicable provisions, if any, of the Companies Act, 1956, Article 3 of the Articles of Association of the Company be deleted and in its place following Article be inserted.

The Authorised Share Capital of the Company is Rs. 12,50,00,000/- (Rupees Twelve Crores Fifty Lacs Only) divided into 1,25,00,000 (One Crore Twenty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

RESOLVED FURTHER THAT suitable alterations be made in the Articles of Association of the Company to give effect to the above Resolution and any person authorized by the Board of Directors of the Company shall file the requisite and prescribed forms with the Registrar of Companies, Maharashtra."

8. To consider, and if thought fit, to pass, with or without modification(s), following resolution as a Special Resolution.

*RESOLVED THAT subject to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to the provisions of the Memorandum of Association and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchanges, and subsisting guidelines for Preferential issues issued by Securities and Exchange Board of India ("SEBI") under Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and other applicable regulations and / or guidelines, if any, of SEBI and such other authorities, as may be applicable, as amended till date, and subject to the requisite approvals or consents, if any, of the Central Government, Stock Exchanges, SEBI, RBI, Banks and other appropriate authorities under any other applicable laws, rules, regulations for the time being and from time to time in force and further subject to such terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of them

VOLANT TEXTILE MILLS LIMITED

while granting such approvals which the Board of Directors (hereinafter referred to as " the Board ", which term shall be deemed to include any Committee thereof for the time being, and from time to time, to which all or any of the powers conferred on the Board by the resolution may have been delegated) be and is hereby authorized to accept, and subject to such conditions and modifications as may be considered appropriate by the Board of the Company, Consent of the Company be and is hereby accorded to the Board (with powers to delegate all or any of the powers hereby conferred to any Committee thereof) to create, issue / offer and allot, at its sole discretion to the Strategic Investors / Foreign Companies / Indian Residents / Domestic Companies / Mutual Funds / NRIs / PIOs / OCBs and such other people including Foreign Nationals as may be thought fit by the Board at its absolute discretion on preferential basis, whether for cash or consideration , 25,00,000 or such number of equity shares at a price of Rs. 15 per share (face value of Rs. 10/- and premium of Rs. 5/- per share) which price is calculated in accordance with the guidelines for Preferential Issues issued by SEBI under Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, with 31st August, 2010 being the relevant date i.e. the date, thirty days prior to the date of Annual General Meeting of the Company where the proposed issue is to be considered and shall be payable on or before the date of allotment, on such terms as may be deemed appropriate by the Board, on preferential basis, of an amount not exceeding Rs. 3,75,00,000/- (Rupees Three Crores Seventy Five Lacs Only) in the aggregate.

RESOLVED FURTHER THAT the Board / Committee of the Directors be and is hereby authorised to agree to make / accept any request for modification(s) in number of equity shares to be offered, issued and allotted to Strategic Investors / Foreign Companies / Indian Residents / Domestic Companies / Mutual Funds / NRIs / PIOs / OCBs and such other people including Foreign Nationals as may be thought fit by the Board, individually and / or inter se within the overall limit as specified above in exercise of the powers hereby conferred.

RESOLVED FURTHER THAT such issue and allotment of equity shares may be made at such time or times, in such trench / trenches and in such manner as may be deemed fit by the Board / Committee of Directors may, in its absolute discretion, deem appropriate.

RESOLVED FURTHER THAT the above issue of Equity Shares shall be inter alia on the following terms and conditions:

- a. The aforesaid new Equity Shares shall be issued subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid up Equity Shares of in the capital of the Company.
- b. An application will be made to list such new Equity Shares on the existing Stock Exchanges (subject to any approvals if required from the Central Listing Authority, if any) where the present Equity Shares of the Company are listed.
- c. The Board shall be entitled to vary, modify or alter any of the terms and conditions including size of issue as it may deem expedient or in the larger interest of the Company.

- d. The Equity Shares to be issued and allotted shall be subject to lock in of a total period of one year from the date of allotment of the Equity Shares or such reduced period as may be permitted under the applicable SEBI guidelines as amended from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and to execute such documents or writing, as may be necessary, proper or expedient for the purpose of giving effect to the aforesaid resolution and for matters connected therewith or incidental thereto."

9. To consider, and if thought fit, to pass, with or without modification (s), following resolution as an Ordinary Resolution.

"RESOLVED THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose), be and is hereby authorized, in accordance with Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of money (including non fund based facilities) not exceeding Rs. 70 Crores from time to time at their discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other persons, firms, Bodies corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may, at any time, exceed over and above the aggregate of the then paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters, and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

By order of the Board of Directors

Sd/
Rajesh Somani
(Chairman & Managing Director)

Mumbai, August 31st, 2010

Registered Office:
Shreeniwas House,
Ground Floor, H. Somani Marg
Mumbai-400 001

NOTES:

1. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING
2. The Register of Members and Share transfer Book in respect of Equity Shares of the Company will remain closed from Saturday, 25th September, 2010 to Thursday, 30th September, 2010 (both days inclusive).
3. The relevant details of directors seeking reappointment under Item No. 2 & 4 as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges is given herein below.
 1. Mr. S. Ramadoss (DOB 26/10/1946) was appointed as an additional Director of the Company at its Board Meeting held on 27th January, 2010 and being eligible is seeking reappointment as Director of the Company. He has over 40 years of experience in different capacities. He joined IDBI in 1983 as industrial Finance officer. Worked with the bank for 26 years up to March 31, 2005 and took Volantry Retirement as General Manager. During tenure in IDBI, worked in different centres in Project Financing, Technology Dept., Venture Financing, Rehabilitation Finance Dept. etc. He was Chairman of a number of Asset Sales Committees appointed by BIFR. After retirement functioning as Financial Adviser. He is a member of Board of Directors of M/s Garuda Cotex Shaded Limited, other than Volant Textile Mills Ltd. He does not hold any shares in the Company.
 2. Mr. D.A. Tare (DOB 04/03/1938) is a Director of the Company since 24th July, 1995. He has vast experience in the Textile Industry. He has been past chairman of PDEXCIL and of Indian Powerloom Association. He is not a member or chairman of any Board or committee, other than Volant Textile Mills Ltd. He does not hold any shares in the Company.
4. Shareholders are requested to intimate immediately any change in their registered address.
5. Shareholders desiring any information with regards to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
6. All documents referred to in the Notice and Explanatory Statement is available for inspection at the Registered Office of the Company during the business hours on all working days of the Company up to the date of the Annual General Meeting.
7. Members attending the meeting are requested to complete the enclosed slip and deliver the same at the entrance of the registered office.
8. Persons attending the Annual General Meeting are requested to bring their copies of the Annual Reports.

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

Item No. 4

Mr. S. Ramadoss, who was appointed as Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting has offered himself for re-appointment.

The Board recommends his appointment for the approval of the Members of the Company.

None of the Directors are interested in the resolution except Mr. S. Ramadoss himself as Director of the Company.

Item No. 5 to 7

The Authorised Share Capital of the Company presently stands at Rs. 8,00,00,000/- (Rupees Eight Crores Only) divided into 80,00,000 (Eighty Lacs) Equity Shares of Rs. 10/- each. With the view to invite further capital in the Company, it is desirable to increase the Authorised Share Capital of the Company to Rs. 12,50,00,000/- (Rupees Twelve Crores Fifty Lacs) divided into 1,25,00,000 Equity Shares of Rs. 10/- each by creation of additional 45,00,000 Equity Shares of Rs. 10/- each, which shall rank pari passu in all respects with the existing Equity Shares in the Company. The proposed increase of the Authorised Capital of the Company requires the approval of the Members in general meeting. Consequent upon increase in Authorised Capital of the Company, its Memorandum of Association and Articles of Association will require alteration so as to reflect the increase in share capital.

The Board of Directors recommends that the resolutions be passed. No Director is interested or concerned in these resolutions.

A copy of the Memorandum of Association and Articles of Association together with a copy of the Memorandum and Articles of Association reflecting the proposed amendments will be available for inspection by the Members of the Company at its Registered Office between 11.00 A.M. and 1.00 P. M. on any working day (except Saturday and Bank Holidays) of the Company.

Item No. 8

It is proposed to offer, issue and allot not more than 25,00,000 Equity Shares of Rs. 10 each to the Others on preferential basis, vide special resolution of this notice.

a) Objects of the Issue:

In view of the expansion programme of the company's business, your company is exploring various financing options. In the first instance, the company has approached companies, Individuals for investing in the project by subscribing to Equity Shares on Preferential basis.

b) Proposal of the Promoters to subscribe to the Equity shares:

The intention and primary object of the promoters to invite subscription to the Equity Shares through Preferential Issue is to make available scarce funds readily to finance the growth plans of the Company.

VOLANT TEXTILE MILLS LIMITED

c) Shareholding Pattern before and after the Preferential Issue is given hereunder:

Category	Pre-Issue		Post Issue	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
A) Shareholding of Promoter and Promoter Group				
(1) Indian				
Indian				
Individual/HUF	44,41,600	59.26	44,41,600	44.44
Bodies Corporate	7,50,000	10.01	7,50,000	7.50
Sub Total	51,91,600	69.26	51,91,600	51.94
Foreign				
Total shareholding of Promoter and Promoter Group (A)	51,91,600	69.26	51,91,600	51.94
B) Public shareholding				
(1) Institutions				
Financial Institutions / Banks	75,000	1.00	75,000	0.75
Foreign Institutional Investors	10,000	0.13	10,000	0.10
Sub Total	85,000	1.13	85,000	0.85
(2) Non-Institutions				
Bodies Corporate	28,100	0.37	28,100	0.28
Individuals				
Individual shareholders holding nominal share capital up to Rs. 1 lakh	1,84,500	2.46	1,84,500	1.85
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	18,21,400	24.30	43,21,400	43.23
Any Others (Specify)	1,84,900	2.47	1,84,900	1.85
Non Resident Indians	1,84,900	2.47	1,84,900	1.85
Sub Total	22,18,900	29.60	47,18,900	47.21
Total Public shareholding (B)	23,03,900	30.74	48,03,900	48.06
Total (A)+(B)	74,95,500	100.00	99,95,500	100.00
(C) Shares held by Custodians and against which Depository Receipts have been issued				
Total (A)+(B)+(C)	74,95,500	100.00	99,95,500	100.00

Note: The above post issue pattern is based on the assumption of full subscription of Equity Shares.

d) Proposed time within which the allotment shall be completed:

The allotment shall be completed within 15 days from the date of passing of the resolutions in the general meeting.

e) Issue Price:

The price of the shares has been fixed as per the Issue of Capital and Disclosure Requirements, Regulations 2009 issued by the Securities and Exchange Board of India.

f) Identity of the proposed allottees and percentage of pre and post preferential issue is as under:

Name of the Proposed, Allottee	Pre Issue		Further Allotment	Post Issue	
	No. of Shares	%	No. of Shares	No. of Shares	%
Mamta Kanodia	Nil	Nil	1,00,000	1,00,000	1.00
Hemlata Poddar	Nil	Nil	1,00,000	1,00,000	1.00
Kamal Poddar (HUF)	Nil	Nil	1,00,000	1,00,000	1.00
Govind Patodia (HUF)	Nil	Nil	1,00,000	1,00,000	1.00
Varsha Patodia	Nil	Nil	1,00,000	1,00,000	1.00
Bhimsen Patodia	Nil	Nil	1,00,000	1,00,000	1.00
Arjunlal Patodia	Nil	Nil	1,00,000	1,00,000	1.00
Sunil Kumar Bagaria	Nil	Nil	1,00,000	1,00,000	1.00
Poonam Bagaria	Nil	Nil	1,00,000	1,00,000	1.00
Anil Patodia	Nil	Nil	1,00,000	1,00,000	1.00
Anil Patodia (HUF)	Nil	Nil	1,00,000	1,00,000	1.00
Sangeeta Chirania	Nil	Nil	1,00,000	1,00,000	1.00
Kamal Poddar	Nil	Nil	1,00,000	1,00,000	1.00
Archana Patodia	Nil	Nil	1,00,000	1,00,000	1.00
Vinita Patodia	Nil	Nil	1,00,000	1,00,000	1.00
Arun Poddar	Nil	Nil	1,00,000	1,00,000	1.00
Sajjan Kanodia	Nil	Nil	1,00,000	1,00,000	1.00
Ramratan Chirania	Nil	Nil	1,00,000	1,00,000	1.00
Sunder Bhagwandas (HUF)	Nil	Nil	1,00,000	1,00,000	1.00
Sudha Patodia	Nil	Nil	1,00,000	1,00,000	1.00
Kusum Patodia	Nil	Nil	1,00,000	1,00,000	1.00
Gopal Ruia (HUF)	Nil	Nil	1,00,000	1,00,000	1.00
Omprakash Ruia (HUF)	Nil	Nil	1,00,000	1,00,000	1.00
Preeti Ruia	Nil	Nil	1,00,000	1,00,000	1.00
Gopal Ruia	Nil	Nil	1,00,000	1,00,000	1.00

Note: The above post issue pattern is based on the assumption of full subscription of equity shares.

g) Change in the control or composition of the Board

There will be no change in the control or composition of the Board after the preferential allotment

- h) The issuer undertakes that it shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so.
- i) It also undertakes that if the amount payable on account of re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked - in till the such amount is paid by the allottees.

Consent of the members is being sought by a Special Resolution pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, for preferential allotment of equity shares. The Special Resolution as set out at the Item No 8 of the Notice, if passed will have the effect of allowing the Board to issue and allot shares to the persons on the terms and conditions as necessary for implementing this Resolution.

A certificate from the Auditors of the Company certifying that the proposed preferential issue conforms to the subsisting guidelines & regulations issued by the SEBI, will be available for inspection by the members of the Company during business hours i.e. from 10.00 A.M to 5.00 P.M on all working days at the Registered Office of the Company and also at the Meeting.

None of the Directors are interested or concerned in the proposed resolution.

The promoters propose to subscribe 25,00,000 Equity shares at a future date subject to receiving approval from the Hon'ble BIFR as per the proposed draft rehabilitation scheme, subject to all statutory approvals where required.

Item No. 9

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of directors of the Company, in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose.

Keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits.

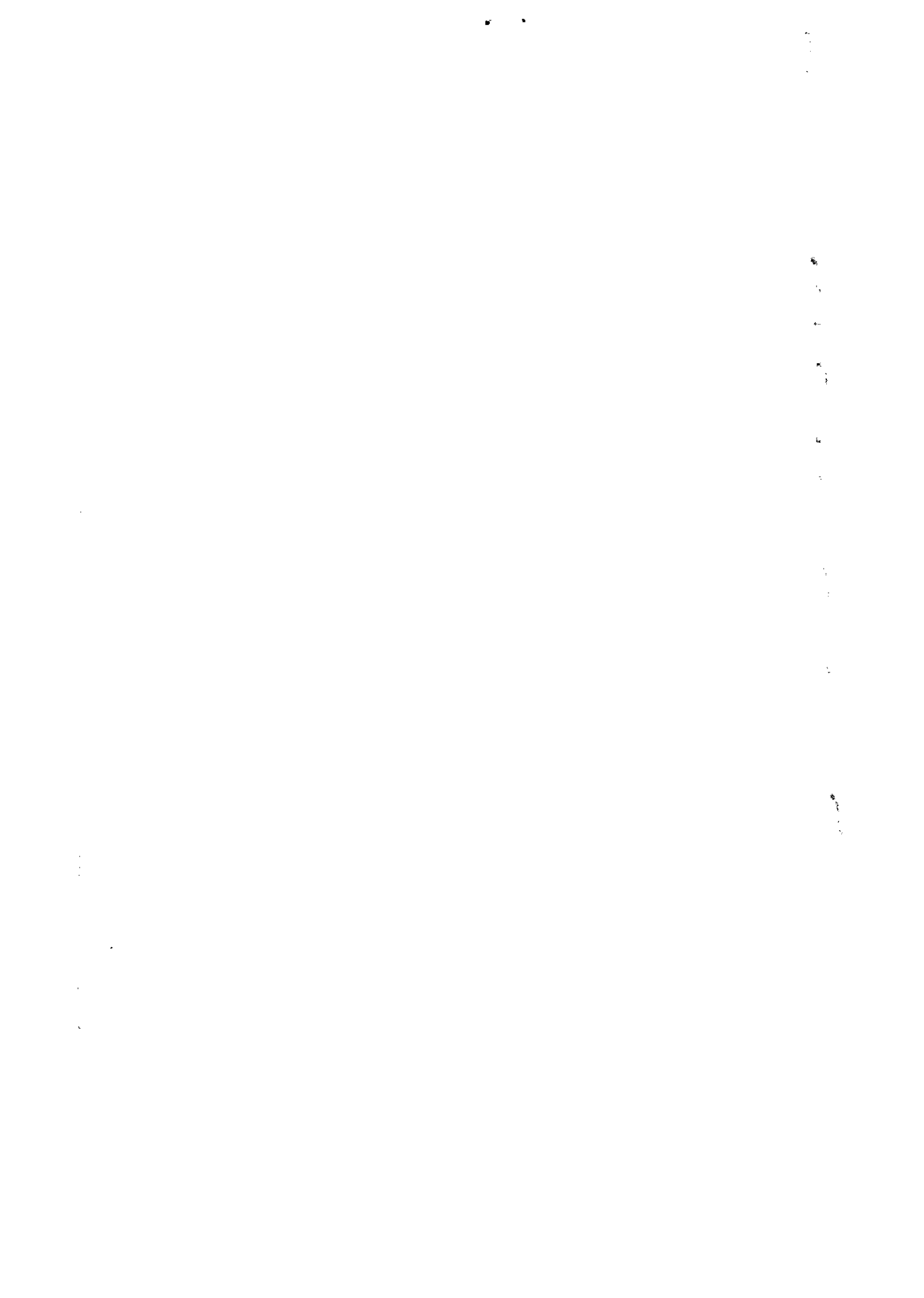
None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By order of the Board of Directors

Sd/
Rajesh Somani
(Chairman & Managing Director)

Mumbai, August 31st, 2010

Registered Office:
Shreeniwas House,
Ground Floor, H. Somani Marg
Mumbai-400 001



15th Annual General Meeting

Date : 30th September, 2010

Day : Thursday

Time : 10:30 A.M.

Place : Shreeniwas House, 2nd Floor, H. Somani Marg, Fort, Mumbai- 400 001

Book Closure: 25th September, 2010 to 30th September, 2010

Dates : (both days inclusive)

CONTENTS

Board of Directors	02
Directors' Report	03
Annexure to Directors' Report	07
Report on Corporate Governance	09
General Shareholder Information	14
Management Discussion & Analysis Report	18
Auditors' Report	22
Balance Sheet	27
Profit and Loss Account	28
Schedules forming part of accounts	29
Balance Sheet Abstract	40
Cash Flow Statement.....	41
Attendance Slip	43
Proxy Form	43

BOARD OF DIRECTORS

Mr. Dhanpal A. Tare
Mr. Ravindra J. Lade
Mr. Atul B. Raval
Mr. S. Ramadoss
Mr. Rajesh Somani

Independent Director
Independent Director
Independent Director
Independent Director
Managing Director

BANKERS

Bank of Baroda
HSBC Bank
Union Bank of India

AUDITORS

Yadav, Pujara & Shah
Chartered Accountants,
Mumbai

REGISTERED OFFICE

Shreeniwas House, Ground Floor
27, H. Somani Marg, Mumbai 400001

SHARE TRANSFER AGENT

BIGSHARE SERVICES PRIVATE LIMITED
E-2/3, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (East), Mumbai 400 072

STOCK EXCHANGE

Bombay Stock Exchange
P. Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

ISIN: INE962D01017
BSE CODE: 531865

WORKS

K-56, MIDC Chincholi, Solapur, Maharashtra- 413255

AUDIT COMMITTEE

Mr. Ravindra J. Lade - Chairman
Mr. Dhanpal A. Tare
Mr. Rajesh Somani

REMUNERATION COMMITTEE

Mr. Ravindra J. Lade - Chairman
Mr. Dhanpal A. Tare
Mr. Rajesh Somani

SHAREHOLDERS / INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE

Mr. Ravindra J. Lade - Chairman
Mr. Dhanpal A. Tare
Mr. Rajesh Somani

VOLANT TEXTILE MILLS LIMITED

DIRECTOR'S REPORT

To the Members of Volant Textile Mills Ltd.

Your Directors have pleasure in presenting the Fifteenth Annual Report for the year ended 31st March, 2010.

FINANCIAL RESULTS

	Current Year	(Rs. in lacs) Previous Year
Gross profit / (loss) before Interest depreciation & exceptional/ Extra ordinary items	134.41	25.16
Add: Exceptional / Extra ordinary item	-	1.26
Less: Prior Period Adjustments	(0.19)	(1.02)
Less: Financial charges	(13.86)	(20.13)
Less: Depreciation	(119.98)	(108.53)
Less: Provision for Fringe Benefit Tax	Nil	(1.81)
Net Profit / (Loss)	0.38	(105.07)

DIVIDEND

In view of accumulated losses, your directors do not recommend any dividend for the year under review.

OPERATIONS

The Company had installed speed-up kits on its Sulzer machines in the previous year. There were teething problems in the looms where these kits were installed, but the looms are now getting stabilized. The speed-up kits are installed on about 23 nos till the year end. Full implementation would be completed in the current year. This would give about 20% higher production on the existing machines, which would increase the contribution from these machines. The benefits of these expansions will come in the forthcoming years. The Company is exploring possibilities of getting its fabrics processed outside instead of just selling grey fabrics. This should bring about a value addition of about 30% to the current production and also improve the margins.

The Company also undertook sampling for the mattress ticking industry and a market research was conducted through M/s Technopak for the prospects of tapping the mattress ticking industry. The results of the market research were positive and the Company plans to develop this sector within technical textiles, in the near future.

The total production in the current year was 31,35,085 linear metres (29,79,351 linear metres). The total sale during the year was Rs. 1,534.13 lacs (Rs. 917.46 lacs). This includes export sales of Rs. 503.04 lacs (Rs. 551.05 lacs) made through merchant exporters, local sales of Rs. 991.42 lacs (Rs. 277.85 lacs), job-work charges giving a gross realization of 27.65 lacs (Rs. 64.58 lacs) and sizing charges of Rs. 12.02 lacs (Rs. 23.98 lacs).

The Company has fully paid SASF in April, 2009, and has received No Dues Certificate dated 30th May, 2009, making the Company a term debt-free Company. Satisfaction of charge was filed with ROC on 29th June, 2009.

On 24th February, 2009, your Company has been certified for ISO 9001:2008 Quality Management Systems by Germanischer Lloyd Certification GmbH. The certification is valid till 23rd February, 2012.

REVIEW AND FUTURE PROSPECTS

The company was declared a sick industrial unit under section 3(1)(O) of SICA, 1985, by BIFR in case no. 322/02 in March, 2006, and Bank of Baroda was appointed the Operating Agency. A scheme of Rehabilitation was prepared and submitted by the OA. The Honorable BIFR, in its hearing held on 13th April, 2010 and 9th August, 2010 has directed the Company to prepare a revised DRS based on the current balance sheet and has further directed to consider 31st March, 2010 as the cut-off date for the same. The Company is considering various options for long-term viability on a sustained basis, and revised revival scheme is under preparation.

The Company plans to get its fabrics processed in the near future, thereby giving a higher value addition of about 30% and better margins.

The Company is also looking at other avenues of increasing sales and margins in tying up with companies for regular marketing. It is also contemplating on imports of certain technical textiles. It is also tied-up for marketing technical textile fabrics with special finishes like FR, water repellent, etc. with an Indian company. The Company has also been carrying out trading operations in fibre waste products, tow and petro fibres. The Company is also analyzing various options with merger etc. for giving optimum returns to its shareholders.

Apart from the above, the company is scouting and evaluating various opportunities / avenues for fuelling inorganic growth through potential merger and acquisition possibilities. This would enable the company to enhance operations, improve efficiencies, provide economies of scale, open up new and potential markets and thus unlock synergies to derive maximum valuation for all stakeholders.

The statements of the new Textile Minister are very positive and give direction for the growth of the industry in India. The directors are very optimistic of the textile trade and feel that with the pro-active government policies the Indian textile industry can have a dominant share in the world trade after China. We are taking a long term view of the industry and hope to increase turnover and margins from the current position.

DIRECTORS

At the ensuing Annual General Meeting, Mr. D. A Tare, Director of the Company, retires by rotation and being eligible offers himself for re-appointment. Mr. D. A Tare is a Director of the Company having vast experience in industry and administration.

Mr. S. Ramadoss was appointed by the Board of Directors as Additional Independent Director and holds office up to this Annual General Meeting. Mr. S. Ramadoss is having technical and financial

VOLANT TEXTILE MILLS LIMITED

qualification with over 42 years experience in different industries and it would be in the interest of the Company to appoint him as Independent Director.

Mr. Abhay Kumar Purohit, Executive Director of the Company resigned w.e.f. 7th April, 2010 and the Board place on record appreciation for valuable services rendered by him.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Director's Responsibilities Statement, it is hereby confirmed:

That in the preparation of the annual accounts, the applicable accounting standards have been followed.

That the Directors have 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 on 31st March 2010 and of the profit/loss of the Company for that period;

That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

That the Directors have prepared the annual accounts on a going concern basis as they are hopeful that the Company will start generating profits in the near future.

AUDITORS

M/s Yadav Pujara & Shah, Chartered Accountants, Mumbai, hold office until the conclusion of the forthcoming Annual General Meeting. They have expressed their willingness to continue as Statutory Auditors for the Financial Year 2010-11 and accordingly, a resolution proposing their appointment is being submitted to the ensuing Annual General Meeting. The members are requested to consider their reappointment for the current financial year 2010-11 and authorize the Board of Directors to fix their remuneration.

AUDITOR'S REPORT

The Notes on accounts, referred to in the Auditor's Report are self explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed as Annexure "A" to Directors Report.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

CORPORATE GOVERNANCE

A separate section on Corporate Governance and a certificate from the Auditor of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with Stock Exchanges, form part of the Annual Report.

LISTING

The equity shares of the company are listed on the Stock Exchange at Mumbai. Trading was suspended, however company re-listed after completion of procedure for removal of suspension and trading started w.e.f 05th August, 2010. The Company had applied to get the shares delisted from Ahmedabad and Jaipur Stock Exchanges in the year 1999 in view of the nil trading there, but the delisting procedure has not been completed. The Company hopes to get their shares delisted from Ahmedabad and Jaipur Stock Exchanges as per the provisions of SEBI (Delisting of Securities Guidelines), 2003, the Listing Agreement for which a Special Resolution was passed at the 12th Annual General Meeting of the Company.

PARTICULARS OF EMPLOYEES

There are no employees covered under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (particulars of the Employees) Rules, 1975 as amended.

ACKNOWLEDGEMENTS

The Directors are pleased to place on record their sincere gratitude to financial institutions and business constituents for their continued valuable co-operation and support to the Company during the year.

Your Directors also wish to place on record their appreciation for the dedication with which the employees at all levels performed their duties and for their cooperation and support in stabilizing the production and quality and for carrying out the expansion plans of the Company.

On behalf of the Board of Directors

Rajesh Somani
Chairman & Managing Director

Place: Mumbai,
Date: August 31st, 2010

ANNEXURE "A" TO DIRECTOR'S REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 and forming part of the Director's Report for the year ended 31st March 2010.

I. CONSERVATION OF ENERGY

1) The company has made efforts to incorporate energy conservation measures in the installation stage itself.

2)

	Current Year	Previous Year
Power & Fuel Consumption		
Electricity:		
Purchased Units (KWH)	15,16,660	14,54,741
Total amount (Rs. In lacs)	47.63	42.76
Rate/Unit (Rs.)	3.14	2.94
Generated Power:		
Diesel Consumption (Ltrs)	3,930	6,985
Total amount (Rs. In lacs)	1.49	2.35
Total Units Generated	7,656	16,328
Cost per unit (Rs.)	19.46	14.41

3) The Company has installed a baggasse/ agro based boiler and has discontinued usage of LDO based boiler. This is more cost effective for the Company as well as reduces usage of fossil fuels.

4) Improvement in power factor

5) Maintaining power factor near unity

6) The Company has been using low wattage tubes and electronic ballast in its shed resulting in energy savings.

II. TECHNOLOGY ABSORPTION

Research and Development (R&D)

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

- Process parameter control through Quality Assurance by various testing methods to improve productivity and fabric quality.
- Strict quality control in grey fabric inspection area.
- Increase in batching capacity.

- Process optimization/ recipe modification/ introduction of new chemicals for 'cost economy'.
- Process standardization for consistent quality.
- New process development to overcome working problems in production department and meeting marketing needs.
- New product development for improved marketability of products.
- Increase in speed on 20 Sulzer looms by adding speed up kits, giving higher productivity.

2) Benefits derived as a result of above R&D

- Improvement in product marketability and business viability through consistent quality, lower cost and newer products.
- Meeting customer needs and in turn customer satisfaction.

3) Future plan of action

- New product development in Industrial market segment.
- New marketing initiatives in technical textiles.

4) Expenditure on R&D

Expenditure on R&D during the year under report amounted to Rs.23,836/-.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1) Efforts in brief, made towards technology absorption, adaptation and innovation:

- Obtained ISO 9001:2008 certification from Germanischer Lloyd Certification GmbH.

2) Benefits to be derived as a result of the above efforts:

- Quality consistency due to process standardization/ optimization.
- Cost reduction arising from process/ recipe modification in various operations.
- Manufacture of fabrics made from organic cotton resulting in better realizations.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

Direct Foreign exchange earning is Nil however Third Party Exports is of the value of Rs. 503.04 Lacs. Outgo in current year is Rs. Nil.

On behalf of the Board of Directors

Rajesh Somanl
Chairman & Managing Director

Place: Mumbai

Date: August 31st, 2010

REPORT ON CORPORATE GOVERNANCE**I. Company Philosophy on code of Governance**

The Company philosophy on corporate Governance envisages transparency with integrity in all its dealing with its stakeholder, employees, lenders and others and has incorporated a report on corporate Governance in accordance with the revised clause 49 of the Listing Agreement entered into with the stock exchange.

II. Board of Directors**Board Composition**

The Composition of Board of Directors is as follows:

Name of Director	No. of Board meetings Attended	Attended at Previous AGM	Category	No of outside Directorship held	No of membership Chairmanship In other board Committees
Mr. Rajesh Somani	5	Yes	Managing Director	1	0
Mr. S. Ramadoss	0	No	Independent Director	1	0
Mr. A. K. Purohit*	3	No	Executive Director	0	0
Mr. R. J. Lade	5	Yes	Independent Director	0	0
Mr. D. A. Tare	0	No	Independent Director	0	0
Mr. Atul B. Raval	3	Yes	Independent Director	0	0

During the financial year 2009-2010 five Board meetings were held, the dates being 29th April, 2009, 30th June, 2009, 27th July, 2009, 24th October, 2009 and 27th January, 2010. There was no gap of more than four months between any two meetings.

* Resigned w.e.f. 7th April, 2010.

Code of Conduct

The Board of Directors had laid a code of conduct for its Board members and senior management personnel.

All the members and senior management have affirmed compliance with the said code of conduct for the financial year ended 31st March, 2010. A declaration to this effect signed by Mr. Rajesh Somani, Managing Director, enclosed at the end of this report forms a part of Annual Report.

III. Committee of Board

Board Committees

The Board has constituted the following three Committees of Directors

- a) Audit Committee
- b) Shareholders / Investors Grievance & Share Transfer Committee
- c) Remuneration Committee

a) Audit Committee

The Audit Committee comprises of two non Executive Directors namely Mr. R.J. Lade (Chairman & Independent Director) Mr. D.A. Tare (Independent Director) and Mr. Rajesh Somani (Promoter Director). Five meetings of the committee were held during the financial year 2009-2010. The Composition and attendance of the members at the Audit Committee meetings is as follows:

Name	No. of Committee Meetings Attended
Mr. R. J Lade- Chairman & Independent Director	05
Mr. D. A. Tare - Independent Director	00
Mr. Rajesh Somani- Promoter Director	05

Mr. R. J. Lade Chairman of the Audit Committee was present at the Last Annual General Meeting held on 26/09/2009

The broad terms of reference of this Committee are:

- a. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, the re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - 1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - 2. Changes, if any, in accounting policies and reasons for the same.
 - 3. Major accounting entries involving estimates based on the exercise of judgment by Management.
 - 4. Significant adjustments made in the financial statements arising out of audit findings.
 - 5. Compliance with listing and other legal requirements relating to financial statements.
 - 6. Disclosure of any related party transactions.
 - 7. Qualification in the draft audit report.
 - 8. The going concern assumption.
 - 9. Any related party transactions.

VOLANT TEXTILE MILLS LIMITED

- e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- f. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control.
- g. Reviewing of the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage.
- h. Discussion with the internal auditors any significant findings and follow up there on.
- i. Reviewing the findings of any internal investigations by the internal auditors into matters where there is any suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- j. Discussion with the statutory Auditors before the Audit commences, about the nature and scope for audit as well as cost control discussion to ascertain any area of concern.
- k. To look into the results for substantial defaults in the payment to the depositories, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- l. To carry out any other function as is mentioned in the terms of the reference of the Audit Committee.

b) Shareholders/Investors Grievance & Share Transfer Committee

The Committee comprises of Mr. R.J. Lade (Chairman), Mr. D. A. Tare and Mr. Rajesh Somani. Five (5) meetings of the Committee were held during the financial year.

The composition and attendance at the meetings is as follows:

Name	No. of Meetings Attended
Mr. R. J. Lade - Chairman & Independent Director	05
Mr. D. A. Tare - Independent Director	00
Mr. Rajesh Somani - Promoter Director	05

Terms of Reference

Its terms of reference include review of complaint of shareholders/ investors, the Company's performance on redressal of complaint and look into the correspondence with Securities & Exchange Board of India (SEBI) and the stock exchange concerning Investors Complaints and to note the share transfer.

The committee would also like to inform the shareholders that BSE has removed suspension of script with effect from 05/08/2010.

Name and designation of Compliance officer

Mr. Rajesh Somani, Managing Director of the Company.

Status of Complaints received for the year 2009-2010

During the year 2009-10, the Company has not received any complaint from investors. No Complaint was received through SEBI and listing fees of Bombay Stock Exchange has been paid.

c) Remuneration Committee

The Remuneration Committee consists of three Directors namely; Mr. R. J. Lade, Mr. D. A. Tare and Mr. Rajesh Somani. One meeting of the committee was held during the financial year.

The broad terms of reference of this Committee are:

- To review and determine the Company's Policy regarding remuneration payable to Managing and Whole time Directors;
- To fix their remuneration within the limits laid down under the Companies Act, 1956.

Details of Remuneration paid to Directors during the year ended 31st March, 2010

Name	Sitting fees	Salaries	Total
Mr. Rajesh Somani	Nil	720000	720000
Mr. A. K. Purohit	Nil	550300	550300
Mr. R. J. Lade	15000	Nil	15000
Mr. D. A. Tare	Nil	Nil	Nil
Mr. Atul Raval	2000	Nil	2000

IV. General Body Meetings:

Annual General Meetings:

YEAR	DATE	LOCATION	TIME
2007	22/09/2007	Shreeniwas House, Ground Floor, H. Somani Marg, Fort, Mumbai 400001	10.30 a.m
2008	30/08/2008	Shreeniwas House, Ground Floor, H. Somani Marg, Fort, Mumbai 400001	10.30 a.m
2009	26/09/2009	Shreeniwas House, Ground Floor, H. Somani Marg, Fort, Mumbai 400001	10.30 a.m

VOLANT TEXTILE MILLS LIMITED

Details of special resolutions passed at any of the previous three Annual General Meetings:

YEAR	AGM/EGM	DATE	Special resolution passed
2007	AGM	22.09.2007	1) To apply to Ahmedabad and Jaipur Stock Exchanges for delisting 2) Approval of Remuneration package for the Managing Director, Mr. Rajesh Somani w.e.f. 1st August, 2007.
2008	AGM	30.08.2008	1) To appoint Mr. Abhay Kumar Purohit as Director of the Company 2) To appoint Mr. Abhay Kumar Purohit as Executive Director w.e.f. 1st July, 2008 to 30th June, 2013 and fix his remuneration for the same 3) To appoint Mr. Anantvikram Somani as Vice President Finance of the Company
2009	AGM	26.09.2009	1) To re-appoint Mr. Atul B. Raval as Director.

No special resolution was passed through postal ballot at the last Annual General Meeting.
No special resolution is proposed through postal Ballot at the forthcoming Annual General Meeting.

V. Disclosures

- As disclosed in the accompanying accounts, wherever required full provision has been made relating to transactions with associate companies.
- There were no instance of non compliance of by the company, nor were any penalties imposed on the company by Stock Exchange, SEBI or any statutory authority on any matters related to capital market during the last three years. However the company paid Rs. 5.40 lacs To the BSE on dated 09th July, 2010 for revocation of suspension and the script was listed back on the BSE w.e.f. 05/08/2010.
- All the mandatory items of clause 49 have been complied with and covered in this report.

VI. CEO/CFO Certification

The CEO certification of the financial statements and the cash flow statements for the financial year ended March 31, 2010 issued to the Board of Directors is enclosed at the end of this Report and forms part of this Annual Report.

VII. Note on appointment or re-appointment of Directors

Particulars of Directors need to appointed/ re-appointed at the ensuing Annual General Meeting is given under Note No. 3 of the Notice convening the meeting.

VIII. Means of Communication

During the year, Quarterly results were published in the Free Press Journal (English Daily) and Navshakti (Marathi Daily).

Management discussion and analysis is part of the Annual Report of the Director to the Shareholders of the Company.

IX. General Information for the Share Holders

a) Annual General Meeting

Date & Time	: 30th September, 2010; 10.30 a.m.
Venue	: Registered office of the Company at Shreeniwas House, Mumbai-01
Financial Year	: 1st April 2009 to 31st March 2010
Date of Book Closure	: 25th September, 2010 to 30th September, 2010 (both days inclusive)
Listing on Stock Exchange	: Bombay Stock Exchange Limited P. Jeejeebhoy Towers, 25th Floor, Dalal Street Mumbai - 400 001
Stock Code	: 531865
ISIN No.	: INE962D01017

Listing fees payable to BSE for the year 2010-11 has been paid in full by the Company.

Delisting on Stock Exchanges

The Company had applied for delisting in the Jaipur & Ahmedabad Stock Exchanges in the year 1999 in view of nil trading there, but the delisting procedure has not been completed. The Company hopes to get their shares delisted from Ahmedabad and Jaipur Stock Exchanges as per the provisions of SEBI (Delisting of Securities Guidelines), 2003, the Listing Agreement for which a Special Resolution was passed at the previous Annual General Meeting on 15th September, 2007.

Market Price Data & Share Price Performance

There were no transactions during the year. Trading was suspended for non-payment of listing fees. The last recorded transaction in Bombay Stock Exchange was Rs. 3.80. The Company has paid the up to date listing fees of Bombay Stock Exchange. The BSE has removed suspension and the script has been listed on the exchange with effect from 05/08/2010. The company paid Rs.5.40 lacs for revocation of suspension as per the letter No. DCS/COMP/OT/KK/450/2009-10 Dated 19.03.2010 received from BSE.

Registrar & Share Transfer Agent

M/s Bigshare Services Pvt. Ltd.
E-2/3 Ansa Industrial Estate,
Saki Vihar Road, Saki Naka
Andheri (E), Mumbai 400072.

Share Transfer System

Applications for transfer of shares are received in physical form at the Company. Presently the share transfer instruments which are received in physical form are processed and share certificate are returned within 30 days from the date of receipt subject to the documents being valid and complete in all respects. During the year 7,50,000 shares were dematerialized. Totally 28,26,100 shares have been dematerialized up to 31st March, 2010.

Shareholding Pattern as at 31st March, 2010

Category	No of shares held	% of share holding
Promoters	41,71,300	55.66
Persons acting in concert	10,20,300	13.61
Others (NRI's, OCB's)	1,86,900	2.49
Others FI's	10,000	0.13
Bodies Corporate	28,100	0.37
General Public	20,03,900	26.74
Public Financial Institution	75,000	1.00
Total	74,95,500	100

Distribution of Shareholding as at 31st March, 2010

No of shares	No of share holders	% of Total share holders	Share Amount in (Rs.)	% of Total share Capital
1-500	99	27.81	4,36,000	0.58
501-1000	94	26.40	9,05,000	1.21
1001-2000	38	10.67	6,44,000	0.86
2001-3000	28	7.87	7,39,000	0.99
3001-4000	8	2.25	3,06,000	0.41
4001-5000	16	4.49	7,75,000	1.03
5001-10000	15	4.21	1,191,000	1.59
10001 and Above	58	16.29	69,959,000	93.33
Total	356	100.00	7,49,55,000	100.00

Dematerialization of Shares

Type of Holding	Percentage to share capital
Physical	62.32
Demat	37.68
Total	100.00

The Company's shares are dematerialized in CDSL. The Company's ISIN No. is INE962D01017. The company's shares can also be dematerialized in NSDL w.e.f.26th April, 2010.

Plant Location

K-56, MIDC Chincholi,
Solapur - 413255. Maharastra.

Investors Correspondence for transfer/dematerialization

M/s Bigshare Services Pvt. Ltd.
E-2/3 Ansa Industrial Estate
Saki Vihar Road, Saki Naka
Andheri (E), Mumbai 400072.
E-mail : babu@bigshareonline.com

General correspondence

Managing Director
VOLANT TEXTILE MILLS LIMITED
Shreeniwas House, Gr. Floor,
H.Somani Marg, Mumbai-400 001
E-mail: volant@vsnl.com

Compliance Certificate

The Certificate of Compliance with the requirement of Corporate Governance as issued By M/s Yadav Pujara & Shah; Auditors of the Company is annexed.

Qualification in Auditors Report

The directors in their report have given explanation to all qualification raised by auditor & are taking necessary step to improve on the same.

On behalf of the Board of Directors

Rajesh Somani
Chairman & Managing Director

Place: Mumbai
Date: August 31st, 2010.

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER IN TERMS OF CLAUSE 49 (V) OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE

I, Rajesh Somani, Managing Director of the Company hereby certify that for the financial year ending 31st March, 2010 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- 2) These statements together present a true and a fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- 3) There are to the best of our knowledge and belief no transactions entered into by the Company during the year 2009-10 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- 4) We accept responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company. We have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal control of which we are aware and the steps that we have taken or proposed to take to rectify this deficiencies.
- 5) We have disclosed based on our most recent evaluation wherever applicable to the Company's Auditors and Audit Committee of the Company's Board of Directors that:
 - a) there have been no significant changes in the internal control during this year;
 - b) there have been no significant changes in the accounting policies during this year;
 - c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having significant role in the company's internal control system.
- 6) We affirm that we have not denied any personnel access to the Audit Committee of the company (in respect of matters involving misconduct, if any)
- 7) We further declare that all Board members and Senior Management have affirmed compliance with the Code of Conduct for the current year.

On behalf of the board of Directors

Rajesh Somani
Chairman & Managing Director

Place: Mumbai
Date: August 31st, 2010.

Management Discussion and Analysis

1) Industry Structure and Development

The textile industry in India plays a vital role in the overall economy. The Indian textile industry is one of the largest in the world with a massive raw material and manufacturing base. It contributes 14% of the industrial production and 3% to the GDP of the country. The textile industry accounts for as large as 21% of the total employment generated in the economy. Approximately 35 million people are directly employed in textile manufacturing activities. Exports account for about 27% of India's total foreign exchange earnings.

In the textile industry, the weaving sector has been identified as one of the poorest technological links in the value chain. What makes the problem more serious is that the decentralised sector, powerloom and handlooms, are accounting for 76% of our fabric needs. Given the nature and extent of fragmentation and technology obsolescence in the decentralised sector, it calls for a focused plan and programmes to accelerate and sustain the growth level of the different segments of the industry. This sector will take a long time to convert to technical textiles as the same is capital intensive, knowledge intensive, skill intensive and innovation intensive.

The Indian Government's policies aim to promote all sections of the textile industry. Due to focused support for cotton, the Country has had a record cotton production with India becoming the second highest producer of cotton as well as the second highest exporter of cotton. The TUF scheme was proposed to continue for a period of 5 years in the 11th Five Year Plan from 1.4.2007. However in July 2010, the government has suspended TUF till further notice. The industry awaits revised TUF scheme, and also regular payments under TUF scheme, to continue large investments especially in Technical Textiles. This will hamper the investments and growth of the textile sector. The Scheme for Integrated Textile Parks has sanctioned 30 projects likely to attract investment of over Rs. 15,000 Crores mainly in textile clusters.

The industry awaits announcement of National fibre Policy, which will bring a balance in duties of various fibres to bring about competitiveness in the export market.

These policy initiatives are expected to generate 12.02 million direct & 5.35 million indirect jobs, totaling to 17.37 million jobs by 2012, and investment is expected to reach Rs. 1,50,600 Crores. This level of investment will mean practically doubling the existing spindles to 60 million spindles, adding over 1 million shuttleless looms in weaving, and a very substantial investment in processing. The National Manufacturing Competitiveness Council has indicated that the textile sector is a priority sector to increase competitiveness, as it will evolve into one of the highest employment generating sectors. These Government policies and initiatives are likely to increase India's current market share of 3.4% of the global textile market to 10% by 2012, aiming at an annual growth of almost 20%.

According to the FIEO, "If we are able to achieve 20 per cent growth in our textiles exports per annum, and 15 per cent growth per annum in domestic production, then our domestic textile market size would be \$213 billion by 2020 and exports would be around \$164 billion." Given the long term growth of 7 per cent in world trade in textiles, India's share would be around 14 per cent in 2020 at a growth of 20 per cent per annum, which would be almost four times India's current share of 3.4 per cent. India's share in the world textile trade is 3.5% and is expected to reach 6.5% by 2014 as per the CFO of Alok Industries.

VOLANT TEXTILE MILLS LIMITED

By 2014-15, the Indian market for technical textiles could be worth USD 20 billion estimated by a study conducted by ASSOCHAM. (Asian Technical Textile Magazine April-June 2010). The current size of the Indian technical textile industry is 10 billion USD and it is estimated to grow at an annual rate 10-12% over the next 4-5 years because of high demand. "India's share in the US imports of special purpose fabric (technical textiles) and non-woven fabrics was merely 2.6 per cent and 1.2 per cent, respectively in 2009 compared to China's share of 15 per cent and 12 per cent," a FICCI study said. Despite the global slowdown, India's textile exports increased their share of the country's total exports to 12.05% from 10.82% in 2008-09, according to Hon'ble union textile minister Shri Dayanidhi Maran. Among the achievements listed in a booklet on 'Milestones 2009-10,' the first year of the United Progressive Alliance (UPA)-II government, are the release of INR25.46bn (US\$543.7m) under the Technology Upgradation Fund Scheme (TUFS), government grants for 17 integrated textile parks, and a 'Look East Policy' launched to tap new markets outside the EU and US.

India accounts for 22% of the world spindleage, about 6% of the world rotor capacity and has a 25% share in the world trade of cotton yarn. However in terms of shuttleless looms India has only 2.8% of the world loomage.

2) Opportunities, Threats, Risks & Concerns

The weakest links in the Indian textile industry are the weaving & the processing sector. Investment in these sectors will enhance the export prospects in the made-up & garment sectors. The country's home textile exports are forecasted to rise to \$ 8-10 billion from \$ 1.5 billion now. China at 38%, Pakistan at 22% and India at 16% dominate the U.S. export market despite cost pressures & cutthroat competition.

In the post quota era, there is unprecedented enthusiasm and optimism in the Indian textile industry. The last four years have seen a sunset industry being transformed into a sunrise industry.

The modern textile industry is very capital intensive as well as extremely competitive. Efficient utilization of machinery continuously, quality product output, high productivity per person, highly controlled costs, and best utilization of resources are all important parameters for success as well as growth in the industry.

The textile industry in India has a strong multi-fibre raw material production base, vast pool of skilled personnel, entrepreneurial talent, good export potential and low import content. Production systems are flexible, dynamic and vibrant. Considering the inherent strengths of this industry in terms of strong raw material base, skilled manpower and low wage costs, this industry has immense potential in the globalised textile economy.

The concerns are the increase in interest costs, high power costs, delays in policies relating to labour laws, lack of infrastructure and high bank transaction costs. India has been a leader in cotton yarn exports for many years, and it was expected that we would move the textile chain upwards, however we have slid down to export of cotton. One kg of cotton might yield Rs. 70, as against a potential of Rs. 500 for a finished cotton textile product. There was a temporary ban imposed on cotton exports during the year. The main objection to this was by neighbouring countries like Bangladesh, China and Pakistan as it was damaging their competitiveness. A policy decision needs to be taken whether it is advantageous to have maximum value addition and increased employment while forming the policy for raw material exports. Import of fabrics has also reached a

new high in the last year. The Government policies and direction are most essential for a massive growth in this sector in the coming years.

India needs to strengthen its capabilities to tap this growing market as technology-intensive products are the future, it said. "The policy should aim at increasing the country's share of advance technology-based products and high value-added items in global market to seven per cent in next five years from less than two per cent currently," the study said.

The textile industry has become globally competitive industry, and only the most efficient and least cost unit or country will survive to play a dominant role in the world trade.

3) Outlook

Please refer to Directors' Report.

4) Financial and Operational Performance

Please refer to Directors' Report.

5) Material Developments in Human Resources / Industrial Relation Front

The Company's relations with the labour are cordial. The Company has a 5 year agreement with the workmen from 1st September, 2007 up to 31st August, 2012.

On behalf of the Board of Directors

Rajesh Somani
Chairman & Managing Director

Place: Mumbai
Date: August 31st, 2010.

AUDITOR'S CERTIFICATE

TO THE MEMBERS OF VOLANT TEXTILE MILLS LTD.

1. We have reviewed the implementation of Corporate Governance procedures by Volant Textile Mills Ltd. during the year ended on 31st March 2010, with the relevant record and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the board of directors.
2. The compliance of condition of Corporate Governance is the responsibility of the management. Our examination was limited to review the procedure and implementation hereof, adopted by the Company for ensuring the compliance with the condition of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.
3. As required by the guidance note issued by the Institute of the Chartered Accountants of India, we have to state that, based on the report given by the management of the company to the Investors grievance committee, as on March 31, 2010 there were no investor grievance matters against the company remaining unattended/ pending for more than 30 days.
4. On the basis of our review and according to the information and explanation given to us, and the representation made by the directors and the management, on the matters of Corporate Governance, as stipulated in clause 49 of the listing agreement with the stock exchange have been complied with in all material respect by the Company.

For YADAV, PUJARA & SHAH
(Chartered Accountants)

SANTOSH A. SHAH
Partner
Membership No. 46548
Firm No. 121711W

Place: Mumbai
Date : August 31st, 2010

AUDITOR'S REPORT

To
The Members,
VOLANT TEXTILE MILLS LTD.

1. We have audited the attached Balance Sheet of Volant Textile Mills Limited as at March 31, 2010, the relative Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The accounts are prepared on the principle application to a going concern despite heavy losses which have totally eroded the net worth of the Company. The Company has been declared Sick by BIFR having case No. 322/02 in the hearing held on 1.3.2006. In the year 2006-2007 the company had arrived at a negotiated settlement with SASF and has subsequently repaid them in April, 2009. The OA (Bank of Baroda) has prepared a report for rehabilitation & restructuring including expansion, and had submitted the same to BIFR, to achieve a viable and profitable business model. BIFR in its hearing held on 13.04.2010 has asked the company to submit a revised DRS based on the Balance Sheet dated 31.03.2010.
4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and record of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
5. Further to our comments in the Annexure referred to in Paragraph 4 above, we report that:
 - a) Subject to remarks in Para 5.1, and 5.2 below, we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appear from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

VOLANT TEXTILE MILLS LIMITED

- d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act;
- e) On the basis of written representations received from the Directors and taken on record by the Board of Directors of the Company, none of the Directors are disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and the Cash Flow statement together with the Notes thereon and annexed thereto given in the prescribed manner, subject to Note 21 on Schedule T regarding non-availability of information as to the status of registration of suppliers as small scale industrial undertakings and in view of our remarks in paragraphs 5.1 to 5.2 below and related notes referred to therein with consequential effects on the Company's profit for the year and the relevant items on the Balance Sheet, we are unable to comment whether the accounts give a true and fair view at this stage, in conformity with the accounting principle generally accepted in India;
- In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010
 - In the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- 5.1 Note B (1) (i,ii&iii) on schedule T relating to amount payable to various Government authorities and the amount payable for pending assessment if any being unascertainable.
- 5.2 Note B (3) on schedule T regarding non-confirmation of balance of Secured and Unsecured Loans, Sundry debtors, Sundry creditors, Current Liabilities and Loans and advances.

For YADAV, PUJARA & SHAH
(Chartered Accountants)

SANTOSH A. SHAH
Partner
Membership No. 46548
Firm No 121711W

Place: Mumbai
Date : August 31st, 2010.

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our report of even date)

1. a) The company has maintained the statements showing full particulars including quantitative details and situation of most of its fixed assets.
b) As explained to us, the fixed assets of the Company are physically verified by the management during the year, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no discrepancies have been noticed on such verification.
c) No substantial part of the fixed assets have been disposed of during the year.
2. a) As explained to us, the inventory has been physically verified by the management during the year. In our opinion the frequency of such verification is reasonable.
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancy noticed on verification, between the physical stocks and the book records were not material.
3. In respect of unsecured loans taken by the Company from companies, firms, or other parties covered by the register maintained under section 301 of the Companies act, 1956, and according to the information and explanations given to us:
 - a) The Company has taken interest free unsecured loans from promoters. As at the year end, the outstanding balance of such loans aggregated to Rs. 1661.04 lacs. The maximum amount outstanding during the year, aggregated to Rs. 1847.93 lacs.
 - b) The Company has given interest free unsecured loans to one company. As at the year end, the outstanding balance of such loans aggregated to Rs. 30.91 lacs. The maximum amount outstanding during the year, aggregated to Rs. 30.91 lacs.
 - c) The interest free loans in our opinion, *prime facie*, are not prejudicial to the interest of the company.
 - d) No stipulation has been made with regard to repayment of loans taken and payment of interest on such loans taken, hence we cannot comment on the clause.
4. In our opinion, and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in its internal control.
5. According to the information and explanations given to us, we are of the opinion that no transactions need to be entered in to the register maintained under section 301 of the Companies Act, 1956 except stated in clause 3 above.
6. Accordingly to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.

VOLANT TEXTILE MILLS LIMITED

7. The Company has an internal audit system, however it requires to be strengthened to commensurate with its size and nature of business.
8. In our opinion and according to the information and explanations given to us, the Central Government of India, has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
9. a) According to the information and explanations given to us and according to the books and records of the Company as produced and examined by us, in our opinion, the undisputed statutory dues, including provident fund, income tax, and professional tax have been deposited generally by the company during the year with appropriate authorities. There are no arrears of statutory dues as mentioned above as at 31st March, 2010 for a period more than six months.
- b) As at 31st March 2010, according to the records of the company and the information and explanations given to us, the following are the particulars of disputed dues on account of statutory dues that have not been deposited:

Sr.	Authority	Amount Disputed (Rs. In lacs)	Period to which the amount relates	Dispute Pending at	Deposits made (Rs. In lacs)
1	Excise Duty	151.52	2000-2001	Appellate Tribunal	15.00
2	Excise Duty	4.88	2005-2006	Jt. Commissioner, Pune	1.00
3	Provident Fund	9.98	2001-2002	High Court	2.00

- 10) In our opinion, the accumulated losses of the Company are more than fifty percent of its net worth as at 31st March 2010. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the Company have not defaulted in the repayment of dues to a financial institution.
- 12) According to the information and explanations given to us, and based on the documents and records produced 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/nidhi/mutual benefit fund/society. Therefore, the provision of clause 4 (xiii) of the order are not applicable to the Company.
- 14) In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provision of clause 4 (xiv) of the order are not applicable to the Company.
- 15) In our opinion and according to the information and explanations given to us, the Company has given guarantee for entering into a marketing tie-up whereby the company will get exclusive marketing rights for sale of the products in India.

15th Annual Report 2009-2010

- 16) In our opinion and according to the information and explanations given to us, the Company has not taken any term loans during the current year.
- 17) According to the information and explanations given to us and on overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short term basis have been used for long term investments.
- 18) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year.
- 19) The Company has not issued any debentures during the year.
- 20) The company has not raised any money by public issue during the year.
- 21) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported by the Management during the year.

For YADAV, PUJARA & SHAH
(Chartered Accountants)

SANTOSH A. SHAH
Partner
Membership No. 46548
Firm No 121711W

Place: Mumbai
Date : August 31st, 2010

VOLANT TEXTILE MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

(In Rs.)

	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	A	74,955,000	74,955,000
Capital Reserves	B	22,500	22,500
Loan Funds			
Secured	C	----	9,636,852
Unsecured	D	198,967,527	191,434,701
Total Funds Employed		273,945,027	276,049,053
APPLICATION OF FUND			
Fixed Assets			
Gross Block	E	239,799,585	240,384,788
Less: Depreciation		120,113,350	108,115,577
Net Block		119,686,235	132,269,211
Capital Work in Progress		----	768,137
Current Assets, Loans & Advances			
Inventories	F	16,392,148	17,252,143
Sundry Debtors	G	32,653,327	5,027,434
Cash and Bank Balances	H	3,933,625	6,718,547
Loans and Advances	I	11,204,739	7,229,620
		64,183,839	36,227,744
Less: Current Liabilities	J	41,047,891	24,611,815
Provisions	K	1,174,693	9,39,458
		21,961,255	10,676,471
Profit & Loss Account		132,297,538	132,335,233
Total Funds Utilised		273,945,027	276,049,053
Notes on Accounts	T		

For YADAV PUJARA & SHAH
Chartered Accountants

For and on behalf of the Board

SANTOSH A. SHAH
Partner
Member No. 46548
Firm No. 121711W

Rajesh Somani
Managing Director

R. J. Lade
Director

Place : Mumbai,
Date : August 31st, 2010

PROFIT & LOSS A/C FOR THE YEAR ENDING 31.03.2010

(In Rs.)

	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
INCOME			
Sales	L	153,412,521	91,745,575
Other Income	M	2,993,331	3,644,832
Increase/Decrease in Stock	N	949,143	2,190,251
TOTAL		<u>157,354,995</u>	<u>97,580,658</u>
EXPENDITURE			
Raw Material Consumed	O	110,639,702	66,246,460
Manufacturing Expenses	P	24,933,187	20,232,181
Administrative Expenses	Q	7,634,884	8,027,388
Financial Expenses	R	1,386,148	2,012,691
Selling Expenses	S	706,605	469,709
Loss on sale of Machinery		-----	89,600
Depreciation	E	11,997,773	10,852,770
TOTAL		<u>157,298,300</u>	<u>107,930,799</u>
Profit/(Loss) during the year		56,695	(10,350,141)
Add/(Less) :-Prior Period Adjustment		(19,000)	(102,428)
Add/(Less) :-Excess provision written back		-----	126,490
Add/(Less) :- Provision for FBT Current Year		-----	(181,027)
Net Profit/(Loss) during the year		37,695	(10,507,107)
Add /Less:- Balance as per last Balancesheet		(132,335,233)	(121,828,126)
Balance carried to the Balancesheet		<u>(132,297,538)</u>	<u>(132,335,233)</u>
Earning per share		0.01	(1.40)
Notes on Accounts	T		

For YADAV PUJARA & SHAH
Chartered Accountants

For and on behalf of the Board

SANTOSH A. SHAH
Partner
Member No. 46548
Firm No. 121711WRajesh Somani
Managing DirectorR. J. Lade
DirectorPlace : Mumbai,
Date : August 31st, 2010

VOLANT TEXTILE MILLS LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET AS ON 31.3.2010

(In Rs.)

PARTICULARS	AS AT	
	31.03.2010	31.03.2009
<u>SCHEDULE A - SHARE CAPITAL</u>		
AUTHORISED		
80,00,000 (Previous year 80,00,000)		
Equity Shares of RS. 10/- each	80,000,000	80,000,000
ISSUED AND SUBSCRIBED		
75,00,000 (Previous year 75,00,000)		
Equity Shares of RS. 10/- each	75,000,000	75,000,000
PAID UP		
74,95,500 (Previous year 74,95,500)		
Equity share of Rs. 10/- each	74,955,000	74,955,000
<u>SCHEDULE B - CAPITAL RESERVE</u>		
4,500 Shares Forfeited	22,500	22,500
	22,500	22,500
<u>SCHEDULE C - SECURED LOANS</u>		
Loan from SASF	----	7,500,000
Interest accrued but not due on term loan (Secured Against Plant & Machinery)	----	56,250
Bank overdraft (Secured Against FD)	----	2,080,602
	----	9,636,852
<u>SCHEDULE D - UNSECURED LOAN</u>		
Intercompany Loans	14,833,955	----
Loan from Promoters	166,104,457	174,606,297
Bank Loan(L C For Purchase Of Machine) (Personal Security Given By Promoters)	14,174,491	14,174,491
Add: Interest Accrued	1,070,101	773,615
Add: Forex Fluctuation	79,643	1,880,298
	15,324,235	16,828,404
Bill Discount	2,704,880	----
	198,967,527	191,434,701

15th Annual Report 2009-2010

SCHEDULE E - FIXED ASSETS

(In Rs.)

Particulars	Gross Block			Depreciation			Net Block		
	As at 01.04.2009	Addition	Deletion	As at 31.03.2010	Up to 31.03.2009	For the Period	Total	As at 31.03.2010	As at 31.03.2009
Air Conditioner	26,450	-----	-----	26,450	270	1,674	1,944	24,506	26,179
Building	40,079,175	-----	-----	40,079,175	14,611,042	1,338,644	15,949,686	24,129,489	25,468,133
Computer	631,389	37,800	-----	669,189	529,907	106,679	636,586	32,603	101,482
Furniture & Fixtures	1,078,305	837,437	-----	1,915,742	769,499	120,804	890,303	1,025,439	308,806
Leasehold Land	455,700	-----	-----	455,700	67,280	4,740	72,020	383,680	388,420
Motor Vehicle	951,470	-----	-----	951,470	129,334	90,390	219,724	731,746	822,136
Office Equipments	502,773	21,200	-----	523,973	338,168	33,094	371,262	152,711	164,605
Plant & Machinery	196,659,526	319,014	1,800,655	195,177,885	91,670,077	10,301,747	101,971,824	93,208,061	104,989,449
Total	240,384,788	1,215,452	1,800,655	239,799,585	108,115,577	11,997,773	120,113,350	119,686,235	132,269,210
Previous Year	208,168,034	33,611,162	1,594,408	240,384,788	98,665,305	9,450,272	108,115,577	132,269,211	109,502,729

SCHEDULE F - INVENTORIES

(As per inventory taken, valued & verified by the management)

a) Raw Material	3,875,888	7,967,384
b) Stores & Spares	7,031,267	4,748,909
c) Finished Goods	3,403,982	1,849,944
d) Work in progress	2,081,011	2,685,906
	<u>16,392,148</u>	<u>17,252,143</u>

SCHEDULE G - SUNDRY DEBTORS

(Unsecured, considered good)

a) More than six months	925,667	628,040
b) Others	31,727,660	4,399,394
	<u>32,653,327</u>	<u>5,027,434</u>

VOLANT TEXTILE MILLS LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET AS ON 31.03.2010

(In Rs.)

PARTICULARS	AS AT		AS AT	
	31.03.2010		31.03.2009	
<u>SCHEDULE H - CASH AND BANK BALANCES</u>				
a) Cash in Hand		221,902		184,658
b) Balance with Banks				
- in current accounts	1,424,971		63,194	
- in Fixed deposits	2,007,000		5,957,000	
Add: Interest Accrued	279,752	3,711,723	513,695	6,533,889
		3,933,625		6,718,547
<u>SCHEDULE I - LOANS & ADVANCES (Assets)</u>				
(Unsecured , considered good)				
a) Advances recoverable in cash or kind or for value to be received		7,359,616		2,040,087
b) Deposit		2,773,939		2,753,939
c) Prepaid expenses		307,383		321,520
d) Advances to suppliers		316,426		1,622,922
e) Taxes		447,375		491,152
		11,204,739		7,229,620
<u>SCHEDULE J - CURRENT LIABILITIES</u>				
a) Advances from customer		400,000		33,899
b) Expenses Payable		1,536,272		1,160,035
c) Duties and taxes		203,493		108,198
d) Sundry Creditors		30,621,444		15,823,001
e) Lease Rental Outstanding		8,286,682		8,286,682
		41,047,891		24,611,815
<u>SCHEDULE K - PROVISIONS</u>				
Other Provisions		1,174,693		939,458
		1,174,693		939,458

Schedule forming part of Profit & Loss A/c for the Year ending 31.03.2010

(In Rs.)

PARTICULARS	AS AT		AS AT	
	31.03.2010		31.03.2009	
SCHEDULE L - SALES				
Export sales		50,303,955		55,104,648
Local Sales		99,141,733		27,784,855
Job work (TDS Rs. 27,324/- Previous Year TDS Rs. 1,38,096/-)		3,966,833		8,856,072
		153,412,521		91,745,575
SCHEDULE M - OTHER INCOME				
Interest on FD		219,180		631,138
Other Interest (TDS Rs. 9,098/- Previous Year TDS Rs. NIL)		989,051		-----
Other Income		94,595		680,313
Commision		882,195		780,615
Sundry balance written back		808,310		1,158,029
Dividend		-----		394,737
		2,993,331		3,644,832
SCHEDULE N - INCREASE/DECREASE IN STOCK				
Closing Stock				
Finished Goods	3,403,982		1,849,944	
Work - in - process	2,081,011	5,484,993	2,685,906	4,535,850
Less :- Opening Stock				
Finished Goods	1,849,944		1,085,091	
Work - in - process	2,685,906	4,535,850	1,260,508	2,345,599
		949,143		2,190,251
SCHEDULE O - RAW MATERIAL CONSUMED				
Opening Stock	7,967,384		4,399,637	
Add :- Purchase of Yarn	106,548,206	114,515,590	69,814,207	74,213,844
Less :- Closing Stock		3,875,888		7,967,384
		110,639,702		66,246,460
SCHEDULE P - MANUFACTURING EXPENSES				
a) Store consumed		10,580,327		7,295,840
b) Wages		8,879,306		7,170,956
c) Power & Water		5,473,554		5,765,411
		24,933,187		20,232,207

VOLANT TEXTILE MILLS LIMITED

Schedule forming part of Profit & Loss A/c for the Year ending 31.03.2010

(In Rs.)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
<u>SCHEDULE Q - ADMINISTRATIVE EXPENSES</u>		
Audit Fees	79,968	79,968
Director's Sitting Fees	17,000	31,000
Director's Remuneration	1,270,300	640,000
Insurance Premium	204,321	179,391
Legal & professional charges	1,190,970	1,153,468
Office expenses	694,580	993,090
Rates & Taxes	53,230	150,428
Repair & Maintenance	325,000	754,600
Salary	2,076,264	1,872,333
Telephone Expenses	309,954	340,601
Traveling & Conveyance Expenses	1,029,839	1,449,022
Vehicles running & maintenance expenses	383,459	383,462
	7,634,884	8,027,363
<u>SCHEDULE R - FINANCIAL EXPENSES</u>		
Interest on Cash Credit	296,486	410,282
Interest on Others	1,021,772	1,410,397
Bank Charges	67,890	192,012
	1,386,148	2,012,691
<u>SCHEDULE S - SELLING EXPENSES</u>		
Business Promotion Expenses	316,358	344,691
Commission charges	55,115	26,806
Discount Given	71,243	98,212
Freight Outwards	259,241	-----
Outward Transportation Charges	4,648	-----
	706,605	469,709

SCHEDULE T SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT.

A) SIGNIFICANT ACCOUNTING POLICIES.

a) ACCOUNTING CONVENTION

- i. The Company follows the mercantile system of accounting, except in case of interest receivable, which will be accounted for on receipt basis and recognizes expenditure and income on an accrual basis except those with significant uncertainties.
- ii. The accounts are prepared on historical cost basis as going concern and are consistent with generally accepted accounting principles.

b) FIXED ASSETS

Fixed Assets are capitalised at cost of acquisition inclusive of inward freight, duties, taxes and incidental expenses related to acquisition.

c) DEPRECIATION

Depreciation on fixed Assets is provided on pro-rata basis on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

d) INVENTORIES

The stock is physically verified by the management at the end of the year and is considered for valuation purpose.

- i. Stock of raw material is valued at cost on FIFO basis.
- ii. Stock of Work-in-progress is valued at cost.
- iii. Stock of finished goods is valued at lower of cost or net realisable value. Cost referred to in (ii) and (iii) is arrived at by the direct cost method, including appropriate share of variable cost.
- iv. Stock of stores and spare parts is valued at cost.

e) REVENUE RECOGNITION

Revenue from the sale of goods is recognized when the titles to the goods and its significant risks and rewards are passed to the customers.

f) DEFERRED TAX LIABILITY

Deferred tax liability is recognised, subject to the consideration of prudence, 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. Deferred tax asset is not recognised unless there are timing differences and reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

g) FOREIGN CURRENCY TRANSLATION

Foreign exchange dues are stated in the books as per closing price of 31st March, 2010.

B) NOTES ON ACCOUNTS

1) Contingent Liabilities not provided for:

- i. Aggregate Central Excise duty of Rs 151.52 lacs and Rs 4.88 lacs and provident fund of Rs 9.98 lacs demanded by the respective authorities are disputed amounts and not acknowledged as debts. In the opinion of the management these demands are not payable, as the company has preferred an appeal against them. The same shall be charged to revenue in the year the demands are determined and paid. The company has made a deposit of Rs. 15.00 lacs and Rs. 1.00 lac with the Central Excise and Rs. 2.00 lacs with the Employees Provident Fund Organisation for pursuing the appeal.
- ii. In respect of pending assessments with the Government bodies and authorities, amounts payable towards additional demands, interest and penalty, if any, shall be charged to revenue account in the year in which such demands materialize and is paid, the amount being unascertainable.
- iii. The Company has an Export Obligation on duty free imports the details of which are as follows:
 - a) Rs. 82,79,368/- equivalent to USD 1,73,028 to be completed by 13.10.2012.
 - b) Rs. 1,95,04,095/- equivalent to USD 4,81,582 to be completed by 02.06.2016.
 - c) Rs. 1,64,47,903/- equivalent to USD 3,80,739 to be completed by 04.09.2016.

The Company has already completed the required exports against the licences mentioned in point (a) and (b) above and are in the process of getting the licences closed. The Company would meet the required export obligation for closure of licence mentioned in point (c) above in the next financial year itself.

- 2) Assets aggregating to Rs.60.14 Lacs were acquired on lease for five years. The lease period has expired on 31.12.2002. Moreover, the company has to pay Rs.82.87 Lacs to the lessor as on 31.3.2004. The lessor has also filed a case against the company for non-payment of lease rent in time. Any additional interest and/or penalty for delay in making lease rents shall be charged to revenue in the year of payment, the amount being unascertained, no provision for the same is made. The company has not yet been able to settle with the lessor as part of the restructuring exercise.
- 3) The balances of secured and unsecured loans, sundry debtors, sundry creditors, current liabilities, loans, and advances are subject to confirmation and reconciliation. Adjustments, which may arise on receipts of confirmation and completion of reconciliation, are not ascertainable at this stage.

15th Annual Report 2009-2010

4) Payment to Auditors

	Rs. in Lacs	
	Current year	Previous year
i) Audit fees	0.65	0.65
ii) Income Tax matters	0.08	0.08
iii) Service Tax	0.07	0.07
	<u>0.80</u>	<u>0.80</u>

5) Director's remuneration

	Rs. in Lacs	
	Current year	Previous year
Managing Director's remuneration	7.20	6.40
Executive Director's Remuneration	5.50	-----
Sitting fees	0.17	0.31
	<u>12.87</u>	<u>6.71</u>

6) Additional information pursuant to the provisions of paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956.

Turnover, Opening and Closing stocks, produced for sale:

Class of Goods	Unit	Turnover		Opening stock		Closing stock	
		Quantity	Value	Quantity	Value	Quantity	Value
Grey fabric	Mtrs.	3330395 (2242879)	1534.13 (917.46)	42797 (37107)	18.50 (10.85)	107961 (42797)	34.04 (18.50)

Note: The Company has supplied 320404 mtrs to parties for a consideration of 27.65 lacs rupees, which is included in above.

Details of raw material consumed:

Particulars	Unit	Rs. in Lacs	
		Quantity	Value
Yarn	Kgs.	1139209 (811894)	1106.40 (662.46)

Licensed and installed capacity and production for sale:

Item of manufacture	Unit	Licensed Capacity Per annum	*Installed capacity Per annum	Production during the year
Grey fabrics	Mtrs.	38,90,865	38,90,865	31,35,085 (29,79,351)

* As certified by the management.

Note: The Production of 31,35,085 Mtrs includes 3,20,404 Mtrs manufactured on contract manufacturing.

VOLANT TEXTILE MILLS LIMITED

- 7) Additional information pursuant to paragraph 4-D of Part-II of Schedule VI of the Companies Act, 1956:-

Particulars	Rs. in Lacs	
	Current year	Previous year
Value of imports calculated on CIF basis		
- Capital goods	NIL	224.96
- Stores and spares	NIL	17.48
Amount remitted in foreign currency	NIL	97.78
Earnings in foreign exchange (FOB)	NIL	NIL
Export through third party export	503.04	551.05

- 8) Value of imported and indigenous raw materials, stores & spares consumed:

	Current year		Previous year	
	Rs. in lacs	% of total	Rs. in lacs	% of total
a) Raw material -				
Imported	-----	-----	-----	-----
Indigenous	908.79	100%	662.46	100%
	908.79	100%	662.46	100%
b) Stores & spares -				
Imported	Nil	Nil	6.02	08%
Indigenous	105.80	100%	66.94	92%
	105.80	100%	72.96	100%

- 9) The Company used to adjust the foreign currency exchange rate differences on amounts borrowed for acquisition of fixed assets, to the carrying cost of fixed assets in compliance with Schedule VI to the Companies Act, 1956 as per legal advice, which was at variance to the treatment prescribed as per Accounting Standard 11.

The Ministry of Corporate Affairs, G.O.I. vide Notification No. G.S.R. 225 (E) dated 31st March 2009, notified the Companies (Accounting Standards) Amendment Rules, 2009 (the said Rules) wherein option is given for adding or deducting the exchange rate variation from the cost of depreciable capital assets in respect of long term foreign currency loans upto 31.03.2011. The Company has, therefore, opted for adjusting the foreign currency exchange rate difference to the carrying cost of fixed assets as per the said Rules and the exchange gain of Rs. 18.02 lacs has been reduced from the Fixed Assets / Capital Work in Progress (Exchange loss of Rs. 18.80 Lacs included in Fixed Assets in the previous year), due to which the depreciation for the current financial year is lower by Rs. 0.95 lacs.

- 10) Segment information:

- a) Primary Segment.

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as manufacturing of grey fabrics. There are no other primary reportable segments.

b) Sales Revenue (By Geographical segment)

	Rs. in Lacs	
	Current year	Previous year
Within India	1031.09	366.41
Outside India	503.04	551.05
	-----	-----
	<u>1534.13</u>	<u>917.46</u>

11) Related Party Disclosure:

Related Party Disclosures as required by Accounting Standard 18, "Related Party Disclosures", issued by the Institute of Chartered Accountants of India are given below:

- There is no listed Company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
- There are 1 active business operations which fall in the definition of enterprises under common control and enterprises where Key management personnel together with relative exercise significant influence.
- Key Management personnel Managing director and other director of the company.
- Relatives of Key management personnel.

The transactions with related parties are as under:

(In Rs.)

Nature of transaction	Parties referred to in (a) above	Parties referred to in (b) above	Parties referred to in (c) above	Parties referred to in (d) above	TOTAL
2009-2010 Remuneration	Nil	Nil	12,70,300 (6,40,000)	4,20,000 (3,15,000)	16,90,300 (9,55,000)
Advance Received	Nil	Nil	Nil	Nil	Nil
Loan/Deposit Received	Nil	Nil	8,25,000 (6,50,000)	2,09,45,000 (9,84,50,350)	2,17,70,000 (9,91,00,350)
Loan/Deposit Repaid	Nil	Rs.30,90,761 (Nil)	6,25,000 (1,02,55,750)	3,01,46,840 (1,99,87,350)	3,38,62,601 (3,02,43,100)
Interest net of TDS	Nil	Nil	Nil	Nil	Nil
Payable net of receivable	Nil	Nil	Nil	Nil	Nil
Unsecured Loan (at Nil rate of interest)	Nil	Nil	30,28,488 (28,28,488)	16,30,75,969 (17,17,77,809)	16,61,04,457 (17,46,06,297)

- The Company is incurring losses and hence the accumulated losses have exceeded the networth of the company. The company has been declared sick by BIFR vide its letter dt. 1.3.2006 having case No. 322/02 on directive of AAIFR. Bank of Baroda has been appointed as the Operating Agency, and they had prepared and submitted a report for rehabilitation and restructuring including expansion, to BIFR. BIFR vide its letter dated 13.04.2010 has asked the Company to submit the revised DRS based on the audited Balance Sheet as at 31st March, 2010 and resubmit the rehabilitation scheme. The accounts are prepared on a going concern basis.

VOLANT TEXTILE MILLS LIMITED

13) Taxation:

No provision of Income Tax has been made as the Company is registered with BIFR and is not required to pay MAT under Section 115-JB of the Income Tax Act as the said section is not applicable to a Company registered with BIFR and having negative net worth on the opening day of the financial year. Moreover, the auditor has relied upon the opinion produced by the Management of the Company, in the matter.

14) Earning Per Share (AS 20)

Computation of basic and diluted Earning Per Share.

	Rs. in thousand	
	Current Year	Previous Year
Basic EPS		
a) Net Profit/(Loss) after tax as per Profit & Loss Account	37.70	(10507)
b) No. of Equity Shares	7495500	7495500
c) Basic EPS	0.01	(1.40)

15) The Company has made a provision for leave pay to Rs. 2.43 lacs (previous year of Rs. 2.58 lacs) and gratuity amounting to Rs. 1.73 lacs (previous year of Rs. 2.23 lacs). as against provision made during the last year for leave pay and gratuity at Rs. 4.81 lacs The amount is provided for all employees who have completed one year of service.

16) Advances recoverable in cash or in kind include Rs.22.88 lacs (previous year 22.88 lacs) recoverable from various government authorities towards refund of electricity duty, CST and VAT as against Rs. 22.88 Lacs of advances receivable in the last year towards the same .The management is pursuing the matter and is hopeful of recovering the same.

17) The accounts have not been authenticated by a whole-time company secretary as the Company does not presently have a whole-time company secretary as required by Section 383 A(1) of the Act.

18) The Company does not have any subsidiary and/or associates and hence disclosure in respect of Loans and Advances pursuant to Clause 32 of the Listing Agreement is not applicable to the Company.

19) The amount transferred to investor and education fund Rs. Nil (Previous year Rs. Nil).

20) The Company does not possess information as to which of its suppliers is Small Scale Industrial Undertakings holding permanent registration certificate issued by the relevant authorities. Consequently, the liability, if any, of interest which would be payable on delayed payments under Small Scale and Ancillary Industrial Undertakings Act, 1993, of India cannot be ascertained. However, the Company has not received any claim in respect of such interest. In view of the above, outstanding dues to Small Scale Industrial Undertaking cannot be ascertained.

21) Figure for previous year have been regrouped/rearranged wherever necessary.

22) Additional information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile

1. Registration details:

Registration No. : 79534 State Code : 11
CIN : L17120MH1994PLC079534
Balance Sheet Date : 31st March 2010

2. Capital raised during the period (Rupees in thousands)

Public issue : Nil Rights issue : Nil
Bonus issue : Nil Private placement : Nil

3. Position of Mobilization and Development Funds (Rupees in thousands)

Total liabilities	: 273945	Total Assets	: 273945
Secured Funds		Application of Funds	
Paid up capital	: 74955	Net Fixed Assets	: 119686
Reserve & Surplus	: 23	Investments	: Nil
Secured loan	:	Net Current Assets	: 21961
Unsecured loan	: 198968	Miscellaneous	
		expenditure	: NIL
		Profit & Loss A/c.	: 132298

4. Performance of Company (Rupees in thousands)

Turnover : 157355
Total expenditures including FBT : 157317
Profit before tax : 38
Profit after tax : 38
Earning per share : 0.01
(Annualised)
Dividend rate : Nil

5. Generic name of Principal Products of the Company

Item Code No. (ITC Code) : 590110
Production description : Grey fabrics

Signature to Schedule A to T annexed to and forming part of the Accounts.
As per our Report of even date

For YADAV PUJARA & SHAH
Chartered Accountants

For and on behalf of the Board

SANTOSH A. SHAH
Partner
Member No. 46548
Firm No. 121711W

Rajesh Somani
Managing Director

R. J. Lade
Director

Place : Mumbai,
Date : August 31st, 2010

VOLANT TEXTILE MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010
(Pursuant to Clause 32 of Listing Guidelines)

(In Rs.'000)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	57	(10,350)
Adjustments for:		
1. Depreciation	11,998	10,853
2. Misc. expenses w/off	-----	-----
3. Interest	1,386	2,013
4. Adjustement for Tax	-----	(181)
Operating profit before working capital changes	13,440	2,335
Adjustments for:		
1. Trade and other receivables	(27,625)	(2,489)
2. Inventories	860	(9,259)
3. Trade payables	16,671	8,994
Cash generated form operations	3,346	(419)
1. Interest paid	(1,386)	(2,013)
Cash Flow before extraordinary items	1,960	(2,432)
1. Prior period	(19)	(102)
Net cash flow from operating activities (A)	1,941	(2,534)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	1,353	(35,983)
Sale of Fixed Assets	-----	1,594
Investments		325
Loans and Advances	(3,975)	(1,839)
Net cash used in investing activities (B)	(2,622)	(35,903)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds form Borrowings (Unsecured Loans)	4828	58,776
Repayment of Long Term Borrowings	(6,932)	(14,845)
Excess provision written back		126
Net cash flow from financing activities (C)	(2,104)	44,057
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(2,785)	5,619
OPENING CASH AND CASH EQUIVALENTS	6,718	1,099
CLOSING CASH AND CASH EQUIVALENTS	3,933	6,718

For YADAV PUJARA & SHAH
Chartered Accountants

For and on behalf of the Board

SANTOSH A. SHAH
Partner
Member No. 46548
Firm No. 121711W
Place : Mumbai,
Date : August 31st, 2010

Rajesh Somani
Managing Director

R. J. Lade
Director

VOLANT TEXTILE MILLS LIMITED

VOLANT TEXTILE MILLS LIMITED

Regd. Office: Shreeniwas House, Gr. Floor, 27, H. Somani Marg, Mumbai - 400 001.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. It helps us to make proper arrangements. Failure to bring this Attendance Slip will create unnecessary inconvenience to you. Joint Shareholders may obtain additional attendance Slips

Full name of Shareholder

Please write Reg. Folio Number

I hereby record my presence at the 15th ANNUAL GENERAL MEETING of the company to be held on Thursday, the 30th day of September, 2010 at 10.30 a.m. at the Registered Office of the Company.

Notes:

1) Member/Proxy holders are requested to bring the copies of the Annual Report with them at the Meeting.

2) Please carry with you this Attendance slip and hand over same, duly signed at the space provided, at the entrance of the meeting hall.

VOLANT TEXTILE MILLS LIMITED

Regd. Office: Shreeniwas House, Gr. Floor, 27, H. Somani Marg, Mumbai - 400 001.

PROXY FORM

I/We _____ of _____ being a member/members of the above mentioned Company, hereby appoint _____

_____ of _____ or failing him _____ of _____

my/our proxy to vote for me/us and on my/our behalf at the 15th ANNUAL GENERAL MEETING of the Company on _____, the ___ day of _____, 2010 at ___ a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Reference Folio:

No. of Shares:

Affix Re. 1
Revenue
Stamp

Notes:

- 1) The Proxy need not be a member of the Company.
- 2) The Proxy Form duly signed across Re. 1.00 Revenue Stamp Should reach the Company's Registered Office at least 48 hours before the time of meeting

