



Lambodhara Textiles Limited



Lambodhara Textiles Limited

17th ANNUAL GENERAL MEETING

Date : 4th July 2011
Day : Monday
Time : 12.30 pm
Venue : The Chambers, The Coimbatore Club,
East Club Road, Coimbatore - 641 018.

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Seventeenth Annual General Meeting of the company will be held on Monday, 04th July 2011 at 12.30 p.m. at The Chambers, The Coimbatore Club, East Club Road, Coimbatore – 641 018 to transact the following business.

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account relating to the financial year ended 31st March 2011 and the Balance Sheet as on that date together with the Reports of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a director in the place of Mr.Girish.G.Radia, Director who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the Auditors and to fix their remuneration.

By Order of the Board,

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

Place : Coimbatore
Date : 09.06.2011

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



NOTES

1. A member who is entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. Proxies in order to be effective must be lodged at the Registered Office of the Company at 3A, 3rd Floor, B-Block, Pioneer Apartments, 1075-B, Avinashi Road, Coimbatore – 641 018 atleast 48 hours before the time fixed for Annual General Meeting.
3. Members/Proxies should bring the Attendance Slip/Proxy Form duly filled in for attending the meeting.
4. Members are requested to intimate change of address if any to M/s.SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006, the Registrar and Share Transfer Agent of the company.
5. The Register of members and the Share Transfer Books of the Company will remain closed from 27.06.2011 to 04.07.2011 (both days inclusive).

By Order of the Board,

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

Place : Coimbatore
Date : 09.06.2011

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

**DIRECTORS' REPORT**

Ladies & Gentlemen,

Your Directors are pleased to present the Seventeenth Annual Report of your company and the Audited Annual Accounts for the financial year ended 31st March 2011. The Management Discussion and Analysis is included as a part of this Report.

FINANCIAL RESULTS

Sl.No.	PARTICULARS	Year Ended 31.03.2011	Year Ended 31.03.2010
		(₹ in Lacs)	
1.	Net Sales / Income from Operations	7,551.52	5,031.47
2.	Other Income	15.28	8.53
3.	Total Expenditure	6,686.81	4,517.68
4.	Interest	282.40	214.10
5.	Profit before Depreciation and Taxation	597.59	308.22
6.	Depreciation	246.33	180.81
7.	Profit before Tax	351.26	127.41
8.	Prior year Income	0.06	0.48
9.	Prior year Expenses	—	0.69
10.	Provision for taxation	70.45	21.85
11.	Provision for Deferred Tax	38.32	17.72
12.	Income Tax for Prior years	—	10.73
13.	Profit after Tax	242.55	76.90
14.	B/F from Previous year	535.09	516.43
15.	Profit available for appropriation	777.64	593.33
16.	Appropriation		
	a. General Reserve	24.00	7.00
	b. Proposed Dividend on Equity Shares	46.95	43.80
	c. Dividend Distribution Tax	7.80	7.44
17.	Balance in Profit & Loss Account	698.88	535.09
18.	Paid-up Equity Share Capital	437.98	437.98



REVIEW OF OPERATIONS

Your Company has achieved a Profit before Tax of ₹351.26 lacs from operations before tax on a turnover of ₹7,551.52 lacs for the year ended 31st March 2011.

FUTURE PLANS OF THE COMPANY

Your Company has expanded capacity from 30,344 spindles to 33,048 spindles as on date during financial year 2011-12 with main focus on fancy yarns as core business. Your Company has forayed into yarn export during the year. The Company is planning to build commercial complex on land owned by the Company at the heart of Coimbatore city.

OPPORTUNITIES

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

THREATS

The wild fluctuations in fibre and yarn pricing which has impacted textile industry may pose threat in the short term.

OUTLOOK

The economy has revived and should be vibrant in near future.

RISKS AND CONCERN

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

INTERNAL CONTROL SYSTEMS

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

SEGMENT – WISE PERFORMANCE

The main business of your Company is Textiles. The Company has commissioned 1.25 MW Wind Electric Generator at Koodankulam Village, Tirunelveli Dist., Tamilnadu during Mar'2011. The electricity generated from the said WEG is used for captive consumption.

DIRECTORS

Mr.Girish.G.Radia, Director retires at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-election.

DIVIDEND

The Board of Directors have proposed dividend of 12.5% including dividend distribution tax subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.



AUDITORS

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

AUDITORS' REPORT

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

PUBLIC DEPOSITS

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

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

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

PARTICULARS OF EMPLOYEES

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

DEMATERIALISATION AND SHARE TRANSFER

The company's shares are traded compulsorily in the dematerialised form and is available for trading under BSE IndoNext Segment.

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

CORPORATE GOVERNANCE

The Board of Directors of your Company has taken all necessary steps to comply with Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges at Coimbatore, Chennai, Ahemadabad and BSE IndoNext Segment.

COMPLIANCE CERTIFICATE

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



DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. followed in the preparation of the Annual Accounts, the applicable accounting standards.
- b. selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of financial position of the company for the period.
- c. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and,
- d. prepared the attached statement of accounts for the year ended 31st March 2011 on a going concern basis.

ACKNOWLEDGEMENT

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

By Order of the Board,

Place : Coimbatore
Date : 09.06.2011

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

**ANNEXURE TO DIRECTORS' REPORT**

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

FORM - A**A. CONSERVATION OF ENERGY**

Total Energy Consumption and Energy Consumption per unit of Production

		<u>31.03.2011</u>	<u>31.03.2010</u>
I. Electricity			
(a) Purchased	Units	6,793,434	6,491,340
Total Amount	₹	33,669,027	35,177,899
Rate per unit (Average)	₹	4.96	5.42
(b) Private Power Purchased	Units	3,196,800	—
Total Amount	₹	21,463,977	—
Rate per unit (Average)	₹	6.71	—
(b) Own Generation			
Through Diesel Generator	Units	1,356,404	1,303,902
Value of HSD	₹	15,552,723	11,203,789
Rate per unit (Average)	Units	11.47	8.59
Cost per litre	₹	36.55	31.43
II. Consumption per kg. of production			
Yarn	Kgs.	3,987,056	3,221,405
Electricity Consumed	Units	11,346,638	7,795,242
Units per kg.		2.85	2.42

FORM - B**A. RESEARCH AND DEVELOPMENT**

The Company has no separate Research and Development Department.

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNING AND OUTGO

(i) Expenditure on Foreign Travel	₹	3,59,275/-	1,36,616/-
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By Order of the Board,

Place : Coimbatore

Date : 09.06.2011

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

Managing Director

**REPORT ON CORPORATE GOVERNANCE**

(In compliance with Clause 49 of the Listing Agreement)

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

II. BOARD OF DIRECTORS

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

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

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Directorship held in Public Companies	Membership in other Committees	Member Chairman (As on 31.3.2011)
Mr.Santosh.R	Exe-MD Promoter	16	Yes	1	—	—
Ms.Vimala.R	Exe-WTD	16	Yes	Nil	—	—
Ms. Guilia Bosco	Exe-WTD	16	Yes	1	—	—
Mr.Deepak Malani	Non-Exe. Independent	15	No	Nil	3	3
Mr.Vasthupal R Mehta	Non-Exe. Independent	3	No	Nil	3	—
Mr.Girish G Radia	Non-Exe. Independent	5	No	Nil	3	—

Sixteen Board Meeting were held during the 12 month period ended 31.03.2011. The dates on which the meeting were held are as follows:

DATE OF MEETING	NO.OF DIRECTORS PRESENT
30.04.2010	5
04.06.2010	6
16.06.2010	4
18.06.2010	6
16.07.2010	4
19.07.2010	5
30.07.2010	4
30.08.2010	3



DATE OF MEETING	NO.OF DIRECTORS PRESENT
06.10.2010	4
20.10.2010	4
29.10.2010	6
17.11.2010	4
07.01.2011	4
31.01.2011	4
07.02.2011	4
09.03.2011	4

III. AUDIT COMMITTEE

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

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

The members of the committee met **Five times** during the year on **20.04.2010, 01.06.2010, 26.07.2010, 25.10.2010 and 27.01.2011**. The details of attendance at the meeting(s) of Audit Committee are as follows:

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

IV. REMUNERATION COMMITTEE

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

The members of the said committee did not meet during the year under review.

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

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

Details of Remuneration paid to the directors for the year ended 31st March 2011.



(1) Executive Directors:

Name	Designation	Total Remuneration
Mr.Santossh.R	Managing Director	₹9,06,630 p.a
Ms.Vimala.R	Whole-time director	₹2,40,000 p.a
Ms.Guilia Bosco	Whole-time director	₹5,70,000 p.a

V. INVESTORS' RELATION COMMITTEE

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

The members of the committee met **11** times during the year on **22.04.2010, 14.05.2010, 15.06.2010, 16.07.2010, 09.08.2010, 25.09.2010, 15.11.2010, 14.12.2010, 07.01.2011, 11.02.2011 and 29.03.2011**. The details of attendance at the meeting(s) of Investors' Relation Committee are as follows:

Name of the Member	Status	No.of Meetings attended
Mr.Deepak Malani (Chairman)	Non-executive Independent	11
Mr.Vasthupal R Mehta (Member)	Non-executive Independent	4
Mr.Girish G Radia (Member)	Non-executive Independent	8

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

Investors' Complaint : There was one complaint for
Non-receipt of Annual Report which
was duly addressed by the
Share Transfer Agent.

No. of pending share transfers
as on 31.03.2011 : Nil

VI. ANNUAL GENERAL MEETINGS

The last three Annual General Meetings were held as under:

AGM	Financial year	Date	Time	Venue
14 th	2007 – 2008	29.09.2008	12.00 Noon	The Coimbatore Club East Club Road Coimbatore – 641 018
15 th	2008 – 2009	25.09.2009	1.00 p.m	The Coimbatore Club East Club Road Coimbatore – 641 018
16 th	2009 – 2010	14.07.2010	09.30 a.m	The Coimbatore Club East Club Road Coimbatore – 641 018



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

VII. DISCLOSURES

The company has entered into contract with M/s.V.R. Textiles Private Limited, Punjai Pulimpatti for Sale of Raw materials & Yarn, and, for purchase of Raw materials & yarn. Mr.Santossh.R., Managing Director and Ms.Vimala.R., Whole-time Director are interested in the said contract and hence the company has obtained the necessary prior approval from the Ministry of Corporate Affairs, Office of the Regional Director, Southern Bench, Chennai for having transactions with M/s.V.R. Textiles Private Limited, Punjai Pulimpatti.

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

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

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

VIII. MEANS OF COMMUNICATION

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

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

IX. GENERAL SHAREHOLDERS INFORMATION

AGM - Date & Venue : 04.07.2011 at 12.30 p.m at
The Chambers
The Coimbatore Club
East Club Road
Coimbatore - 641 018

Financial Calendar for the year 2011 - 2012

First Quarter Unaudited Results : July 2011
Second quarter and Half-Yearly
Audited Results : October 2011
Third Quarter Unaudited Results : January 2012
Fourth Quarter Unaudited Results : April 2012



Date of Book Closure : 27.06.2011 to 04.07.2011

Dividend Payment Data : Dividend of 12.50% including dividend Distribution tax has been recommended for the financial year ended 31st March 2011.

Listing in Stock Exchange : The Coimbatore Stock Exchange Ltd.,
Regional Exchange Building,
683 – 686, Trichy Road,
Singanallur, Coimbatore – 641 005.

The Madras Stock Exchange Limited
Exchange Building, P.B.No.183
11, Second Line Beach,
Chennai – 600 001.

The Stock Exchange, Ahmedabad
Kamdenu Complex,
Opp. Sahajanand College, Panjarapole,
Ahmedabad – 380 015.

BSE IndoNext Segment
Bombay Stock Exchange Limited
P. J Towers, Dalal Street
Mumbai – 400 001

Type of Security : Equity

Stock Code : 21176

ISIN : INE 112F01014

Market Price Date :

Period	High (₹)	Low (₹)
April 10	16.00	12.70
May 10	17.00	11.55
June 10	17.70	11.31
July 10	18.60	15.00
Aug 10	20.30	16.40
Sep 10	19.00	14.80
Oct 10	22.85	17.00
Nov 10	23.90	19.00
Dec 10	24.80	18.85
Jan 11	23.30	18.05
Feb 11	22.95	16.80
Mar 11	23.95	16.25

Face value : ₹10/-

For physical Transfer and Demat Service : M/s. SKDC Consultants Limited,
Kanapathy Towers, III Floor,
1391/A1, Sathy Road, Ganapathy,
Coimbatore – 641 006.



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

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

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

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

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011

No.of equity Shares held	No.of shareholders	% of shareholders	No.of shares	% of shareholding
Upto – 5,000	906	97.21	632980	14.45
5,000 – 10,000	9	0.97	63976	1.46
10,001 – 20,000	4	0.43	56120	1.28
20,001 – 30,000	5	0.54	114664	2.62
30,001 – 40,000	1	0.11	35500	0.81
40,001 – 50,000	1	0.11	48400	1.11
50,001 – 1,00,000	2	0.21	150360	3.43
1,00,001 – and above	4	0.43	3277800	74.84
Total	932	100.00	4379800	100.00

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

Dematerialisation of Shares : Commenced with effect from 12.02.2002

Total Share dematerialised as on : 34,01,500
31.03.2011



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

Unit II – SKC House,
Vinayagar Kovil Street,
Neikarapatti, Palani – 624 615.

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

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

Telefax : (0422) 2249038

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

RETIREMENT OF DIRECTORS BY ROTATION

- a) Mr.Girish G.Radia, Director retires by rotation at the ensuing AGM and is eligible for re-appointment

PROFILE:

Name : Mr.Girish G.Radia
Date of Appointment : 28.09.2002
Status : Non-Executive Independent Director
Age : 56 years
Qualification : Graduate
Occupation : Business

Mr.Girish G.Radia has been in Textile business for the past 21 years and has abundant knowledge about the industry.

CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

I hereby declare that the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior Management of the Company and that all the Board members and Senior Management personnel to whom this Code of Conduct is applicable have affirmed the Compliance of Code of Conduct during the year 2010-2011.

Place : Coimbatore
Date : 09.06.2011

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



CERTIFICATE

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

We have examined the compliance of conditions of Corporate Governance by M/s.Lambodhara Textiles Limited, for the year ended on 31st March 2011 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

for **MOHAN & VENKATARAMAN**

Chartered Accountants

Firm Registration No.007321S

Place : Coimbatore

Date : 09.06.2011

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

Partner

Membership No.201229



TO THE MEMBERS OF LAMBODHARA TEXTILES LIMITED

We have audited the attached Balance Sheet of M/S.LAMBODHARA TEXTILES LIMITED, as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books.
- (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors of the company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, **subject to Note No. 19 wherein three vehicles shown as fixed assets of the Company amounting to ₹13,21,067 not registered in the name of the Company**, the said accounts together with Accounting policies and notes give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date, and
 - iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date

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

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) Fixed Assets have been physically verified by the Management according to the regular programme of periodical verification in phased manner which in our



- opinion is reasonable having regard to the size of the Company and the nature of its Fixed Assets. The discrepancies noticed on such physical verification were not material.
- (c) No substantial part of Fixed Assets has been disposed off during the year, which has bearing on the going concern assumption.
2. (a) The Inventory of the Company at all its locations (except stocks lying with third parties and in transit, confirmation / subsequent receipt have been obtained in respect of such inventory) have been physically verified by the Management at reasonable intervals.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. (a) The Company has taken loan from parties listed in the register maintained under Section 301 of the companies Act, 1956 and the rate of interest and other terms and conditions of loan are not prima facie prejudicial to the interest of the company. During previous years, interest free Loan received from Managing director, Loan outstanding balance ₹1,97,33,183. (maximum amount outstanding ₹1,97,33,183). During the year loan is received from Managing director for interest, loan outstanding balance ₹33,11,452. (maximum amount outstanding ₹33,11,452).
- (b) The Company has not given any loan to parties listed in the register maintained under Section 301 of the companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A of the companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board. The company has not accepted deposits during the year as defined under section 58AA of the Companies Act, 1956 and the rules made there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. The company has maintained the cost records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956; however, we have not made detailed examination of such records.



9. (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Excise Duty, Cess and any other statutory dues have been regularly deposited during the year with the appropriate authorities though there were some delay in remitting the dues. There are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March 2011, except Central Sales Tax of ₹9,090.
- (b) In our opinion and according to the information and explanations given to us, there are no dues in respect of Income tax, Wealth tax, Sales tax and Excise Duty that have not been deposited on account of any dispute except

Nature of the Dues	Amount	Forum where dispute is pending
ESI	₹757748	Employee Insurance Court.
Income Tax	₹770884	A.Y. 2005-06-DCIT

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

for **MOHAN & VENKATARAMAN**
Chartered Accountants
Firm Registration No.007321S

Place : Coimbatore
Date : 09.06.2011

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

**BALANCE SHEET AS AT 31-03-2011**

Particulars	Schedules	As on 31.03.2011	As on 31.03.2010
SOURCE OF FUNDS			
Share Capital	1	43798000	43798000
Reserves & Surplus	2	149888927	131109182
LOANS			
Secured	3	351299168	263801723
Unsecured	4	42544635	32733183
Deferred Tax Liability (Net)		17800858	13968667
TOTAL		605331588	485410755
APPLICATION OF FUNDS			
Fixed Assets	5	377896450	279431915
Work in Progress		14797631	16119111
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	86743599	51545811
Sundry Debtors	7	107539906	128204103
Cash & Bank Balances	8	4330714	4321866
Loans & Advances	9	48931193	34310073
		247545412	218381853
LESS: Current Liabilities & Provisions			
Current Liabilities	10	20355547	20807360
Provisions	11	14552358	8951683
		34907905	29759043
Net Current Assets		212637507	188622811
Miscellaneous Expenditure	12	—	1236919
TOTAL		605331588	485410755
Notes on Accounts	20		

Vide Our Report of even date
for **MOHAN & VENKATARAMAN**
Chartered Accountants
Firm Registration No.007321S

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

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

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

Place : Coimbatore
Date : 09.06.2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011**

Particulars	Schedules	For the year ended 31.03.2011	For the year ended 31.03.2010
INCOME			
Sales	13	755151710	503146641
Other Income	14	1528245	853045
Stock Adjustments	15	(4910926)	10754926
TOTAL		751,769,029	514754612
EXPENDITURE			
Materials Consumed and			
Purchase of Goods	16	515385332	374873715
Manufacturing and Other Expenses	17	117526771	72193756
Selling Expenses	18	30857711	15454881
Financial Charges	19	28240182	21410097
Depreciation		24633352	18081236
TOTAL		716643347	502013686
Profit Before Tax		35125682	12740926
ADD			
Prior Year Income		6004	47694
LESS			
Prior Year Expenses		—	69185
Income Tax Paid		—	1072831
Provision for Taxation		7045000	2185000
Provision for deferred tax		3832191	1771626
Net Profit after Tax		24254495	7689978
ADD : Balance B/F from previous year		53508516	51642685
Profit available for Appropriation		77763011	59332663
APPROPRIATION			
General Reserve		2400000	700000
Proposed Dividend on Equity Shares		4710577	4379800
Tax on dividend		764173	744347
Balance in Profit & Loss Account		69888261	53508516
Earnings per share		5.54	1.76
Notes on Accounts	20		

Vide Our Report of even date
for **MOHAN & VENKATARAMAN**
Chartered Accountants
Firm Registration No.007321S

(Sd/-) **R.MOHAN**
Partner
Membership No.201229
Place : Coimbatore
Date : 09.06.2011

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

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



SCHEDULES ANNEXED TO BALANCE SHEET AS ON 31st MARCH 2011

Particulars	As on 31.03.2011 ₹	As on 31.03.2010 ₹
SCHEDULE 1 SHARE CAPITAL		
Authorised:		
50,00,000 Equity Shares of ₹10/- each	50000000	50000000
Issued, Subscribed and Paid up		
No of Equity Shares - 43,79,800 Shares		
Share Capital (₹10/- fully paid)	43798000	43798000
SCHEDULE 2 - RESERVES & SURPLUS		
General reserve	3100000	700000
Revaluation Reserve - Land	76900666	76900666
Balance on Profit & Loss A/c	69888261	53508516
	149888927	131109182
SCHEDULE 3 - SECURED LOANS		
Term Loan - State Bank of India Non TUFS	—	20029362
State Bank of India - Cash Credit	127083114	42116773
State Bank of India - Export Packing Credit	7874735	—
Term Loan - State Bank of India TUFS - I	6458069	9321400
Term Loan - State Bank of India TUFS - II	110401487	108585379
Term Loan - State Bank of India III	69741415	—
Foreign currency Loan	15142084	82097344
HP Loan from Finance Companies	14598264	1778114
Less: Unmatured Finance Charges	—	126649
	14598264	1651465
	351299168	263801723
SCHEDULE 4 - UNSECURED LOANS		
Loan from Directors	23044635	19733183
Loan from Others	19500000	13000000
	42544635	32733183

SCHEDULE 5 - FIXED ASSETS

NAME OF THE ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 31.03.10	ADDITIONS 2010-2011	SALE / TRANSFER	COST AS AT 31.03.2011	UPTO 31.03.10	DURING THE YEAR	WITH- DRAWN	UPTO 31.03.2011	UPTO 31.03.2011	UPTO 31.03.2010
01. LAND	85623799	594260	309685	85908374	—	—	—	—	85908374	85623799
02. BUILDING	62237895	2837896	—	65075791	10487429	2070817	—	12558247	52517544	51750466
03. WIND MILL	—	65175944	—	65175944	—	94282	—	94282	65081662	—
04. PLANT AND MACHINERY	208113094	46684062	342401	254454755	72822637	21096053	320188	93598503	160856253	135290457
05. FURNITURE AND FIXTURES	1321540	66259	—	1387799	516882	90577	—	607460	780339	804657
05. OFFICE EQUIPMENT	2101539	414400	—	2515939	1221683	162779	—	1384463	1131477	879856
06. VEHICLES	7860766	8859887	2576342	14144311	2778086	1118843	1373419	2523510	11620801	5082680
TOTAL OF FIXED ASSETS	367258633	124632708	3228428	488662913	87826719	24633352	1693607	110766464	377896450	279431915
PREVIOUS YEAR	300054372	69915567	2711306	367258633	70796725	18081236	1051242	87826719	279431915	229257648

WORK IN PROGRESS

NAME OF THE ASSET	GROSS BLOCK			
	AS ON 31.03.10	ADDITIONS	SALE / TRANSFER	COST AS AT 31.03.2011
01. BUILDING - WIP	455690	14710632	2837896	12328426
02. BUILDING - PEELAMEDU	100850	462236	—	563086
03. PLANT & MACHINERY - WIP	15001276	21204082	34430156	1775202
04. ELECTRICAL FITTINGS - WIP	561295	741409	1171787	130917
TOTAL	16119111	37118359	38439839	14797631
PREVIOUS YEAR	367964	26679047	10927900	16119111



Particulars	As on 31.03.2011 ₹	As on 31.03.2010 ₹
SCHEDULE 6 - INVENTORIES		
Stock of Finished Goods	13819888	23588133
Stock in Process	14743827	10983178
Stock of Raw Materials	55147528	14594633
Stock of Waste	1521873	425203
Stock of Stores & Packing Materials	1510484	1954664
	86743599	51545811
SCHEDULE 7 - SUNDRY DEBTORS		
Unsecured and considered good	—	—
More than 6 months	—	—
Others	107539906	128204103
	107539906	128204103
SCHEDULE 8 CASH & BANK BALANCES		
Cash Balance	197936	1119973
Bank Balance		
On Current Account	60539	2322796
On Deposit Account	4072240	879097
	4330714	4321866
SCHEDULE 9 - LOANS & ADVANCES (Unsecured - Considered Good)		
Advances Recoverable in cash or kind or for the value to be received	42952002	28826567
Sundry Deposits	5281925	4835082
Prepaid Expenses	697266	648424
	48931193	34310073
SCHEDULE 10 - CURRENT LIABILITIES		
Sundry Creditors		
For Purchases	4724741	6166317
For Expenses	11101334	14348024
For Others	4527672	293019
Unpaid Dividend a/c	1800	—
	20355547	20807360
SCHEDULE 11 - PROVISIONS		
Provision for Taxation	7809173	2929347
Provision for Gratuity	1197222	907150
Proposed Dividend	4710577	4379800
Provision for employee benefits	835386	735386
	14552358	8951683
SCHEDULE 12 - MISCELLANEOUS EXPENDITURE		
Agri Expenditure	—	1236919
	—	1236919



Particulars	For the period ended 31.03.2011 ₹	For the period ended 31.03.2010 ₹
SCHEDULE 13		
SALES		
Yarn	673585164	461683288
Cloth	26818088	6367149
Cotton	51804933	34383074
Fibre	1943298	—
Waste	1000227	713130
	755151710	503146641
SCHEDULE 14		
OTHER INCOME		
Interest Receipts	366114	607890
(TDS ₹55,085/-, Previous Year ₹35,995/-)		
Miscellaneous Income	209029	160155
Scrap Sales	75000	45000
Profit on Sale of Assets	878102	40000
	1528245	853045
SCHEDULE 15		
STOCK ADJUSTMENTS		
Opening Stock	34996514	24241588
LESS: Closing Stock of		
Finished Goods	13819888	23588133
Process	14743827	10983178
Waste	1521873	425203
Increase (Decrease) in Stock	(4910926)	10754926
SCHEDULE 16		
MATERIALS CONSUMED AND PURCHASE OF GOODS		
Raw Materials consumed		
Opening Stock	14594633	16356536
ADD: Purchase & Expenses	545711225	369007437
	560305858	385363973
LESS : Closing Stock	55147528	14594633
	505158330	370769340
Stores consumed		
Opening Stock	665660	102535
ADD: Purchase & Expenses	9973765	4667501
	10639425	4770036
LESS : Closing Stock	412424	665660
	10227002	4104376
	515385332	374873715



Particulars	For the period ended 31.03.2011 ₹	For the period ended 31.03.2010 ₹
SCHEDULE 17		
MANUFACTURING AND OTHER EXPENSES		
Power and Fuel	72461476	46461476
Conversion Charges	5912713	1122707
Employee Cost		
Director's Remuneration	1716630	1386629
Salaries,Wages & Bonus	15930521	8336954
Contribution to Employee Funds	1786771	1788636
Staff Welfare	5477389	4254991
	24911311	15767210
Repairs & maintenance		
Vehicle Maintenance	2348890	1725496
Machinery Maintenance	1012048	759206
Building Maintenance	2105425	586116
Others	601154	271403
Printing & Stationary	187222	153005
Postage, Telegram,Telephones & Fax	364009	473840
Travelling Expenses	942808	1786143
Rent Expenses	145200	139700
Rate & Taxes	357760	298653
Audit Fees and Expenses	139088	94894
Professional & Consultation Charges	675203	419210
Insurance Premium	525640	399276
Advertisement	168048	186371
Subscription	28157	10198
General Expenses	69284	90304
Pooja Expenses	185350	131967
Bad Debts Written Off	3362624	37676
Sales Tax paid	455053	599011
Loss on Sale of Assets	568308	679894
	117526771	72193756



Particulars	For the period ended 31.03.2011 ₹	For the period ended 31.03.2010 ₹
SCHEDULE 18		
SELLING EXPENSES		
Commission - Yarn	3841582	1176126
Consignment Expenses	1348425	2772812
Sales promotion expenses	241167	21431
Packing Material Consumed	8458248	4982699
Consignment Duty & Claims	9214412	1792424
Freight Outward	7753877	4709389
	30857711	15454881
SCHEDULE 19		
FINANCIAL CHARGES		
Interest on Working Capital	12198666	9928037
Interest on Term Loan	9925654	7937386
Bank Charges & Commission	969844	798832
Lease and Hire Charges	—	904520
Other Interest	2166797	1179195
Interest on Vehicle Loan	403160	112284
Exchange fluctuation	2576061	549844
	28240182	21410097



NOTES ON ACCOUNTS

SCHEDULE 20

I. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Accounting :**

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

b) **Fixed Assets and Depreciation :**

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

c) **Inventory valuation**

Inventories are valued as follows :

- i) Raw materials, materials in process, finished goods, Goods for Trade and property – Commercial Units, are valued at Cost or Net Realizable Value, whichever is lower.



- ii) Stores, Spares, Etc., are valued, either at Cost or at Cost less amounts written off.
 - iii) Goods in transit are valued at cost to date.
 - iv) 'Cost' comprises all cost of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost formula used is 'First in First Out' as applicable.
- d) **Value Added Tax:**
The value added tax is accounted for by reducing the Purchase cost of the related items.
- e) **Retirement Benefits:**
 - 1. Provident fund is accounted on accrual basis with contribution to recognized funds.
 - 2. Leave encashment benefit are paid annually as per the policy of the company.
 - 3. Gratuity liability has been provided in the books of accounts as per the actuarial valuation certificate provided by Consulting Actuary.
- f) **Borrowing Cost :**
 - a) Borrowing costs that are directly attributable to the acquisition / construction of a qualifying asset are capitalized as part of the cost of that asset till the time it is ready to put to use.
 - b) All other Borrowing cost are recognized as expenditure during the period in which these are incurred.
- g) **Taxes on income :**
Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.
Deferred Tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- h) **Foreign currency Transactions**
Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the currency and the foreign currency at the date of the transaction.
Foreign currency monetary assets and liabilities (other than those covered by forward contracts) as on the balance sheet date are revalued in the accounts on the basis of exchange rates prevailing at the balance sheet date and exchange difference arising there from is charged to Profit & Loss Account.
In the case of transactions covered by forward contracts, the difference between the contract rate and the exchange rate prevailing on the date of transaction is charged to profit & loss Account, proportionately over the



contract period. Exchange differences on such contracts are recognized in the statement of Profit & Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expenses for the year.

i) Earnings per share:

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

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

j) Cash Flow Statement :

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

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

k) Operating lease:

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

l) Contingent Liabilities

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

m) Impairment

- a) The Carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- b) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there no impairment.

**n) Government Grants**

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

II. OTHER NOTES

1. Estimated value of contract remaining to be executed on Capital Account (net of advances) is ₹3,56,90,204 (Previous Year ₹97,64,597).
2. Details of contingent liabilities

	31.03.2011	31.03.2010
i. Employees' State Insurance Corporation demand, the case is before the Employee Insurance Court.	7,57,748	7,57,748
ii. Reassessment pending with DCIT (Asst. Year 05-06)	7,70,884	9,88,139
iii. Dispute on outstanding balance against the lease finance and hire purchase, the case is before the High court of Karnataka	12,34,325	12,34,325
iv. Letter of credit given to supplier	1,98,77,324	Nil
3. Disclosure in respect of derivative instruments:
 - (a) Derivative instruments outstanding:

Loans taken Principal forward contract - USD	319555	17,50,000
- INR	1,47,14,230	8,27,18,750
 - (b) All the derivative instruments have been acquired for hedging purposes.
 - (c) Foreign currency exposures that are not hedged by derivative instruments
 - i. Cash and bank balance

	USD 47.40	USD Nil
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4. The amount falling due within one year in respect of secured loans are as follows:
 - i. State Bank of India Term Loan

TUFS - I		32,90,000
TUFS - II		1,32,00,000
TUFS - III		18,00,000
Foreign Currency Term Loan		61,07,878
 - ii. Hire Purchase Loans

		27,79,201
--	--	-----------
 - iii. Kotak Mahindra Bank Limited - Housing Loan

		1,64,420
--	--	----------

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

Details of pledge of shares held by Directors for availing loan facilities for the company:

The Managing Director has pledged 4.62 lakh shares of the company held by him as collateral security for the loan sanctioned by SBI.

6. Loans from State Bank of India

Existing facilities available with the State Bank of India as on 31st March 2011 has the first charge on land, building, plant & machinery and the stock-in-trade of the Company as security for the working capital credit facilities and term loans.

7. Borrowing cost of ₹12,77,622 on State Bank of India Term loan, and ₹5,50,652 on Kotak Mahindra Bank is capitalized towards Building, Plant & machineries and other capital work-in-progress during the year.
8. The Company is engaged in agricultural operations. The expenditure incurred on the agricultural operations is deferred and will be charged on realisation of the produce. The company has sold its agriculture land and standing crops during the year and the deferred cost is adjusted fully.
9. Segment Reporting as at 31st March 2011.

The Company is having the main business of textiles and the other businesses are real estate, agriculture and Windmill. With regard to agricultural operations during the year, the company has incurred an expense of ₹13,189/- and has earned an income of ₹12,50,108 which includes sales of crops which are adjusted against agricultural expenses as referred in Note 8 above. There is no operation on real estate business during the year. With regard to Windmill Operation, Company has earned an income of ₹19,656.

Segment Assets	- Real estate operation	₹8,33,00,000	₹8,33,00,000
	- Agricultural operation	—	₹2,22,937
	- Main business of textiles	Balance assets	
	- Wind Mill	₹6,57,70,204	—
Segment Liabilities	- Real estate operation	—	—
	- Agricultural operation	—	—
	- Main business of textiles	Balance liabilities.	
	- Wind Mill	₹5,20,62,200	—

During the year 08-09, the real estate which was a stock in trade with a value of ₹63,99,334 was converted into fixed asset. The same was revalued for a value of ₹8,33,00,000 resulting in a revaluation reserve of ₹7,69,00,666.

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



I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	31-03-2011	31-03-2010
Discount Rate	8.40%	8.40%
Salary escalation rate	6.00%	6.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	0.00%	0.00%

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

II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:	
PVO as at the beginning of the period	907,150
Interest Cost	73,311
Current service cost	215,003
Past service cost - (non vested benefits)	—
Past service cost - (vested benefits)	—
Benefits paid	– 68,800
Actuarial loss/(gain) on obligation (balancing figure)	70,558
PVO as at the end of the period	1,197,222

III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:	
Fair value of plan assets as at the beginning of the period	—
Expected return on plan assets	—
Contributions	68,800
Benefits paid	– 68,800
Actuarial gain/(loss) on plan assets [balancing figure]	—
Fair value of plan assets as at the end of the period	—

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



V. ACTUARIAL GAIN / LOSS RECOGNIZED	
Actuarial gain / (loss) for the period - Obligation	-70,558
Actuarial gain / (loss) for the period- Plan Assets	—
Total (gain) / loss for the period	70,558
Actuarial (gain) / loss recognized in the period	70,558
Unrecognized actuarial (gain) / loss at the end of the year	—

VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES	
Present value of the obligation	1,197,222
Fair value of plan assets	—
Difference	1,197,222
Unrecognised transitional liability	—
Unrecognised past service cost - non vested benefits	—
Liability recognized in the balance sheet	1,197,222

VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:	
Current service cost	215,003
Interest Cost	73,311
Expected return on plan assets	—
Net actuarial (gain)/loss recognised in the year	70,558
Transitional Liability recognised in the year	—
Past service cost - non-vested benefits	—
Past service cost - vested benefits	—
Expenses recognized in the statement of profit and loss	358,872

VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET	
Opening net liability	907,150
Expense as above	358,872
Contribution paid	- 68,800
Closing net liability	1,197,222



11. Related party disclosures for the year ended 31st March 2011.

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

	Opening Balance	Amount Received	Amount Repaid	Closing Balance
Mr.Santossh.R. Managing Director				
Interest free loan	1,97,34,183	—	—	1,97,34,183
Loan with interest	—	31,13,300	—	33,11,452

- b) Remuneration paid to Managing Director, Mr.Santossh.R. is ₹9,06,630/- (Previous Year ₹9,06,629/-).
- c) Remuneration paid to Whole Time Director, Ms.Giulia Bosco is ₹5,70,000/- (Previous Year ₹2,40,000).
- d) Remuneration paid to Whole Time Director, Ms.Vimala.R. is ₹2,40,000/- Previous Year ₹2,40,000).
- e) i. Cotton sales to V.R. Textiles Private Ltd., during the year for ₹3,63,51,982/- (Previous Year ₹3,43,83,074/-).
- ii. Yarn purchase from V.R. Textiles Private Ltd., during the year for ₹66,32,449 (Previous year ₹ Nil)
- (The Managing Director and one of the Whole Time Director are the Directors' of the above company)
- e) Interest paid to Mr. Santossh.R Managing Director is ₹2,20,169 (TDS ₹22017) (Previous year ₹ Nil)

12. Earnings Per share	31.03.2011	31.03.2010
(a) Profits after Tax	2,42,54,495	76,89,978
(b) Weighted Average No. of Shares	43,79,800	43,79,800
(c) Face Value per share	10	10
(d) Earnings per share- Basic & Diluted	5.54	1.76



13. STATISTICAL INFORMATION

	31.03.2011		31.03.2010	
a) Capacity	NA		NA	
i) Licenced Capacity	32,600 Spindles		29,336 Spindles	
ii) Installed Capacity				
	Quantity Kgs.	Value ₹	Quantity Kgs.	Value ₹
b) TURNOVER				
I) Yarn	40,48,826	67,35,85,164	32,62,972	46,16,83,288
II) Cloth (in Mtrs)	15,23,112	2,68,18,088	3,78,823	63,67,149
III) Waste	1,35,580	10,00,227	98,798	7,13,130
V) Cotton	5,28,317	5,18,04,933	4,41,339	3,43,83,074
V) Fibre	18,498	19,43,298	—	—
c) RAW MATERIAL CONSUMED				
i) VSF, PSF & Waste	43,89,907	50,51,58,330	34,64,241	37,07,69,340
d) PRODUCTION				
i) Yarn	39,87,056	—	32,21,405	—
ii) Cloth (Mtrs.)	15,23,112	—	3,78,823	—
iii) Waste	3,11,685	—	1,74,062	—
e) STOCK				
1) Raw Material				
Opening	1,79,503	1,45,94,633	2,08,488	1,63,56,536
Closing	4,62,484	5,51,47,528	1,79,503	1,45,94,633
2) Finished Goods – Yarn				
Opening	1,76,087	2,35,88,133	1,72,522	1,93,81,916
Closing	81,048	1,38,19,887	1,76,087	2,35,88,133
3) Waste				
Opening	70,664	4,25,203	23,919	2,63,104
Closing	2,49,859	15,21,873	70,664	4,25,203
4) Semi finished goods				
Opening	89,765	1,09,83,178	44,029	45,96,567
Closing	90,246	1,47,43,827	89,765	1,09,83,178
f) i) CONSUMPTION OF RAW MATERIALS				
Indigenous	98.65%	49,83,31,471	100.00%	37,05,23,937
Imported	1.35%	68,25,859	—	—
ii) CONSUMPTION OF STORES & SPARES				
Indigenous	99.60%	1,01,85,801	100.00%	41,04,376
Imported	0.40%	41,201	—	—



		31.03.2011	31.03.2010
14. VALUE OF IMPORTS ON CIF BASIS			
a) Raw Material	₹	70,09,655	—
b) Stores & Spare Parts	₹	41,201	—
c) Others	₹	—	1,12,36,278
15. EXPENDITURE IN FOREIGN CURRENCY			
On Foreign Travel	₹	3,59,275	1,36,616
On Import of raw material & stores	₹	56,17,865	—
Advance for Capital goods	₹	22,08,592	
16. MANAGERIAL REMUNERATION :			
Paid to Mr.Santossh.R., Managing Director			
Salary	₹	7,80,000	7,80,000
Allowance	₹	1,20,000	1,20,000
Club payments	₹	6,630	6,629
Paid to Ms. Vimala .R., Whole Time Director			
Salary	₹	2,40,000	2,40,000
Paid to Ms. Giulia Bosco Whole Time Director			
Salary	₹	5,70,000	2,40,000
17. Break up of Audit Fees			
For Audit	₹	75,000	60,000
For Taxation services	₹	25,000	25,000
For Other Services & Expenses	₹	27,500	9,894

18. Vehicles in the Fixed Assets of the Company include two Trax Jeeps and a tractor purchased in the name of a director valuing ₹13,21,067.

19. In the opinion of the Board, Current Assets, Loans and Advances will fetch the amount stated, if realised in the normal course of the business.

20. There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st March 2010. This information as required to be disclosed under the MSMED Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

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

Vide Our Report of even date
for **MOHAN & VENKATARAMAN**
Chartered Accountants
Firm Registration No.007321S

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

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

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

Place : Coimbatore
Date : 09.06.2011

**CASH FLOW STATEMENT**

(A) CASH FROM OPERATING ACTIVITY		(₹ in Lakhs)	
	2010-2011		2009-2010
Net Profit before Tax and extraordinary items	351.26		127.41
Adjustment for :			
Depreciation	246.33	180.81	
Prior year income	0.06	0.48	
Prior year expenses	—	(0.69)	
Interest Income	(3.66)	(6.08)	
Interest Payments	272.70	206.11	
Profit / (Loss) on Sale of Machinery & Land	(3.10)	6.40	
	<u>512.34</u>		<u>387.03</u>
Operating Profit before working Capital Changes	863.59		514.44
Adjustment for :			
Trade and other receivables	105.43	(346.86)	
Inventories	(351.98)	(104.85)	
Trade Payable	(0.64)	90.90	(360.81)
Cash Generated from operation	<u>616.41</u>		<u>153.63</u>
Direct Taxes paid	(66.83)		(30.73)
Interest Paid	(272.70)		(206.11)
Cash Flow before Extra Ordinary Items	276.88		(83.21)
Extra Ordinary Item :			
Preliminary Exp/Deferred Revenue	12.37		0.92
Net Cash from Operating Activities	<u>289.25</u>		<u>(82.29)</u>
(B) CASH FROM INVESTMENT ACTIVITIES			
Purchase of fixed Assets	(1233.11)	(853.48)	
Sale of Fixed Assets	18.45	7.01	
Interest Received	3.66	6.08	
Net Cash from Investment Activities	<u>(1211.00)</u>		<u>(840.39)</u>



(C) CASH FROM FINANCIAL ACTIVITIES		(₹ in Lakhs)
	2010-2011	2009-2010
Proceeds from Borrowings	44.68	1491.83
Dividend paid (including dividend distribution tax)	(51.24)	—
Net Cash from Financial Activities	(6.56)	1491.83
Net Increase in Cash and Cash Equivalents	(928.32)	569.15
Cash and Cash Equivalents Opening Balance :		
Cash and Bank Balance	43.22	9.98
Cash Credit Account	(421.17)	(957.09)
	(377.95)	(947.11)
Cash and Cash Equivalents Closing Balance :		
Cash and Bank Balances	43.31	43.22
Cash Credit Account	(1,349.58)	(421.17)
	(1306.27)	(377.96)
	(928.32)	569.15

Vide Our Report of even date
for **MOHAN & VENKATARAMAN**
Chartered Accountants
Firm Registration No.007321S

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

Place : Coimbatore
Date : 09.06.2011

For and on Behalf of the Board

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

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



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

PART IV - SCHEDULE VI OF COMPANIES ACT

A) Registration Details

Registration Number : 181-4929 of 1994
State Code : 18
Balance Sheet Date : 31.03.2011

B) Capital Raised during the Year (Amount in ₹ Thousands)

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

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

Total Liabilities	: 605,332	Total Assets	605,332
Sources of Funds		Application of Funds	
Paid up Capital	: 43,798	Net Fixed Assets	377,896
Reserves and Surplus	: 149,889	Work in progress	14,798
Secured Loans	: 351,299	Net Current Assets	212,638
Unsecured Loans	: 42,545		
Deferred Tax Liability	: 17,801		

D) Performance of the Company (Amount in ₹ Thousands)

Turnover : 755152
Total Expenditure : 716643
Profit Before Tax : 35132
Profit After Tax : 24254
Earnings per Share : 5.54
Dividend Rate : 1.076
(₹ per Share)

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

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

Vide Our Report of even date
for **MOHAN & VENKATARAMAN**
Chartered Accountants
Firm Registration No.007321S

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

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

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

Place : Coimbatore
Date : 09.06.2011