

VOLANT TEXTILE MILLS LIMITED

16th Annual General Meeting

Date : 30th September, 2011

Day : Friday

Time : 10:30 A.M.

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

Book Closure: 24th September to 30th September, 2011

Dates : (both days inclusive)

CONTENTS

| | |
|---|----|
| Board of Directors | 02 |
| Notice | 05 |
| Directors' Report | 09 |
| Annexure to Directors' Report..... | 13 |
| Report on Corporate Governance | 15 |
| General Shareholder Information | 20 |
| Management Discussion & Analysis Report | 25 |
| Auditors' Report..... | 30 |
| Balance Sheet | 35 |
| Profit and Loss Account | 36 |
| Schedules forming part of accounts | 37 |
| Balance Sheet Abstract | 49 |
| Cash Flow Statement | 50 |
| Attendance Slip | 51 |
| Proxy Form | 51 |

VOLANT TEXTILE MILLS LIMITED

BOARD OF DIRECTORS

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

Chairman
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: INE962D01025
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

NOTICE

Notice is hereby given that the **Sixteen 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 Friday the 30Th day of September, 2011 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, 2011 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 Directors in the place of Mr. Mr. Atul B. Raval and Mr. R. J. Lade, who retires by rotation as a Director and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

"**RESOLVED THAT** M/s Shah, Patni & Associates be appointed as statutory auditors for the year F.Y. 2011-2012 in place of M/s Yadav, Pujara & Shah, who have resigned and expressed their unwillingness to continue and act as Auditors of the Company, and remuneration to Auditors be fixed as mutually decided."

SPECIAL BUSINESS:

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

"**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956 and any amendment and / or re-enactment thereof and subject to further such approvals as may be required, Consent of the Board be and is hereby granted to the appointment of Shri Anantvikram Somani as Managing Director of the Company for a period of five years with effect from 25th January, 2011 on the salary, remuneration and perquisites with liberty and powers to the Board of Directors to increase, alter and vary the salary, commission and perquisites in such manner as the Board in its absolute discretion deem fit and acceptable to Shri Anantvikram Somani within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments, modifications or re-enactments made from time to time by the Central Government in this behalf. The terms and conditions in accordance with Schedule XIII to the Companies Act, 1956 are as set out below.

RENUERATION:

- (i) Basis Salary of Rs. 60,000/- (Rupees Sixty Thousand Only) per month and subject to ceiling of 40% increase p.a.
- (ii) Bonus as per rules & regulations of the Company and at the discretion of the Board of Directors.
- (iii) In addition to above salary, in the years in which the Company has sufficient profit, Mr. Anantvikram Somani be paid commission on the annual net profits of the Company as may be decided by the Board at the end of each financial year, computed in the manner laid

16th Annual Report 2010-2011

down in Section 309(5) of the Companies Act, 1956, subject to ceiling laid down in Section 198 and 309 of the Companies Act, 1956 on the total remuneration.

- (iv) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent these either or single or put together are not taxable under the Income Tax Act. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- (v) House Rent Allowance or provision of House Accommodation subject to a maximum monthly rent at 60% of basic salary, over and above 10% payable by the Managing Director. The Expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per Income Tax Rules, 1962. this shall however subject to ceiling of 10% of the salary.
- (vi) Medical Reimbursement: Membership or the Subscription paid to any hospital and / or doctors schemes or and insurance company in India and all hospital and medical expenses incurred for self and family subject to ceiling of one month's salary in a year.
- (vii) Club Fees: Fees of clubs subject to maximum of two clubs, excluding admission and the life membership fees.
- (viii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling of perquisites.
- (ix) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay to the Managing Director a remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 and as may be decided by the Board of Directors of the Company.

By order of the Board of Directors

Sd/-
Rajesh Somani
(Chairman)

Mumbai, 7th September, 2011

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

VOLANT TEXTILE MILLS LIMITED

Important communication to Members

The Ministry of corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circular stating that service of notice/documents including Annual Report can be set by e-mail to its members. To support this green initiative of the Government in full measure, who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with M/s. Bigshare Services Private Limited.

Please note that you will be entitled to be furnished, free of cost, with a copy of the Balance Sheet of the company and all other document required by law to be attached thereto upon receipt of a requisition from you, any time, as a member of the company.

NOTES:

1. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTILED 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 BYTHE 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, 24th September, 2011 to Friday, 30th September, 2011 (both days inclusive).
3. The relevant details of directors seeking reappointment under Item No. 2 as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges is given herein below.
 1. Mr. Atul B. Raval (DOB 02/10/1947) is a Director of the Company since 28th January 2009. He is having technical qualification with over 35 years experience in textile industry. 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.
 2. Mr. R. J. Lade (DOB 01/12/1935) is a Director of the Company since 05th September 2003. He is having vast experience in industry and administration. He is a member of Board of Directors of M/s Bonanza Overseas Private Limited and M/s. Lahoti Terra knitfab Limited, 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.

16th Annual Report 2010-2011

8. Persons attending the Annual General Meeting are requested to bring their copies of the Annual Reports.
9. The members are requested to intimate any change in their address with PIN Code, immediately and quote Folio Number in all correspondence. They are also requested to bring their copy of Annual report while coming to the meeting.
10. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID Numbers for easy identification of attendance at the meeting.
11. The members are requested to note that the Company's Registrar and Share Transfer Agent is **M/s. Bigshare Services Private Limited, E/2 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072**. The members are requested to lodge their shares for transfer, transmission, splitting, consolidation etc. directly to them.
12. The new share certificates (Face Value of Re.1/-) has been send to the shareholders, the old share certificate (Face Value of Rs.10/-) has been cancelled.
13. The Shares of the company are at present listed on the Bombay Stock Exchange Limited (BSE). The company has made payments of the listening fees to Stock Exchange in time.

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

Item No.3

M/s Yadav, Pujara & Shah, the Auditors have resigned and in the place the board has decided to appoint M/s Shah, Patni & Associates as statutory auditors for the F.Y. 2011-12 with the approval of the members of the Company.

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

None of the Directors are interested in the resolution.

Item No.4

Mr. Anantvikram Somani, who was appointed as Managing Director of the company by the Board of Directors under Section 198, 269, 309, 310, 311 and Schedule XIII of the companies Act, 1956 and who holds office for the period of five years with effect from 25th January, 2011.

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

Mr. Rajesh Somani is interested in the resolution.

By order of the Board of Directors

Sd/-
Rajesh Somani
(Chairman)

Mumbai, 7th September, 2011

Registered Office:

Shreeniwās House, Ground Floor, H. Somani Marg
Mumbai - 400 001.

VOLANT TEXTILE MILLS LIMITED

DIRECTOR'S REPORT

To the Members of Volant Textile Mills Ltd.

Your Directors have pleasure in presenting the Sixteenth Annual Report for the year ended 31st March, 2011.

FINANCIAL RESULTS

| | Current Year | (Rs. in lacs) Previous Year |
|--|--------------|--------------------------------|
| Gross profit / (loss) before Interest depreciation & exceptional/ Extra ordinary items | 201.57 | 134.41 |
| Less: Prior Period Adjustments | (1.11) | (0.19) |
| Less: Financial charges | (17.24) | (13.86) |
| Less: Depreciation | (119.89) | (119.98) |
| Net Profit / (Loss) | 63.33 | 0.38 |

DIVIDEND

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

OPERATIONS

The Company has started taking orders for the mattress ticking industry and building a design data bank for these products. 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 sale during the year was Rs. 1,865.98 lacs (Rs.1,534.13 lacs). This includes export sales of Rs. 328.16 lacs (Rs. 503.04 lacs) made through merchant exporters.

The company is evaluating options to get some of its fabric processed outside to improve its margins. This will give a 30% value addition on this fabric.

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.

CAPITAL STRUCTURE

During the year the authorised share capital of the Company was increased from Rs. 8 crores to Rs. 12.50 crores.

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 is submitted by the OA. The OA had convened a creditors meeting on 11th October,

16th Annual Report 2010-2011

2010 as per the directive of BIFR, and a revised Draft Rehabilitation Report has been prepared. The company has proposed the merger with another unit for manufacturing of technical textile products and the said merger is part of the rehabilitation scheme submitted to BIFR. All necessary permission and approval for the same would be taken by the company and the appropriate time.

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

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.

OUTLOOK

Assuming the inflation is brought under control and input prices revert to a more moderate level, the domestic market is expected to continue to deliver a healthy growth. 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. Simultaneously the company is exploring opportunities to venture into manufacturing of niche products, strengthen the quality of its products and reduce the conversion cost. The company is also looking to start exporting its product directly. These initiatives are expected to positively influence the working of the company.

DIRECTORS

At the ensuing Annual General Meeting, Mr. Atul B. Raval and Mr. R. J. Lade Directors of the Company, retires by rotation and being eligible offers himself for re-appointment. Mr. Atul B. Raval and Mr. R.J Lade are Directors of the Company having vast experience in industry and administration.

Mr. Rajesh Somani resigned from the office of Managing Director w.e.f. 25.01.2011 but continues to be a Director of the Company and Mr. Anantvikram Somani was appointed as Managing Director w.e.f. 25.01.2011.

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 2011 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.

VOLANT TEXTILE MILLS LIMITED

AUDITORS

M/s Yadav Pujara & Shah, Chartered Accountants, Mumbai, have resigned and expressed their unwillingness to continue as Statutory Auditors of the Company. M/s Shah, Patni & Associates are been appointed as Statutory Auditors. Accordingly, a resolution proposing their appointment is being submitted to the ensuing Annual General Meeting. The members are requested to consider their appointment for the current financial year 2011-12 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 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. The company hopes that the Ahmedabad and Jaipur stock exchange would assist the company in delisting its shares from their respective stock exchanges.

RISK MANAGEMENT

Today's business environment, remains challenging for the Corporate World and risk management retains its high position on every organizations agenda. The Company has several risk factors which could potentially impact its business objectives, if not perceived and mitigated in a timely manner.

16th Annual Report 2010-2011

The senior management team sets the overall tone and risk culture of the organisation through defined and communicated corporate values, clearly assigned risk responsibilities, appropriately delegated authority, and a set of process and guidelines. The Company has laid down procedures to inform the Board members about the risk assessment and risk minimization procedures. As an organization, it promotes strong ethical values and high levels of integrity in all its activities, which in itself is a significant risk mitigator.

With the growth strategy in place, risk management holds a key to the success of its journey of continued competitive sustainability in attaining its desired business objectives.

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.

INVESTOR SERVICES

In its endeavor to improve investor services, your Company is in the process of creating an investor section on the website www.volant-textile.com and to provide a dedicated email id for the members to lodge their complaints or suggestions.

ACKNOWLEDGEMENTS

Your 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 thank the Shareholders, Banks, Customers, Vendors and other business associates for their confidence in the Company and its management and look forward to their continued support.

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)

Place: Mumbai,
Date: 7th, September, 2011.

VOLANT TEXTILE MILLS LIMITED

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 2011.

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) | 13,25,335 | 15,16,660 |
| Total amount (Rs. In lacs) | 44.26 | 47.63 |
| Rate/Unit (Rs.) | 3.34 | 3.14 |
| Generated Power: | | |
| Diesel Consumption (Ltrs) | NIL | 3,930 |
| Total Amount (Rs. In lacs) | NIL | 1.49 |
| Total Units Generated | NIL | 7,656 |
| Cost Per Unit (Rs.) | NIL | 19.46 |

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 and maintaining it near unity.

5) 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.
- Utilisation of its batching capacity.
- Process optimization/ recipe modification/ introduction of new chemicals for 'cost economy'.
- Process standardization for consistent quality and meeting customer requirements.
- New process development to overcome working problems in production department and meeting marketing needs.

16th Annual Report 2010-2011

- New product development for improved marketability of products.
- New design development of creating facilities for providing world class designs of products for the matters ticking sector.

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.
- Introduction of new design development providing a larger product range, targeting different market segments, better marketability and sale ability.

3) Future plan of action

- New product development in Industrial market segment.
- New marketing initiatives in technical textiles.
- Exploring possibilities for getting its fabric processed outside and to develop marketing in processed fabric which would lead to higher margins.

4) Expenditure on R&D

Expenditure on R&D during the year under report amounted to Rs. Nil (0.23 Lacs)

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- Obtained ISO 9001:2008 certifications from Germanischer Lloyd Certification Gmbh.
- Use of winding machine for better utilization of waste yarn & cotton.
- Development of designs and creating of sample bank for its jacquard looms.

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.
- Newer products and product range.
- Product improvement.
- Improved customer care and satisfaction.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

Direct Foreign exchange earning is Nil (Nil) however Third Party Exports is of the value of Rs. 328.16 Lacs (503.04 Lacs). Outgo in current year is Rs. Nil (Nil).

On behalf of the Board of Directors

Rajesh Somani
(Chairman)

Place: Mumbai

Date: 7th September, 2011.

VOLANT TEXTILE MILLS LIMITED

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 Director-ship held | No of membership Chairmanship In other board Committees |
|-------------------------|--------------------------------|--------------------------|----------------------|----------------------------------|---|
| Mr. Atul B. Raval | 4 | Yes | Independent Director | 0 | 0 |
| Mr. D.A. Tare | 3 | No | Independent Director | 0 | 0 |
| Mr. R.J. Lade | 5 | Yes | Independent Director | 2 | 0 |
| Mr. S. Ramadoss | 2 | No | Independent Director | 1 | 0 |
| Mr. Rajesh Somani* | 5 | Yes | Chairman & Director | 2 | 0 |
| Mr. Anantvikram Somani* | 0 | NA | Managing Director | 5 | 0 |

During the financial year 2010-2011 five Board meetings were held, the dates being 15th May, 2010, 14th August, 2010, 31st August, 2010, 30th October, 2010 and 25th January, 2011. There was no gap of more than four months between any two meetings.

* Mr. Rajesh Somani resigned from the office of Managing Director w.e.f. 25.01.2011 but continues to be a Director of the Company and Mr. Anantvikram Somani was appointed as Managing Director w.e.f. 25.01.2011.

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, 2011. A declaration to this effect signed by Mr. Rajesh Somani, Chairman, enclosed at the end of this report forms a part of Annual Report.

16th Annual Report 2010-2011

Information given to the Board

The Board and Board Committees have complete access to the information. Such information is submitted either as a part of the agenda papers in advance of the meetings or by way of presentations and discussion material during the meetings. Such information inter alia includes the following:

- Quarterly results of the Company
- Minutes of the meetings of various committees of the Board
- Show cause, demand, prosecution notices and penalty notices which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or material problems
- Significant labour problems and their solutions
- Non-compliance of any regulatory, statutory or listing requirements
- Performance of the Company

Applicable provisions of law are being complied with by the Company.

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 2010-2011. 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 | 03 |
| 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 30/09/2010.

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:

VOLANT TEXTILE MILLS LIMITED

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.
- 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 | 03 |
| 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 started trading of the script with effect from 05/08/2010.

The committee would also like to inform the shareholders that the face value of the shares has been changed from Rs. 10/- to Re. 1/- with effect from 02nd June, 2011 and the new ISIN for the same is INE962D01025.

Name and designation of Compliance officer

Mr. Rajesh Somani, Chairman of the Company.

Status of Complaints received for the year 2010-2011

During the year 2010-11, 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 on dated 25th January, 2011.

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, 2011

| Name | Sitting fees | Salaries | Total |
|------------------------|---------------------|-----------------|--------------|
| Mr. Rajesh Somani | Nil | 635323 | 635323 |
| Mr. Anantvikram Somani | Nil | 133548 | 133548 |
| Mr. R. J. Lade | 15000 | Nil | 15000 |
| Mr. D. A. Tare | 9000 | Nil | 9000 |
| Mr. Atul Raval | 4000 | Nil | 4000 |
| Mr. S. Ramadoss | 2000 | Nil | 2000 |

VOLANT TEXTILE MILLS LIMITED

IV. General Body Meetings:

Annual General Meetings:

| YEAR | DATE | LOCATION | TIME |
|------|------------|---|------------|
| 2008 | 30/08/2008 | Shreeniwas House, 2nd Floor, H. Somani Marg, Fort, Mumbai 400001 | 10.30 a.m. |
| 2009 | 26/09/2009 | Shreeniwas House, 2nd Floor, H. Somani Marg, Fort, Mumbai 400001 | 10.30 a.m. |
| 2010 | 30/09/2010 | Shreeniwas House, 2nd Floor, H. Somani Marg, Fort, Mumbai 400001 | 10.30 a.m. |

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

| YEAR | AGM/EGM | DATE | Special resolution passed |
|------|---------|------------|--|
| 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. |
| 2010 | AGM | 30.09.2010 | 1) To re-appoint Mr. D.A. Tare as Director. 2) To Appoint Mr. S. Ramadoss as Additional Director. 3) To increase Authorised Share Capital to Rs. 12,50,00,000/- (U/s 94(1)) 4) To alter MOA and AOA (U/s 16 & 31(1)) 5) To issue and allot 25, 00,000 equity shares on preferential basis.(u/s 81(1A)) 6) To authorized the Board of Directors to borrow money not exceeding Rs. 70 Crores. (U/s 293(1)(d)) |
| 2010 | EGM | 27.11.2010 | 1) To offer /issue and allot not more than 25,00,000 convertible warrants. (U/s 81(1A) |

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.

16th Annual Report 2010-2011

V. Disclosures

- a) As disclosed in the accompanying accounts, wherever required full provision has been made relating to transactions with associate companies.
- b) 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.
- c) 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, 2011 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. 2 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, 2011, 10.30 a.m. |
| Venue | : Registered office of the Company at Shreeniwas House, Mumbai-400 001 |
| Financial Year | : 1st April 2010 to 31st March 2011 |
| Date of Book Closure | : 24th September, 2011 to 30th September, 2011 (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. | : INE962D01025. |

Listing Fees payable to BSE for the year 2011-12 has been paid in full by the Company. The shares of the company have been sub-divided w.e.f. 2nd June 2011 from Face Value of Rs.10/- to Face Value of Re.1/- per share.

VOLANT TEXTILE MILLS LIMITED

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

The shares of the Company were relisted on the Bombay Stock Exchange on 5th August, 2010.

(In Rupees)

| Month | High | Low | Month | High | Low |
|--------|-------|-------|--------|--------|-------|
| Aug 10 | 25.00 | 22.81 | Dec 10 | 40.70 | 29.85 |
| Sep 10 | 29.85 | 22.40 | Jan 11 | 58.25 | 37.55 |
| Oct 10 | 48.00 | 31.30 | Feb 11 | 94.70 | 55.35 |
| Nov 10 | 43.50 | 34.70 | Mar 11 | 116.45 | 79.50 |

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 3002400 shares were dematerialized. Totally 5828500 shares have been dematerialized up to 31st March, 2011.

Shareholding Pattern as at 31st March, 2011

| Category | No of shares held | % of share holding |
|------------------------------|-------------------|--------------------|
| Promoters | 4413600 | 58.88 |
| Persons acting in concert | 750000 | 10.01 |
| Others (NRI's, OCB's) | 178500 | 2.38 |
| Others FI's | 10000 | 0.13 |
| Bodies Corporate | 918089 | 12.25 |
| General Public | 1150311 | 15.35 |
| Public Financial Institution | 75000 | 1.00 |
| Total | 74,95,500 | 100 |

16th Annual Report 2010-2011

Distribution of Shareholding as at 31st March, 2011

| No of shares | No of share holders | % of Total share holders | Share Amount in (Rs.) | % of Total share Capital |
|-----------------|---------------------|--------------------------|-----------------------|--------------------------|
| 1-500 | 175 | 39.33 | 5,16,110 | 0.69 |
| 501-1000 | 94 | 21.12 | 8,95,500 | 1.19 |
| 1001-2000 | 49 | 11.01 | 8,42,680 | 1.12 |
| 2001-3000 | 25 | 5.62 | 6,48,660 | 0.87 |
| 3001-4000 | 4 | 0.90 | 1,50,720 | 0.20 |
| 4001-5000 | 23 | 5.17 | 11,28,830 | 1.51 |
| 5001-10000 | 19 | 4.27 | 14,18,870 | 1.89 |
| 10001 and Above | 56 | 12.58 | 6,93,53,630 | 92.53 |
| Total | 445 | 100.00 | 7,49,55,000 | 100.00 |

Dematerialization of Shares

| Type of Holding | Percentage to share capital |
|-----------------|-----------------------------|
| Physical | 22.24 |
| Demat | 77.76 |
| Total | 100.00 |

The Company's shares can be dematerialized in CDSL and also in NSDL w.e.f. 20/04/2010. The shares have been sub-divided w.e.f. 02nd June, 2011 from face value Rs.10/- to face value Re 1/- per share. The new share certificates were directly dispatched by our transfer agent **M/s Bigshare Services Pvt. Ltd.** to all members of the company who held the shares in physical form.

The Company's ISIN No. has changed from INE962D01017 to INE962D01025 w.e.f 03rd June 2011.

Plant Location

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

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

VOLANT TEXTILE MILLS LIMITED

General Correspondence

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

Place: Mumbai
Date: 7th September, 2011.

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

I, Anantvikram Somani, Managing Director of the Company hereby certify that for the financial year ending 31st March, 2011 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 2010-11 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

Anantvikram Somani
(Managing Director)

Place: Mumbai
Date: 7th September, 2011.

Management Discussion and Analysis**1) Global Business Environment**

In the year 2010-11, the global economy continued on its path of recovery from the recession of 2008. However the developed economies are still recovering from the financial crisis whereas the developing countries have recovered at a much faster pace. During the year, the commodity prices have spiraled upwards due to strong demand growth, supply shocks and excess liquidity pumped by the developed economies. Oil, metal and food prices have also risen considerably.

Unemployment continues to remain a concern in the US market and some EU economies continue to remain under pressure of heavy debt. According to IMF estimates, the world economy grew by 5% during 2010 and fears of a double dip recession are not playing out.

Developing economies, particularly India and China have shown considerable strength in resurfacing from the global slump. India is expected to grow at 8.6% as per the latest estimates however inflation remains a concern. The Reserve Bank of India has raised repo rates and reverse repo rates 8 times during the year.

2) 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. Considering the slow economic recovery so far, there is a need to improve competitiveness of the sector in the global market.

The Indian textile Industry, 2nd largest in the World, continued its growth journey during the year, which was due to extension of the Textile Up-gradation Fund scheme. The industry registered a growth of around 10% during the year.

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.

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 95% 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 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,

16th Annual Report 2010-2011

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.

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.

The domestic market is facing impact of severe increase in raw material prices. As the margins in the weaving sector are quite low and further squeezed by the processors and yarn manufacturers, therefore no option but to now on the increase in price to the consumers. There pressures are expected to ease with the forecast for a normal monsoon and increase in cotton average.

3) 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 was unprecedented enthusiasm and optimism in the Indian textile industry. The textile industry is facing a worst crisis during the last few months in terms of volatile raw material prices, export ban and restrictions, labour shortage, interest rate hikes,

VOLANT TEXTILE MILLS LIMITED

excise duty on ready made garments, etc. Also fresh borrowings will be at higher interest rates as compared to cheaper loan on books. Increase in minimum alternate tax rates will also hamper the cash flows of few companies.

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. With respect to labour the government has recognized that our labour laws are obsolete and needs reforms.

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. The Textile industry, especially spinning has seen unprecedented volatility in cotton and yarn prices not seen in the last two decades. This has adversely affected the entire spectrum of people associated with the industry like ginners, traders and manufacturers. Many units have been closed in the last couple of months. Being the second largest provider of employment, the Government needs to urgently initiate steps to revive the industry. The state Government has also raised the minimum wages a few times during the year.

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 neighboring 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. The Government, to encourage exports, should have higher DEPB or duty drawbacks for every value added stage. This will help in increasing further employment in the sector and result in increase in higher foreign exchange inflows. 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.

The slowdown in the economies like USA and Europe is expected to end in the next few quarters, due to initiatives being taken by their respective governments consequently, the demand for fabric is expected to pick up.

16th Annual Report 2010-2011

The Indian domestic market has also supported the industry due to the increased disposable income in the hands of the middle class. However, the demand could get hampered due to the severe inflationary pressures and high interest rates. Another key risk could be possible dumping by countries like Pakistan and China.

In the International Market, cost competitiveness is crucial. Any adverse policy measures could impact exports. Also a stronger Rupee would erode export realizations.

4) Outlook

Please refer to Directors' Report.

5) Financial and Operational Performance

Please refer to Directors' Report.

6) 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)

Place: Mumbai
Date: 7th September, 2011.

VOLANT TEXTILE MILLS LIMITED

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 2011, 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, 2011 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 : 7th September, 2011

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, 2011, 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. A revised rehabilitation and restructuring scheme has been submitted to BIFR to enhance a viable and profitable business model.
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.
 - 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;

VOLANT TEXTILE MILLS LIMITED

- 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, 2011 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 22 on Schedule U 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, 2011
 - 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 (2) (i,ii&iii) on schedule U relating to amount payable to various Government authorities and the amount payable for pending assessment if any being unascertainable.**
- 5.2 **Note B (4) on schedule U regarding non-confirmation of balance of Unsecured Loans, Sundry Debtors, Sundry Creditors, Current Liabilities and Loans and Advance.**

For **YADAV, PUJARA & SHAH**
(Chartered Accountants)

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

Place: Mumbai
Date: 7th September, 2011

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. 1448.74 lacs. The maximum amount outstanding during the year, aggregated to Rs. 1692.53 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. Nil lacs. The maximum amount outstanding during the year, aggregated to Rs. 309.07 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, 2011 for a period more than six months.
- b) As at 31st March 2011, 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. | Income Tax | Note 1 | 2002-2003 | Appellate Tribunal | Nil |

Note 1: The amount disputed is depreciation of Rs. 45.61 Lacs which was attributed to increase in value of assets on account of foreign exchange fluctuation.

Note 2: The company has filed case at high court regarding disputed amount of PF of Rs. 9.98 lacs at PF authority. The High Court has ruled in favour of the Company and the case is dismissed. The company has been continuously following up for recovery of the deposit made with PF authorities of Rs.2 lacs. As there is no response from them, the Company is making an application to the High Court for recovery of the deposit.

- 10) In our opinion, the accumulated losses of the Company are less than fifty percent of its net worth as at 31st March 2011. 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 does not have any outstanding secured loan and hence the question of default does not arise.
- 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.

16th Annual Report 2010-2011

- 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 mortgaged immovable property situated at Solapur to secure the due repayment to Union Bank of India of all amounts advanced or various facilities granted by the Bank to M/s Lahoti Knitfab Limited to the extent of Rs. 36 cr. The company given this guarantee for entering into a marketing tie-up whereby the company will get exclusive marketing rights for sale of the products in India.
- 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: 7th September, 2011

VOLANT TEXTILE MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2011

(In Rs.)

| SCHEDULE | | AS AT 31.03.2011 | AS AT 31.03.2010 |
|---|---|---------------------|---------------------|
| 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 | ----- | ----- |
| Unsecured | D | 182,971,034 | 198,967,527 |
| Total Funds Employed | | 257,948,534 | 273,945,027 |
| APPLICATION OF FUND | | | |
| Fixed Assests | | | |
| Gross Block | E | 240,000,163 | 239,799,585 |
| Less: Depreciation | | 132,102,517 | 120,113,350 |
| Net Block | | 107,897,646 | 119,686,235 |
| Capital Work in Progress | | ----- | ----- |
| Current Assets, Loans & Advances | | | |
| Inventories | F | 18,873,188 | 16,392,148 |
| Sundry Debtors | G | 64,199,026 | 32,653,327 |
| Cash and Bank Balances | H | 3,179,465 | 3,933,625 |
| Loans and Advances | I | 6,434,940 | 10,013,769 |
| | | 92,686,618 | 62,992,869 |
| Less: Current Liabilities | J | 69,196,107 | 41,047,891 |
| Provisions | K | 1,147,160 | 1,174,693 |
| | | 22,343,351 | 20,770,285 |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | L | 1,742,470 | 1,190,970 |
| Profit & Loss Account | | 125,965,069 | 132,297,538 |
| Total Funds Utilised | | 257,948,534 | 273,945,027 |
| Notes on Accounts | U | | |

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
Chairman

Anantvikram Somani
Managing Director

Place : Mumbai,
Date : 07th September, 2011

16th Annual Report 2010-2011

PROFIT & LOSS A/C FOR THE YEAR ENDING 31.03.2011

(In Rs.)

| | SCHEDULE | AS AT 31.03.2011 | AS AT 31.03.2010 |
|--|--------------|-----------------------------|-----------------------------|
| INCOME | | | |
| Sales | M | 186,598,467 | 153,412,521 |
| Other Income | N | 905,807 | 2,993,331 |
| Increase/Decrease in Stock | O | (752,741) | 949,143 |
| | TOTAL | <u>186,751,533</u> | <u>157,354,995</u> |
| EXPENDITURE | | | |
| Raw Material Consumed | P | 131,270,718 | 110,639,702 |
| Manufacturing Expenses | Q | 24,457,948 | 24,940,915 |
| Administrative Expenses | R | 10,232,364 | 7,627,157 |
| Financial Expenses | S | 1,724,036 | 1,386,148 |
| Selling Expenses | T | 633,536 | 706,605 |
| Depreciation | E | 11,989,167 | 11,997,773 |
| | TOTAL | <u>180,307,768</u> | <u>157,298,301</u> |
| Profit/(Loss) during the year | | 6,443,765 | 56,694 |
| Add/(Less) :-Prior Period Adjustment | | (111,296) | (19,000) |
| Net Profit/(Loss) during the year | | 6,332,469 | 37,694 |
| Add /Less:- Balance as per last Balancesheet | | (132,297,538) | (132,335,233) |
| Balance carried to the Balancesheet | | <u>(125,965,069)</u> | <u>(132,297,538)</u> |
| Earning per share | | 0.84 | 0.01 |
| Notes on Accounts | U | | |

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
Chairman

Anantvikram Somani
Managing Director

Place : Mumbai,
Date : 07th September, 2011

VOLANT TEXTILE MILLS LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET AS ON 31.3.2011 (In Rs.)

| PARTICULARS | AS AT | |
|--|--------------------|--------------------|
| | 31.03.2011 | 31.03.2010 |
| SCHEDULE A - SHARE CAPITAL | | |
| AUTHORISED | | |
| 1,25,00,000 (Previous year 80,00,000) | | |
| Equity Shares of RS. 10/- each | 125,000,000 | 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 |
| | 74,955,000 | 74,955,000 |
| SCHEDULE B - CAPITAL RESERVE | | |
| 4,500 Shares Forfeited | 22,500 | 22,500 |
| | 22,500 | 22,500 |
| SCHEDULE C - SECURED LOANS | | |
| | ----- | ----- |
| | ----- | ----- |
| SCHEDULE D - UNSECURED LOAN | | |
| Intercompany Loans | 21,958,043 | 14,833,955 |
| Loan from Promoters | 144,673,843 | 166,104,457 |
| Loan From Others | 727,123 | ----- |
| Bank Loan(L C For Purchase Of Machine) (Personal Security Given By Promoters) | 14,174,491 | 14,174,491 |
| Add: Interest Accrued | 1,404,813 | 1,070,101 |
| Add: Forex Fluctuation | 32,722 | 79,643 |
| | 15,612,026 | 15,324,235 |
| Bill Discount | ----- | 2,704,880 |
| | 182,971,034 | 198,967,527 |

16th Annual Report 2010-2011

SCHEDULE E - FIXED ASSETS

(In Rs.)

| Particulars | Gross Block | | | Depreciation | | | Net Block | | |
|----------------------|---------------------|----------------|---------------|---------------------|---------------------|-------------------|--------------------|---------------------|---------------------|
| | As at 01.04.2009 | Addition | Deletion | As at 31.03.2011 | Up to 31.03.2010 | For the Period | Total | As at 31.03.2011 | As at 31.03.2010 |
| Air Conditioner | 26,450 | ---- | | 26,450 | 1,944 | 1,674 | 3,619 | 22,831 | 24,506 |
| Building | 40,079,176 | ---- | | 40,079,176 | 15,949,686 | 1,338,644 | 17,288,331 | 22,790,845 | 24,129,489 |
| Computer | 669,189 | 55,000 | | 724,189 | 636,586 | 87,603 | 724,189 | ---- | 32,603 |
| Furniture & Fixtures | 1,915,742 | 100,810 | | 2,016,552 | 890,303 | 126,931 | 1,017,234 | 999,318 | 1,025,439 |
| Leasehold Land | 455,700 | ---- | | 455,700 | 72,020 | 4,740 | 76,760 | 378,940 | 383,680 |
| Motor Vehicle | 951,470 | ---- | | 951,470 | 219,724 | 90,390 | 310,113 | 641,357 | 731,746 |
| Office Equipments | 523,973 | 54,598 | | 578,571 | 371,262 | 34,806 | 406,067 | 172,504 | 152,711 |
| Plant & Machinery | 195,177,885 | 37,091 | 46,921 | 195,168,055 | 101,971,824 | 10,304,379 | 112,276,203 | 82,891,852 | 93,206,061 |
| Total | 239,799,585 | 247,499 | 46,921 | 240,000,163 | 120,113,350 | 11,989,167 | 132,102,517 | 107,897,647 | 119,686,236 |
| Previous Year | 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 |

SCHEDULE F - INVENTORIES

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

| | | |
|---------------------|-------------------|-------------------|
| a) Raw Material | 8,289,196 | 3,875,888 |
| b) Stores & Spares | 4,978,806 | 7,031,267 |
| c) Finished Goods | 1,879,417 | 3,403,982 |
| d) Work in progress | 2,852,835 | 2,081,011 |
| e) Fibres | 872,934 | ----- |
| | 18,873,188 | 16,392,148 |

SCHEDULE G - SUNDRY DEBTORS

(Unsecured, considered good)

| | | |
|-------------------------|-------------------|-------------------|
| a) More than six months | 24,914,195 | 25,187,562 |
| b) Others | 39,284,831 | 7,465,765 |
| | 64,199,026 | 32,653,327 |

VOLANT TEXTILE MILLS LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET AS ON 31.03.2011

(In Rs.)

| PARTICULARS | AS AT 31.03.2011 | AS AT 31.03.2010 |
|---|---------------------|---------------------|
| SCHEDULE H - CASH AND BANK BALANCES | | |
| a) Cash in Hand | 422,447 | 221,902 |
| b) Balance with Banks | | |
| - in current accounts | 311,828 | 1,424,971 |
| - in Fixed deposits | 2,100,991 | 2,007,000 |
| Add: Interest Accrued | 344,199 | 279,752 |
| | 3,179,465 | 3,933,625 |
| SCHEDULE I - LOANS & ADVANCES (Assets) (Unsecured, considered good) | | |
| a) Advances recoverable in cash or kind | 12,285 | 3,880,640 |
| b) Deposit | 2,802,639 | 2,773,939 |
| c) Prepaid expenses | 399,054 | 307,383 |
| d) Advances to suppliers | 316,426 | 316,426 |
| e) Balances with Govt. Authorities | 2,904,536 | 2,735,381 |
| | 6,434,940 | 10,013,769 |
| SCHEDULE J - CURRENT LIABILITIES | | |
| a) Advances from customer | 3,284,266 | 400,000 |
| b) Expenses Payable | 1,626,853 | 1,506,310 |
| c) Duties and taxes | 1,036,861 | 233,455 |
| d) Sundry Creditors | 49,914,329 | 30,621,444 |
| e) Lease Rental Outstanding | 8,286,682 | 8,286,682 |
| f) Bank Overdraft | 5,047,116 | |
| | 69,196,107 | 41,047,891 |
| SCHEDULE K - PROVISIONS | | |
| a) Provision for compensated Absences | 666,573 | 694,106 |
| b) Provision for Gtatuity | 480,587 | 480,587 |
| | 1,147,160 | 1,174,693 |
| SCHEDULE L - MISC. EXPENSES (to the extent not written off or adjusted) | | |
| Deferred Revenue expenditure | | |
| Opening | 1,190,970 | ----- |
| Add : During the Year | 551,500 | 1,190,970 |
| Less : Written off during the year | ----- | ----- |
| | 1,742,470 | 1,190,970 |

16th Annual Report 2010-2011

Schedule forming part of Profit & Loss A/c for the Year ending 31.03.2011

(In Rs.)

| PARTICULARS | AS AT | | AS AT | |
|--|------------|--------------------|------------|--------------------|
| | 31.03.2011 | | 31.03.2010 | |
| SCHEDULE M - SALES | | | | |
| Third Party Export sales | | 32,816,237 | | 50,303,955 |
| Local Sales | | 151,843,989 | | 99,141,733 |
| Job work (TDS Rs. 47,629/- Previous Year TDS Rs. 27,324/-) | | 1,938,241 | | 3,966,833 |
| | | 186,598,467 | | 153,412,521 |
| SCHEDULE N - OTHER INCOME | | | | |
| Interest on FD (TDS Rs. 17604/- Previous Year Rs. 22,231/-) | | 176,042 | | 219,180 |
| Other Interest (TDS Rs. 9,953/- Previous Year TDS Rs. 9098/-) | | 43,922 | | 989,051 |
| Other Income | | 616 | | 94,595 |
| Commission (TDS Rs. 60000/- Previous Year Rs. 88220/-) | | 600,000 | | 882,195 |
| Sundry balance written back | | 85,228 | | 808,310 |
| | | 905,807 | | 2,993,331 |
| SCHEDULE O - INCREASE/DECREASE IN STOCK | | | | |
| Closing Stock | | | | |
| Finished Goods | 1,879,417 | | 3,403,982 | |
| Work - in - process | 2,852,835 | 4,732,252 | 2,081,011 | 5,484,993 |
| Less :- Opening Stock | | | | |
| Finished Goods | 3,403,982 | | 1,849,944 | |
| Work - in - process | 2,081,011 | 5,484,993 | 2,685,906 | 4,535,850 |
| | | (752,741) | | 949,143 |
| SCHEDULE P - RAW MATERIAL CONSUMED | | | | |
| Yarn | | | | |
| Opening Stock | 3,875,888 | | 7,967,384 | |
| Add :- Purchase | 96,606,519 | | 86,787,030 | |
| Less :- Closing Stock | 8,289,196 | 92,193,211 | 3,875,888 | 90,878,526 |
| Fiberes | | | | |
| Opening Stock | ----- | | | |
| Add :- Purchase | 39,950,441 | | | 19,761,176 |
| Less :- Closing Stock | 872,934 | 39,077,507 | | |
| | | 131,270,718 | | 110,639,702 |

VOLANT TEXTILE MILLS LIMITED

Schedule forming part of Profit & Loss A/c for the Year ending 31.03.2011

(In Rs.)

| PARTICULARS | AS AT 31.03.2011 | AS AT 31.03.2010 |
|---|---------------------|---------------------|
| SCHEDULE Q - MANUFACTURING EXPENSES | | |
| a) Store consumed | 10,149,836 | 10,580,327 |
| b) Wages | 8,971,464 | 8,879,306 |
| c) Power & Water | 5,315,626 | 5,473,554 |
| d) Factory Maintenance | 21,022 | 7,728 |
| | 24,457,948 | 24,940,915 |
| SCHEDULE R - ADMINISTRATIVE EXPENSES | | |
| Audit Fees | 206,814 | 79,968 |
| Director's Sitting Fees | 30,000 | 17,000 |
| Director's Remuneration | 768,871 | 1,270,300 |
| Insurance Premium | 202,962 | 204,321 |
| Legal & professional charges | 1,605,997 | 1,190,970 |
| Office expenses | 992,466 | 694,581 |
| Rates & Taxes | 1,432,275 | 53,230 |
| Repair & Maintenance | 433,225 | 317,272 |
| Salary | 2,539,992 | 2,076,264 |
| Telephone Expenses | 339,144 | 309,954 |
| Traveling & Conveyance Expenses | 1,098,926 | 1,029,839 |
| Vehicles running & maintenance expenses | 581,692 | 383,459 |
| | 10,232,364 | 7,627,157 |
| SCHEDULE S - FINANCIAL EXPENSES | | |
| Interest on Letter of Credit | 334,712 | 296,486 |
| Interest on Others | 1,343,695 | 1,021,772 |
| Bank Charges | 45,629 | 67,890 |
| | 1,724,036 | 1,386,148 |
| SCHEDULE T - SELLING EXPENSES | | |
| Business Promotion Expenses | 486,035 | 316,358 |
| Brokerage and Commission charges | 58,978 | 55,115 |
| Discount given | 10,254 | 71,243 |
| Freight on Fabric | 47,459 | 259,241 |
| Loading Charges | 29,155 | 4,648 |
| Sample Testing | 1,655 | ----- |
| | 633,536 | 706,605 |

SCHEDULE 'U' 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, 2011.

VOLANT TEXTILE MILLS LIMITED

h) MISCELLNEOUS EXPENDITURE

Expenses incurred on designing, marketing of new product is amortized over a period of five years. 1/5th of the expenses shall be written off every year from the year of first sale of new product.

B) NOTES ON ACCOUNTS

- 1) The accumulated losses of the Company have not been exceeding its net worth. However these accounts have been prepared on a going concern basis as the management believes that the company will be able to meet all its liabilities on the financial support from its Promoters/ Directors who have agreed to provide all the necessary financial support time to time.

Accordingly these financial statements do not include any adjustments relating to the recoverability and classification of the carrying amount of Assets or the amount and classification of Liabilities that might have to be done should the company be unable to continue as Going Concern.

2. Contingent Liabilities not provided for:

- i. Aggregate Central Excise duty of Rs 151.52 lacs and Rs 4.88 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 for pursuing the appeal.
- ii. The Income Tax Department has approached the Appellate Tribunal against the order of CIT(A). The amount disputed is depreciation of Rs. 45.61 Lacs which was attributed to increase in value of assets on account of foreign exchange fluctuation.
- iii The Union Bank of India has demanded USD \$ 28322.43 towards interest on LC transaction reference no.66039715 and USD \$ 27897.63 against LC transaction reference no. 66039793. In the opinion of management the same is disputed. The company has provided the liability of interest in the books, to the extent payable to the bank. The additional amount payable, if any, shall be charged to revenue account in the year the dispute is settled.
- iv. The company has filed case at high court regarding disputed amount of PF of Rs. 9.98 lacs at PF authority. The High Court has ruled in favour of the Company and the case is dismissed. The company has been continuously following up for recovery of the deposit of Rs. 2 lacs made with PF authorities. As there is no response from them, the Company is making an application to the High Court for recovery of the deposit.
- v. Company has mortgaged immovable property situated at Solapur to secure the due repayment to Union Bank of India of all amounts advanced or various facilities granted by the Bank to M/s Lahoti Knitfab Limited to the extent of Rs. 36 cr. The company has given this security for entering into a marketing tie-up whereby the company will get exclusive marketing rights for sale of the products in India.
- vi. 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.

16th Annual Report 2010-2011

vii. 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 above and are in the process of getting the licences closed. The Company has already received from DGFT the permission for closure of licence mentioned in point (a) and has applied to the customs for release of the guaranty provided to them. Permission from DGFT is awaited for the licences mentioned in point (b & c)

- 3) 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.
- 4) 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.

5) Payment to Auditors

| | (Rs. in Lacs) | |
|------------------------|---------------|---------------|
| | Current year | Previous year |
| i) Audit fees | 1.30 | 0.65 |
| ii) Income Tax matters | 0.20 | 0.08 |
| iii) Other services | 0.38 | Nil |
| iii) Service Tax | 0.19 | 0.07 |
| | <u>2.07</u> | <u>0.80</u> |

6) Director's remuneration

| | (Rs. in Lacs) | |
|-----------------------------------|---------------|---------------|
| | Current year | Previous year |
| Managing Director's remuneration | 7.69 | 7.20 |
| Executive Director's Remuneration | ----- | 5.20 |
| Sitting fees | 0.30 | 0.17 |
| | <u>7.99</u> | <u>12.87</u> |

VOLANT TEXTILE MILLS LIMITED

- 7) 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, production / Trade for sale:

(Rs. in Lacs)

| Class of Goods | Unit | Turnover | | Opening stock | | Closing stock | |
|----------------|-------|----------------------------|----------------------|-------------------|------------------|----------------------|------------------|
| | | Quantity | Value | Quantity | Value | Quantity | Value |
| Grey fabric | Mtrs. | 2303264.77 (2874994.80) | 1142.46 (1218.12) | 107961 (42797) | 34.04 (18.50) | 31997.50 (107961) | 18.79 (34.04) |
| Fibres | Kgs. | 829720.50 (455400.20) | 723.52 (316.01) | Nil (Nil) | Nil (Nil) | 18223.90 (Nil) | 8.73 (Nil) |

Note: The Company has supplied 235027.50 mtrs to parties on contract manufacturing for a consideration of 19.38 lacs rupees, which is included in above. The Company has been trading in various types of Fibres.

Details of raw material consumed:

(Rs. in Lacs)

| Particulars | Unit | Quantity | Value |
|-------------|------|------------------------|--------------------|
| Yarn | Kgs. | 967148.77 (1139209) | 921.93 (908.79) |
| Fibres | Kgs. | 829720.50 (455400) | 390.78 (197.61) |

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 | 23,17,911 |

* As certified by the management.

Note: The Production of 2317911 Mtrs includes 235027.50 Mtrs manufactured on contract manufacturing.

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

(Rs. in Lacs)

| Particulars | Current year | Previous year |
|--|--------------|---------------|
| Value of imports calculated on CIF basis | | |
| - Capital goods | NIL | NIL |
| - Stores and spares | NIL | NIL |
| Amount remitted in foreign currency | NIL | NIL |
| Earnings in foreign exchange (FOB) | NIL | NIL |
| Export through third party export | 328.16 | 503.04 |

16th Annual Report 2010-2011

9) 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 | 1,312.71 | 100% | 1106.40 | 100% |
| | 1,312.71 | 100% | 1106.40 | 100% |
| b) Stores & spares - | | | | |
| Imported | ----- | ----- | ----- | ----- |
| Indigenous | 101.50 | 100% | 105.80 | 100% |
| | 101.50 | 100% | 105.80 | 100% |

- 10) 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 (loss) of Rs. 0.47 (Exchange gain of Rs. 18.02 Lacs included in Fixed Assets in the previous year).

11) 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 | 1537.82 | 1031.09 |
| *Outside India | 328.16 | 503.04 |
| | 1865.98 | 1534.13 |

Note:- *Export through third party

12) 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:

- a) There is no listed Company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
- b) There are two 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.

VOLANT TEXTILE MILLS LIMITED

c) Key Management personnel Managing director and other director of the company.

d) 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 |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|--------------------------------|
| 2010-2011 | | | | | |
| Remuneration | Nil | Nil | 7,68,871 (12,70,300) | 3,42,097 (4,20,000) | 11,10,968 (16,90,300) |
| Advance Received | Nil | 30,90,761 Nil | Nil | Nil | 30,90,761 Nil |
| Loan/Deposit Received | Nil | 4,25,000 Nil | 21,98,011 (8,25,000) | 46,18,022 (2,09,45,000) | 72,41,033 (2,17,70,000) |
| Loan/Deposit Repaid | Nil | Nil (30,90,761) | 5,93,677 (6,25,000) | 2,78,77,971 (3,01,46,840) | 2,84,71,648 (3,38,62,601) |
| Interest net of TDS | Nil | Nil | Nil | Nil | Nil |
| Payable net of receivable | Nil | Nil | Nil | Nil | Nil |
| Unsecured Loan 31.3.2011 (at Nil rate of interest) | Nil | 9,25,000 Nil | 46,32,822 (30,28,488) | 13,93,16,020 (16,30,75,969) | 14,48,73,843 (16,61,04,457) |

13) The Company has accumulated losses which have not 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 scheme, to BIFR.. The accounts are prepared on a going concern basis.

14) 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.

15) 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 | 6332.47 | 37.69 |
| b) No. of Equity Shares | 7495500 | 7495500 |
| c) Basic EPS | 0.84 | 0.01 |

16th Annual Report 2010-2011

16) Employee Benefit:-

- i. The liability for compensated absence carried forward on the balance sheet date is provided by the management. The Company has made a provision for leave pay to Rs. 0.021 lac (previous year of Rs. 2.43 lacs).
- ii. During the year company makes annual contribution to a Gratuity Fund administered and managed by the Life Insurance Corporation of India. The company accounts its liability for gratuity benefit based on valuation done by LIC as at balance sheet date. The company paid annual contribution to Gratuity fund of Rs. 1.71 in current year (previous year gratuity provided of Rs. 1.73 lacs).

17) Loans and Advances include Rs.29.05 lacs (previous year 27.35 lacs) recoverable from various government authorities towards refund of electricity duty, CST and VAT as against Rs. 27.35 Lacs of advances receivable in the last year towards the same .The management is pursuing the matter and is hopeful of recovering the same

18) 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.

19) 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.

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

21) 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.

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

VOLANT TEXTILE MILLS LIMITED

23) 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 2011

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 | : 2,57,949 | Total Assets | : 2,57,949 |
| Secured Funds | | Application of Funds | |
| Paid up capital | : 74,955 | Net Fixed Assets | : 1,07,898 |
| Reserve & Surplus | : 23 | Investments | : Nil |
| Secured loan | : Nil | Net Current Assets | : 22,344 |
| Unsecured loan | : 1,82,971 | Miscellaneous expenditure | : 1,742 |
| | | Profit & Loss A/c. | : 1,25,965 |

4. Performance of Company (Rupees in thousands)

Turnover : 1,86,752
Total expenditures including FBT : 1,80,419
Profit before tax : 6,333
Profit after tax : 6,333
Earning per share : 0.84
(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

Chairman

Anantvikram Somani

Managing Director

Place : Mumbai,

Date : 7th September, 2011

16th Annual Report 2010-2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011
(Pursuant to Clause 32 of Listing Guidelines)

(In Rs.'000)

| PARTICULARS | AS AT 31.03.2011 | AS AT 31.03.2010 |
|--|---------------------|---------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax and extraordinary items | 6,444 | 57 |
| Adjustments for: | | |
| 1. Depreciation | 11,989 | 11,998 |
| 2. Misc. expenses w/off | ----- | ----- |
| 3. Interest | 1,678 | 1,386 |
| 4. Adjustment for Tax | ----- | ----- |
| Operating profit before working capital changes | 20,111 | 13,440 |
| Adjustments for: | | |
| 1. Trade and other receivables | (31,546) | (27,625) |
| 2. Inventories | (2,481) | 860 |
| 3. Trade payables | 28,121 | 16,671 |
| Cash generated form operations | 14,205 | 3,346 |
| 1. Interest paid | (1,678) | (1,386) |
| Cash Flow before extraordinary items | 12,527 | 1,960 |
| 1. Prior period | (111) | (19) |
| Net cash flow from operating activities (A) | 12,416 | 1,941 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (247) | 1,353 |
| Sale of Fixed Assets | 47 | ----- |
| Investments | | |
| Loans and Advances | 3,579 | (3,975) |
| Miscellaneous Expenditure | (552) | ----- |
| Net cash used in investing activities (B) | 2,827 | (2,622) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds form Borrowings (Unsecured Loans) | (15,996) | 4,828 |
| Repayment of Long Term Borrowings | ----- | (6,932) |
| Excess provision written back | | |
| Net cash flow from financing activities (C) | (15,996) | (2,104) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | (754) | (2,785) |
| OPENING CASH AND CASH EQUIVALENTS | 3,933 | 6,718 |
| CLOSING CASH AND CASH EQUIVALENTS | 3,179 | 3,933 |

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 : 7th September, 2011

Rajesh Somani
Chairman

Anantvikram Somani
Managing 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 16th ANNUAL GENERAL MEETING of the company to be held on Friday, the 30th day of September, 2011 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 16th ANNUAL GENERAL MEETING of the Company on Friday the 30th day of September, 2011 at 10.30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2011.

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 From duly signed across Re. 1.00 Revenue Stamp Should reach the Company's Registered Office at least 48 hours before the time of meeting

