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CHALLENGES INSPIRE NEW OPPORTUNITIES.

Annual Report 2008-2009



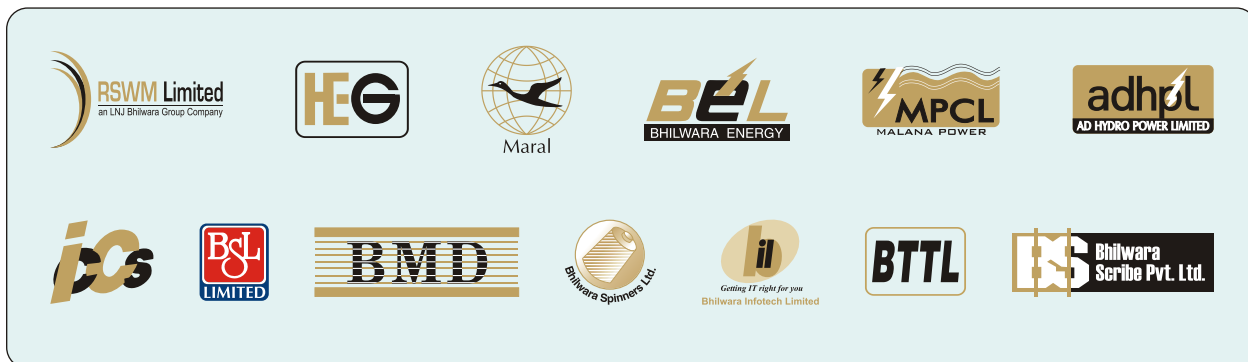
Maral Overseas Limited



Group Salient Features

- The exports constitute 46% of the total turnover.
- The Group's Textile Business has 4.83 lacs spindleage.
- HEG Ltd. has undertaken a capacity expansion to raise its Graphite production to 66,000 TPA.
- The Power Generation up from 90 crore units to 113 crore units during the year because of RSWM TPP and Maral TPP being fully operational.
- RSWM's 46 MW and Maral's 10 MW capacity Thermal Power plants running successfully.
- HEG's additional 33 MW Captive Thermal Power Plant commissioned in May, 2009.
- AD Hydro Power Ltd. 192 MW Hydro Power Project at Manali (H.P.) scheduled to be commissioned by the end of 2009.
- The Group is committed to achieve over 3,000 MW of Power Generation by the year 2017.
- Bhilwara Energy Ltd. collaborated with Mannvit Engineering, Iceland for developing Geothermal Power Projects in India and Nepal.
- The Group employing over 25,000 people and poised to establish its presence in a leadership position in its businesses.
- HEG has won Dun & Bradstreet Corporate Award, 2008 for the best category in Graphite Electrodes.
- RSWM was felicitated with the 14th Rajiv Gandhi National Quality Award and "Niryat Shree" and SRTEPC Awards during the year.

LNJ Bhilwara Group Companies



Group Brands





Maral Overseas Limited

BOARD OF DIRECTORS

L. N. Jhunjhunwala	<i>Chairman-Emeritus</i>
Ravi Jhunjhunwala	<i>Chairman</i>
Shekhar Agarwal	<i>Managing Director</i>
D. N. Davar	<i>Director</i>
Dr. Kamal Gupta	<i>Director</i>
P. S. Dasgupta	<i>Director</i>

KEY EXECUTIVES

- **Corporate Office**
P. S. Puri *Chief Financial Officer*
- **Sarovar Unit**
Tarun Baldua *President*

COMPANY SECRETARY

Vivek Chaudhary

AUDITORS

Doogar & Associates, New Delhi
Ashim & Associates, New Delhi

REGISTERED OFFICE

Maral Sarovar, V. & P.O. Khalbujurg,
Tehsil Kasrawad, Distt. Khargone - 451 660 (M.P.)

CORPORATE OFFICE

Bhilwara Towers, A-12, Sector-1,
Noida - 201 301 (U.P.)

WORKS :

- **Sarovar Unit**
Maral Sarovar, V. & P.O. Khalbujurg,
Tehsil Kasrawad, Distt. Khargone - 451 660 (M.P.)
- **Noida Unit**
A-11, Hosiery Complex, Phase - II (Extension),
Noida - 201 305 (U.P.)

BANKERS

Bank of Baroda
Canara Bank
Central Bank of India
Export-Import Bank of India
IndusInd Bank Ltd
Industrial Development Bank of India Ltd
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Indore
State Bank of Patiala
The Jammu & Kashmir Bank Ltd
Axis Bank Ltd (Formerly UTI Bank Ltd.)
Yes Bank Ltd

CONTENTS

Management Discussion & Analysis	2
Directors' Report	4
Annexure to the Directors' Report	6
Report on Corporate Governance	8
Shareholders' Information	12
Auditors' Report	14
Balance Sheet	16
Profit & Loss Account	17
Schedules to Statement of Accounts	18
Balance Sheet Abstract	39
Cash Flow Statement	40
Financial Indicators & Statistics	42
Auditors' Certificate on Corporate Governance	44

MANAGEMENT DISCUSSION AND ANALYSIS

The Indian textiles industry contributes substantially to India's exports earnings. The export basket consists of wide range of items containing cotton yarn and fabrics, man-made yarn and fabrics, wool and silk fabrics, made-ups and variety of garments. India's textile products, including handlooms and handicrafts, are exported to more than a hundred countries.

However, the USA and the EU, account for about two-third of India's textiles exports. The other major export destinations are Canada, U.A.E., Japan, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, etc.

Indian manufacturers are pro-actively working towards enhancing their capacities to fulfill the increased demand. India's textiles & clothing (T&C) export registered robust growth of 25% in 2005-06, recording a growth of US\$ 3.5 billion in value terms thereby reaching a level of US\$ 17.52 billion and the growth continued in 2006-07 as T&C exports were US\$19.15 billion recording an increase of 9.28% over previous year. Though India's T&C exports in 2007-08 at US\$ 22.13 billion were badly affected by strong appreciation of the Indian rupee against the US dollar, it still managed to record a healthy growth of 15.59% in US dollar terms (in rupee terms, the growth was about 2.76%).

In 2008-09, conditions prevailing worldwide have not at all been conducive for the textiles exports. The world is currently carving out of a recessionary phase and the major markets like US, EU and Japan are facing financial constraints. In this environment, the textiles and auto sectors are the worst hit sectors, particularly as these are considered to flourish in good times. US, the single largest importer of textiles and clothing items, has observed a negative growth of 3.34% and 0.55% in its imports of textiles and clothing from the world and India, respectively during calendar year 2008. Even China which occupied about 33% market share in the US, managed to record a small growth of 0.97% during the same period. The other countries, which managed to register growth in the US markets are Vietnam & Bangladesh. Almost all other countries have shown negative growth. The overall US markets of textiles and clothing has shown a decline of 14.19% in the first two months of current calendar year and India has also recorded a decline of 13.77% in the same period.

Opportunities and Threats

The fundamental growth drivers of the country's economy as well as Textile industry continue to remain strong despite the pressures of slowdown and inflationary conditions prevalent till recently in the nation and also globally. The consumption of textile products is growing in response to growing per capita income, population and strong retail push. Textile industry in the country is continuously attracting investments from domestic and foreign investors. Capacity expansion has already taken place across industry coupled with enticement of interest by global investors in the form of private equity investment. This is likely to radically change the shape of industry in next few years.

In order to boost the Textile Sector, the Government introduced two packages of duty concessions, tax and interest rebates in December, 2008 and January, 2009 to provide stimulus to the economy in general to combat the recession.

The threats to the segments in which the Company operates are volatility in Exchange rate, pricing pressure arising due to competition from low cost suppliers, technology upgradation, severe competition among textile producers and newly emerging competitive nations and stricter environment laws.

Businesses

MOL is one of the leading manufacturer and exporter of cotton yarn, knitted fabric (both grey and processed) and knitted garments. During the Eighteen months period ended September 30, 2009, the Company recorded a turnover of Rs. 518.62 Crore as against Rs. 318.91 Crore in previous year.

During the period under review, the Company's exports (FOB value) were to the tune of Rs.351.08 Crore and accounts for 67.69% of MOL's Turnover. The yarn business accounts for 61.02% (Previous year 59.65%) while knitted fabric and textile made-ups business accounts for 22.32% and 16.64% respectively.

The Company expects that demand for fabrics and yarn is likely to increase in the months to come, as exports of textiles and apparel from the country should rise. The Company offers to its customers the finest quality of yarn which commands a premium in the global market and an increased demand for Indian yarn and fabric in the months to come would benefit the Company.

Yarn Business

The performance of the Yarn Business was satisfactory during the year. This business contributed Rs. 316.50 crore towards the turnover of the Company,

Knitted Fabric Business

The performance of the Fabric Business was satisfactory during the year. This business contributed Rs.115.80 crore towards the turnover of the Company,

Textile made-up Business/Garments

The performance of the Garment Business was satisfactory during the year. This business contributed Rs. 86.33 crore towards the turnover of the Company.

Risk Management.

Market Risk

Like other businesses, the textile business is vulnerable to various risks. The primary risk factor is the raw material prices, which is the largest component of cost, as the commodity prices are cyclical in nature. As a result, they exert significant impact on total value of the products and its profitability. China has emerged as major competitor being low cost producer. Besides, these countries like Indonesia, Vietnam, Pakistan and Bangladesh also giving challenging competition. The recent volatility in foreign exchange markets has a bearing on the profitability and the cost of production.

The Company is also focusing on value added products to increase its margins and also exploring untapped destinations in order to increase its exports, and is moving beyond the traditional market for exports.



Currency Risk

MOL, due to its content of exports has large exposure in foreign currency. The prices of raw material are based on import parity and vary with any movement in the rupee. The Company hedges currency risks by taking offsetting positions to the tune of export orders-in-hand in the currency market.

Regulatory Risk

In the recent past, the government has implemented various policies and programmes to make the industry globally competitive. However, unfavourable changes in the government policies and the regulatory environment can adversely impact the performance of the Company.

Internal Control Systems and their adequacy

Since the company believes, it is committed to the concept of internal controls diligently. The Company has proper and adequate system of internal controls and policies in all its spheres of activities. The Internal controls are handled and supplemented by regular Internal Audit of all the units of the Company which helps in improving efficiency. The Company's Internal Control Systems ensure effective monitoring of operations to make sure that there is maximum utilization of resources and that all assets are safeguarded and protected against loss from unauthorized use and dispositions and that all transactions are authorized, recorded and reported diligently. The Management of the Company review the reports of the Internal Auditors regularly, who then bring out the deviations to the notice of the Audit Committee and recommend suitable steps to implement their recommendations.

Human Resources

MOL continued building sustainable competitive advantage through its human resources and maximizing human resource potential to match the market environment. Your Company focuses on the training and development of its people through continuous internal and external, training and development programmes. Your Directors believe that performance management is the key word for growth for the Company. The dedicated services rendered by the employees at all levels resulted in significant improvement in quality and productivity. Proactive policies perceived by MOL for industrial relations helped in evolving a peaceful and harmonious work environment..

The total strength of MOL as at the end of financial year 2008-09 (eighteen months) i.e on 30.09.2009 was 1218 employees.

Corporate Social Responsibility

Corporate Social Responsibility has always been an integral part of the LNJ Bhilwara Group's vision and the cornerstone of our Core

Value of Good Corporate Citizenship. Company believes that a substantial business success cannot be achieved solely through maximizing short term profits, it requires market oriented yet responsible behaviour. Maral has a long tradition of community service and a strong sense of Corporate Social Responsibility towards various stakeholders viz **Employees:** providing a competitive and challenging work environment that respects his health, having ethical recruitment, remuneration, promotion and other policies that allows him to move to better living conditions, ensuring a safe working environment for them, having fair policies for the solution of employee disputes; **Shareholders:** presenting a fair picture of the company's financial position and profit/loss to the shareholders; **Government:** providing the necessary information to the government as and when required, timely payment of the due taxes and duties at the proper time, abiding by the laws and regulations of the area in which the Company operates, contributing to the economy through exports; **Customers:** adapting a value addition focus that is to look at every action of ours as to see whether it adds value in the eyes of our customers, enhancing product's quality, ensuring reasonable prices without discriminating amongst individuals; **Investors:** giving the investors a true and fair picture of the financial condition of the business; **Suppliers:** making competitive and timely payment to the suppliers for the products purchased as well as maintaining an amicable relationship with them; **Competitors:** indulging in ethical and healthy competition for the betterment of the industry; **Society:** undertaking community development and area development programmes and creating job opportunities; **Environment:** ensuring the purchase of environment-friendly supplies, ensuring a pollution-free process of production, having an efficient system for the disposal of waste, making the product and the process of production as environment-friendly as possible.

Cautionary Statement

Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Forward-looking statements are identified in this report by using words like 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on 'Risk Management'. The Company takes no responsibility for any consequence of decisions made based on such statements, and holds no obligation to update these in the future.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twentieth Annual Report of the Company and the audited financial statements for the Eighteen Months period ended 30th September, 2009.

Financial Results

	(Rs in crore)	
	Current Year (18 Months)	Previous Year (12 Months)
Net Turnover	518.62	318.91
Profit/(Loss) from continuing operations	(41.47)	(44.63)
Less: Taxation	0.40	0.49
Profit/(Loss) from continuing operations after Tax	(41.87)	(45.12)
Profit/(Loss) from discontinuing operations (net of Tax)	–	0.21
Profit / (Loss) after Tax	(41.87)	(44.91)
Add: Balance brought forward from previous year	(84.45)	(39.54)
Balance carried to Balance Sheet	(126.32)	(84.45)

Financial Year.

In view of the financial restructuring of the Company, the financial year under review was extended to eighteen months with the approval of Registrar of Companies, Gwalior. Accordingly, the accounts of the Company have been prepared for the period from 1st April 2008 to 30th September 2009. i.e for eighteen months period.

Operations

During the period under review, the operating margins of the Company declined due to severe global recession particularly impacting countries like the U.S.A and EU where most of the Company's customers are located. However, during the last two quarters, the situation has improved considerably as various remedial measures were taken, and market conditions have improved.

Your Directors further state that this could be possible partly due to implementation of Corporate Debt Restructuring (CDR) package approved by the CDR Cell under Reserve Bank of India guidelines and other cost control measures taken by the Company. Further, appreciation of US Dollar during the financial year under review also resulted in improvement in realizations.

During the period under review, your Company has been able to achieve a production of 23010 MT (14818 MT) of cotton yarn, 1471 MT (930 MT) of dyed yarn, 3687 MT (2452 MT) of grey knitted fabric, 4566 MT (2753 MT) of processed fabric and 52.01 (53.51 lakhs) pieces of textile made-ups.

Dividend

In view of the financial position of the Company, your Directors are unable to recommend any Dividend on the Equity Shares.

Corporate Debt Restructuring (CDR)

Your Directors inform the members that in order to correct its working capital position and to reschedule its debts in line with projected potential earnings, the restructuring of debts have been approved by CDR Cell vide their letter of approval dated March 26, 2009. The Company implemented the CDR Package by signing of Master Restructuring Agreement with the lenders. In terms of the CDR approval, your Company issued 8% Cumulative Redeemable Preference Shares of Rs. 100/- each aggregating to Rs. 18,85,40,000/- to its lenders against part conversion of their loans.

Your Directors further report that the approval of the members was obtained by the Company on 26th August 2009 at the Extra Ordinary General Meeting for the preferential allotment of 1,97,50,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1975 Lacs to M/s Agarwal Trademart Private Limited, part of the Promoter Group by conversion of their loan in terms of the CDR Package. Your Directors are glad to inform you that the takeover panel of SEBI has exempted M/s Agarwal Trademart Private Limited vide their letter dated September 30, 2009 from complying with the provision of regulation 10 and 11 (1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and accordingly, the Company has treated the amount as Share Capital pending allotment.

Industry Scenario

The Textile Industry witnessed decline in realizations after the end of Quota Regime in 2005 as it is facing increasing competition from low cost countries like Bangladesh, Sri Lanka, Pakistan, China, Indonesia, Vietnam, Cambodia etc. Further, the appreciation in Rupee against USD was much higher than the appreciation of local currencies of competing countries against the USD. Also, FY 2008-09 has been a year of world-wide recession, dampened sentiments and demand, which has dented corporate margins while the uncertainty surrounding the crisis has affected business confidence. Rising economic slack has eroded profit margins. Investment demand has also decelerated. As a result, textile exports from India were drastically lower, which affected your Company as well. However, with the change in sentiments, recovery of US economy and other macro factors, textile sector should be on road to recovery.

Your Directors state that with the necessary corrective measures being taken, the Company would be able to report improved performance in the coming years.

Directors

Mr. P.S Dasgupta and Mr. D.N Davar, Directors, retire by rotation and being eligible, offer themselves for reappointment.

Potentially Sick Company

Your Directors inform the members that the Company during the period under review reported its potential sickness to the Board for Industrial and Financial Reconstruction in accordance with the provisions of Section 23(1)(a)(ii) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

Your Directors further state that with the corrective/effective measures taken by the Company, the operations of the Company have started improving and with the implementation of Corporate Debt Restructuring (CDR) package the Company has been on the path to revival.



Auditors

M/s. Doogar & Associates and M/s. Ashim & Associates, Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company, and are eligible for re-appointment.

The observations of the Auditors are explained wherever necessary, in the appropriate notes to the accounts. Your Directors comment as follows in respect of Para (g) of Auditors Report and Para 10 of the Annexure-A to Auditors report:

Upto financial year 1999-2000, the Company was treating plant & machinery of spinning unit as continuous process plant and accordingly charging depreciation based on an estimated useful life of 18 years. The estimated useful life was revised to 13 years on basis of the then available technology indicators. Based on current usage, technology and efficiency parameters, the Company, in order to reflect a more appropriate preparation / presentation of financial statements, has revised the estimated useful life of such plant & machinery by reinstating the same to 18 years and has accordingly, depreciated the remaining unamortised depreciable amount prospectively over the remaining useful life. Consequently, charge on account of depreciation for the period ended 30th September, 2009 is lower by Rs. 670.66 lacs and loss for the period lower by the even amount.

The Company, during the period under review, reported its potential sickness to the Board for Industrial and Financial Reconstruction in accordance with the Section 23(1)(a)(ii) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Your Directors further state that with the corrective/effective measures taken and improvement in market conditions, the Company has made cash profit in the last two consecutive quarters.

Corporate Governance

Report on Corporate Governance along with the Certificate of Auditors, M/s. Doogar & Associates and M/s. Ashim & Associates, Chartered Accountants, confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, forms part of the Annual Report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report, as required by clause 49 of listing agreement, forms part of the annual report.

Internal Control Systems

Your Company has maintained appropriate internal control systems supplemented by internal/management audits covering all financial and operating functions. All operating parameters are monitored and controlled. Such audits ensures that responsibilities are executed effectively. The Audit Committee review and ensure that the Internal Control System operate effectively in the organization and recommends to the Board any changes in the system of Internal Controls, procedures and practices which they determines to be appropriate. Details on the composition and functions of the Audit

Committee can be found in the chapter on Corporate Governance of the Annual Report.

Particulars of Employees

Particulars of Employees as required to be furnished pursuant to Section 217(2A) of Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are attached hereto and form part of the Report as Annexure - I.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, are given as per Annexure-II to the Directors' Report.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and they have 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 on 30th September, 2009, and of the profit or loss of the Company for the Eighteen months period ended on that date;
- proper and sufficient care has been taken 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;
- the Annual Accounts have been prepared on a going concern basis.

Acknowledgements

Your Directors take this opportunity to express their appreciation for the assistance and continued support of the Customers, Suppliers, Bankers, Financial Institutions, Central and State Governments and Shareholders. Your Directors also acknowledge the dedicated service rendered by the Employees of the Company at all levels.

for and on behalf of the Board

Noida (U.P.)
28th October, 2009

Ravi Jhunjhunwala
Chairman

ANNEXURE - I TO DIRECTORS' REPORT

Statement of particulars of Employees pursuant to the provisions of section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975.

Particulars of Employees/ Directors, 1978:												
Sl. No.	Name	Age (Years)	Designation/Date of Commencement of Employment	Remuneration (Rs)	Qualification	Experience (Years)	Last Employment Held				Whether Permanent/ Contractual	Terms
							Organisation	Position Held	Duration (Years)	No of Share Held		
A. PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR OF 18 MONTHS												
1.	Mr Shekhar Agarwal	56	Managing Director 01.01.1991	5,706,313	B. Tech.(ME), M.Sc.(Chicago)	27	Shashi Commercial Ltd.,	Chief Executive	2.5	755573	Contractual	As approved by the Shareholder
2.	Mr R. K. Khandelwal	53	President 07.08.2003	5,893,204	B. Com., LLB FCA	29	RSWM Ltd.	President	4	300	Permanent	As per terms of their appt. & Co. Practices
3.	Mr Tarun Baldua	48	President 29.04.2006	3,895,524	B. Com, CA	22	Ruchi Strips and Alloys Limited	President	10	100	Permanent	As per terms of their appt. & Co. Practices
B. PERSONS EMPLOYED FOR PART OF THE FINANCIAL YEAR OF 18 MONTHS												
4.	Mr R. K. Bhatnagar	59	President Resigned on 20.05.2008	486,157	B. Tech	37	Ginni International Ltd.	CEO	5	NIL	Permanent	As per terms of their appt. & Co. Practices
5.	Mr H. S. Jha	49	VP Marketing-HRM Resigned on 14.06.2008	550,257	M. Phil., MBA	24	Bajaj Hindusthan Ltd.,	Group GM	1	NIL	Permanent	As per terms of their appt. & Co. Practices
Note:												
1. Mr Shekhar Agrawal, Managing Director is a relative of Mr. L.N. Jhunjhunwala, Chairman Emeritus and Mr. Ravi Jhunjhunwala, Chairman.												
2. None of the employee, except Mr. Shekhar Agrawal, Managing Director, is holding equity shares more than 2% of the paidup Equity share capital of the Company.												
3. Mr. Shekhar Agarwal, Managing Director holds 3.47 % of Equity Shares as on 30.09.2009 in the Company.												
4. Since the Financial Year is of 18 months, the applicable limit under this Section shall increase proportionately.												

ANNEXURE - II TO DIRECTORS' REPORT

Statement of particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

I. CONSERVATION OF ENERGY**(a) Energy conservation measures taken:**

1. Replacement of old motor with energy efficient motors
2. Replacement of monoblock pump with submersible pump (7.5KW) at open well and STP
3. Replacement of monoblock pump with submersible pump (15KW) at overhead Tank pumping.
4. Replacement of centrifugal pump with submersible pump for treated effluents handling to horticulture.

(b) Additional Investment & proposals, if any, being implemented for reduction of consumption of energy :

1. Modernization of Effluent Treatment Plant.
2. Installation of VFD for humidification plant.
3. Installation on line energy and production monitoring, all Ring frame machine.
4. VFD installation at Ring frame machine for Pneumafil Motors.
5. VFD for ID & FD fans for Thermopack.
6. Replacement of rewinded motor with energy efficient motors.
7. Switching of fuel from coal to biomass for CDM consideration in Thermopack.

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

The Company will improve energy efficiency at plant thereby reduction of Carbon emissions. The Company will also undertake CDM initiative.

INFORMATION AS PRESCRIBED IN FORM A**(A) POWER AND FUEL CONSUMPTION**

1. Electricity		Current Year	Previous Year
a. Purchased			
Units		20,167,038	25,164,488
Total amount (Rs)		100,330,698	117,892,072
Rate / Unit (Rs)		4.97	4.68
b. Own Generation			
(i) Through Diesel Generator			
Units		18,571,770	10,339,672
Units / Litre of HSD / FO		4.49	4.34
Cost / Unit		4.26	4.28



	Current Year	Previous Year
(ii) Through Steam Turbine / Generator		
Units	-	-
Units / Litre of fuel oil	-	-
Gas	-	-
Cost / Unit	-	-
(iii) Through Thermal Power Plant		
Units	82,262,297	28,099,796
Units / Kg. of Coal	0.91	0.82
Gas	-	-
Cost / Unit	3.55	3.24
2. Coal (For Generation of steam) used in Boiler and Thermal Power Plant		
Quantity MT	99,448	39,120
Total Cost	314,392,111	107,869,387
Average Rate / KG	3.16	2.76
Quality of Coal used:		
ROM COAL		
Pet Coke		
3. Furnace Oil / HSD		
Quantity KL	4595.365	2579.333
Total Cost	93,207,620	47,859,018
Average Rate / Litre	20.28	18.55
4. Other / Internal generation	N.A.	N.A.
(B) CONSUMPTION PER UNIT OF PRODUCTION		
I) Electricity		
Cotton Yarn (Kg.)	3.32	3.34
Knitted Fabric (Kg.)	0.35	0.27
Processed Fabric (Kg.)	1.39	1.48
Garment (Pc.)	0.36	0.36
Yarn Dying (Kg.)	1.82	1.56

II. TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT

The Company has a Central Development Department, which undertakes products development activities for new products. During the period under review, the Company focused on production of more value-added Yarn and Fabric. Besides this, the Company has a Quality Assurance Department equipped with well experienced/quality personnel and latest sophisticated machines, to monitor and ensure consistency in quality and adherence to quality standards norms.

B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

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

The Company has continued efforts in reducing the cost as well as enhance the capacity utilization by improving the quality and process time in Dyed Fabric and Yarn division.

2. Benefits derived as a result of the above efforts

The Company has produced more value-added export quality Fabric and Yarn in the competitive environment.

3. In case of recently imported technology, the requisite information in brief

The Company has not recently imported any technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is exporting Yarn, Fabric and Garments. The Company is working upon the Export Product Mix by increasing value added items on perpetual basis. During the eighteen month period, the Company has earned Foreign Exchange of Rs 35,107.91 Lac at FOB Price against and Outgo of Rs. 4,047.26 Lac compared to the previous period's Foreign Earning of Rs 23,064.62 Lac and Outgo of Rs. 3,561.10 Lac.

CORPORATE GOVERNANCE REPORT

Period Under Review - 18 months i.e. 1st April, 2008 to 30th September, 2009

1. Company's Philosophy on Corporate Governance

The Company has consistently been following high level of Corporate Governance. Your Company believes in promoting corporate fairness, transparency and accountability. It fundamentally believes that good Corporate Governance should be an internally driven need and is not to be looked upon as an issue of compliance dictated by statutory/ regulatory requirements. The Company's guiding principles are focused on adopting the philosophy of professionalism, transparency and accountability in all areas and is committed to pursue growth by adhering to the highest standards of Corporate Governance and the business operations of the Company are conducted in such a manner so as not to benefit any particular interest group, but for the benefit of all the stakeholders.

2. Board of Directors

The present strength of the Board is Six Directors, comprising of the Chairman Emeritus, Chairman, Managing Director and three Independent Directors. The Chairman Emeritus, Chairman and the Managing Director are Promoter Directors. The Managing Director is Executive and all the other Directors are Non-Executive. All the three Independent Directors are professionals and have expertise in their respective functional areas.

The Composition of the Board, their attendance at the Board Meetings held during the year alongwith the number of Directorships, Memberships held in various Committees in other Companies during the eighteen months period ended 30th September, 2009, are given below:

Sl. No.	Name	Title	Category	No. of Meetings		No. of other Directorships and Committee Membership/Chairmanship#		
				Held	Attended	Directorships*	Committee Memberships	Committee Chairmanships
1.	Mr. L. N. Jhunjhunwala	Chairman-Emeritus	Promoter - Non-Executive	7	5	7	2	1
2.	Mr. Ravi Jhunjhunwala	Chairman	Promoter - Non-Executive	7	6	9	4	2
3.	Mr. Shekhar Agarwal	Managing Director	Promoter - Executive	7	7	6	2	0
4.	Dr. Kamal Gupta	Director	Independent - Non-Executive	7	6	6	8	3
5.	Mr. P.S. Dasgupta	Director	Independent - Non-Executive	7	5	4	6	2
6.	Mr. D. N. Davar	Director	Independent - Non-Executive	7	7	13	7	5

Notes : * Excludes Directorships held in private limited companies, Foreign Companies, Membership of Management Committee of various chambers/bodies/section 25 Companies

Includes Audit and Shareholders/Investors Grievance Committees only

The Board of Directors meets regularly throughout the financial year. The meetings of the Board of Directors during the eighteen months period ended 30th September, 2009 were held on the 29th April, 2008, the 27th June, 2008, the 29th July, 2008, the 24th October, 2008, the 29th January, 2009, the 28th April, 2009 and the 28th July, 2009.

The previous Annual General Meeting of the Company was held on the 29th September, 2008 and was attended by Dr. Kamal Gupta, Director, who is also Chairman of the Audit Committee of the Company.

3. Audit Committee

The Audit Committee of members of the Board comprises of following Four Directors as on the 30th September, 2009:

- 1) Mr. L. N. Jhunjhunwala
- 2) Dr. Kamal Gupta
- 3) Mr. P. S. Dasgupta
- 4) Mr. D. N. Davar

All the members of the Audit Committee are Non-Executive Directors. Mr. L. N. Jhunjhunwala, Chairman Emeritus is a Promoter Director. The other Directors are Independent Directors with Dr. Kamal Gupta being the Chairman of the Audit Committee.

Dr. Kamal Gupta, Chairman of the Audit Committee, possesses high degree of accounting and financial management expertise and all members of the Committee have sound accounting and financial knowledge.

The Company Secretary of the Company is the Secretary to the Committee. Invitees to the Audit Committee include the Chief Financial Officer, Chief Coordinator- Internal Audit and the representative of the Statutory Auditors, Internal Auditors and Cost Auditors.

The functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - 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.



- Changes, if any, in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of 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 and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

MOL has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results.
- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice.

With regard to information on related part transactions, whenever applicable, the Audit Committee is presented with the following information:

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties which are not in the normal course of business.
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

Pursuant to its terms of reference, the Audit Committee is empowered to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Audit Committee of the Company met Seven times during the period under review. The meetings were held on the 29th April , 2008, the 27th June, 2008, the 29th July, 2008, the 24th October, 2008, the 29th January, 2009, the 28th April, 2009, and the 28th July, 2009. The attendance of the Committee members at these meetings was as follows:

Name of the Member	No. of Meetings Attended
Mr. L. N. Jhunjhunwala	5
Dr. Kamal Gupta	6
Mr. P.S. Dasgupta	5
Mr. D. N. Davar	7

4. Remuneration Committee

The Remuneration Committee comprised of following Three Non-Executive Independent Directors as on the 30th September, 2009:

- 1) Dr. Kamal Gupta
- 2) Mr. D.N. Davar
- 3) Mr. P.S. Dasgupta

Dr. Kamal Gupta is the Chairman of this Committee. The composition of the Remuneration Committee remained unchanged during the year.

The Remuneration Committee met on the 29th January, 2009 during the eighteen months period ended the 30th September, 2009, which was attended by all the member of the Committee.

The Remuneration Committee considers, approves and recommends to the Board the remuneration payable to Managerial personnel coming within the purview of applicable provisions of the Companies Act, 1956.

Table 1 gives details of the remuneration paid to Directors during the eighteen months period ended 30th September, 2009.

1. Remuneration Paid or Payable To Directors as on 30.09.2009 (Rs.)

Name of the Director	Category	Sitting Fee	Salaries, Allowances and Perquisites#	Commission	Total
Mr. L. N. Jhunjunwala	Promoter - Non-Executive	2,00,000	–	–	2,00,000
Mr. Ravi Jhunjunwala	Promoter - Non-Executive	1,20,000	–	–	1,20,000
Mr. Shekhar Agarwal*	Promoter - Executive	–	57,06,313	–	57,06,313
Dr. Kamal Gupta	Independent - Non-Executive	6,20,000	–	–	6,20,000
Mr. D. N. Davar	Independent - Non-Executive	5,00,000	–	–	5,00,000
Mr. P.S Dasgupta	Independent - Non-Executive	2,40,000	–	–	2,40,000

Includes retirement benefits excluding leave encashment & gratuity.

* Mr. Shekhar Agarwal, Managing Director holds 3.47 % of Equity Shares as on 30.09.2009 in the Company.

During the eighteen months period ended 30th September, 2009, the Company did not advance any loans to any of its Directors. The Company does not have any Stock Option Scheme.

Table 2 gives details of the shares held by the Non-Executive Directors as on the 30th September, 2009.

2. Equity Shares Held By Non-Executive Directors as on the 30th September, 2009

Name of the Director	Category	Number of Shares held
Mr. L. N. Jhunjunwala	Promoter - Non-Executive	Nil
Mr. Ravi Jhunjunwala	Promoter - Non-Executive	10
Dr. Kamal Gupta	Independent - Non-Executive	1000
Mr. D. N. Davar	Independent - Non-Executive	1000
Mr. P.S. Dasgupta	Independent - Non-Executive	Nil

The Non-Executive Directors are paid sitting fees for attending the Board meetings as well as Committee meetings. There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

5. Shareholders/Investors Grievance Committee The Company's Shareholders/Investors Grievance Committee comprised of following Directors as on the 30th September, 2009:

- 1) Dr. Kamal Gupta- Independent Director
- 2) Mr. D. N. Davar- Independent Director
- 3) Mr. Shekhar Agarwal- Managing Director

Dr. Kamal Gupta is the Chairman of this Committee and the Company Secretary of the Company is the Compliance Officer. The terms of reference of the Committee include redressal of Shareholders and Investors complaints relating to transfer and transmission of shares, non-receipt of Annual Reports, Dividend Warrants and to ensure expeditious share transfer process. The Committee also reviews the status of Investors' grievances and redressal mechanism.

The Committee met six times during the eighteen months period ended the 30th September, 2009 on the 29th April, 2008, the 29th July, 2008, the 24th October, 2008, the 29th January, 2009, the 28th April, 2009 and the 28th July, 2009.

17 Complaints were received during the eighteen months period ended 30th September, 2009 all of which were redressed/answered to the satisfaction of the shareholders. No Investor Grievance remained unattended/pending for more than 30 days. There were no complaints pending disposal as on the 30th September, 2009. No request for dematerialisation of Equity Shares of the Company was pending for approval as at the 30th September, 2009.

The Company has constituted a Share Transfer Committee to look after requests for transfer/ transmission of equity shares, issue of duplicate share certificates, consolidation/split/ replacement of share certificates and for re-materialisation of shares. The Share Transfer Committee presently comprises of:

- 1) Mr. Shekhar Agarwal
- 2) Dr. Kamal Gupta

The Share Transfer Committee of the Company meets as often as required under the chairmanship of Mr. Shekhar Agarwal, Managing Director. All valid requests for share transfer received during the year have been acted upon by the Company within the stipulated time limit.

The Board of Directors has also delegated the authority to approve the share transfers to Mr. Shekhar Agarwal, Managing Director and Mr. P.S. Puri, Chief Financial Officer who attend and approve the share transfer requests on a fortnightly basis.

6. Code of Conduct

MOL's Board has laid down a code of conduct for all Board members and designated senior management of the Company. All Board members and designated senior management personnel have affirmed compliance with this Code of Conduct. The code of conduct is displayed on the website of the Company www.maraloverseas.com. A declaration signed by Mr. Shekhar Agarwal, Managing Director and Mr. P.S. Puri, Chief Financial Officer, to this effect is enclosed at the end of this report.

7. Management

The Management Discussion and Analysis Report forms part of the Annual Report.

During the eighteen months period ended the 30th September, 2009, there were no material financial or commercial transactions by the Company with its Promoters, Directors, Management or relatives, etc. that may have potential conflict with the interests of the Company at large.

As required by Accounting Standards-AS-18, the details of related party transactions are given in Schedule 16 to the Annual Accounts. The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

The Board has also laid down the procedures to inform the Board Members about the Risk assessment and minimization procedures.

8. General Body Meetings

The details of the location and time of the Annual General Meetings held during the preceding 3 years are as follows:

Annual General Meetings (AGM)

Date of AGM	Relevant Financial Year	Venue/Location where held	Time of Meeting	Special Resolution
28th September, 2006	2005-2006	Maral Sarovar, V& P.O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone, Madhya Pradesh - 451 660	12.30 P.M.	–
29th September, 2007	2006-2007	Maral Sarovar, V& P.O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone, Madhya Pradesh - 451 660	2.00 P.M.	<ul style="list-style-type: none"> Amendment in Articles of Association regarding the restructuring of the Authorized Capital of the Company Approval to issue of Shares under Section 81(1) of the Companies Act, 1956.
29th September, 2008	2007-2008	Maral Sarovar, V& P.O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone, Madhya Pradesh - 451 660	2.00 P.M.	–

During the eighteen months period ended 30th September 2009, no resolution was passed through Postal Ballot.

9. Compliances

No penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority relating to capital markets during the last three years.

The Company is compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreements. The Company has also complied to an extent with the non-mandatory requirements of Clause 49 of the Listing Agreements such as constitution of a Remuneration Committee.

10. Means of Communication

The quarterly and annual audited results are sent immediately to the Stock Exchanges after they are approved by the Board of Directors and are also uploaded on website <http://sebidifar.nic.in>. The Company publishes its results in at least one prominent national and regional newspaper. The same are also displayed on Company's website at www.maraloverseas.com.

The Company has designated an email-id maral.investor@lnjb.com

The Annual Reports of the Company are also displayed on website <http://sebidifar.nic.in>. This website is also accessible through a hyperlink 'EDIFAR' from SEBI's official website, <http://www.sebi.gov.in>.

SHAREHOLDERS' INFORMATION

1. Annual General Meeting

Day, Date and Time : Wednesday, 23rd December 2009 at 2.30 PM
 Venue : Maral Sarovar, V. & P. O. Khalbujurg, Tehsil Kasrawad
 Distt. Khargone - 451 660, Madhya Pradesh

2. Financial Calendar

Financial year
 – Under review : April 2008 to September, 2009 (18th Months)
 – Current : October, 2009 to March, 2010
 Quarterly Financial reporting : Within one month from the end of each quarter except fourth quarter when annual results may publish within three months

3. **Dates of Book Closure** : 16th December 2009 (Wednesday) to 23rd December 2009 (Wednesday) (Both days inclusive)

4. **Dividend Payment Date** : N/A

5. Listing of Shares on Stock Exchange

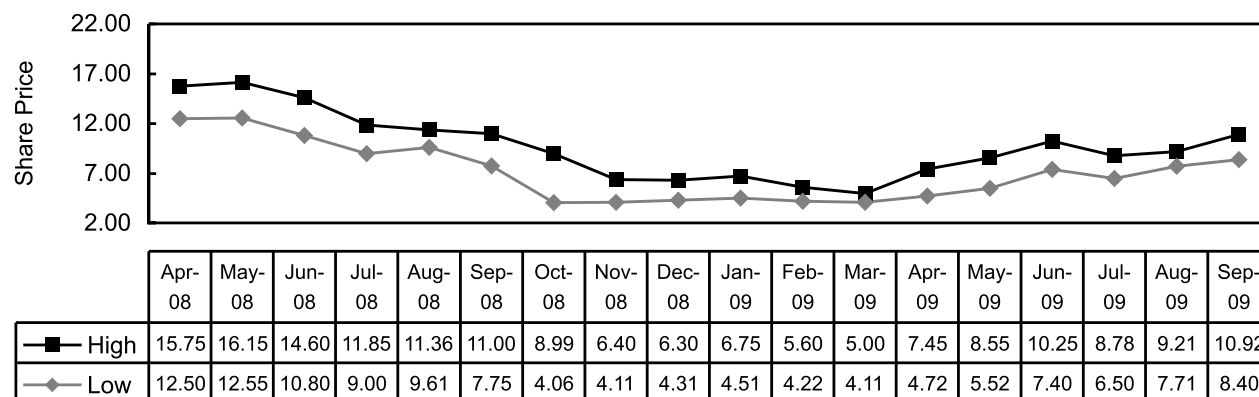
- 1) Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
- 2) National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

Listing fee as prescribed has been paid to the National Stock Exchange of India Limited and Bombay Stock Exchange Ltd. upto 31st March, 2010.

6. Stock Code

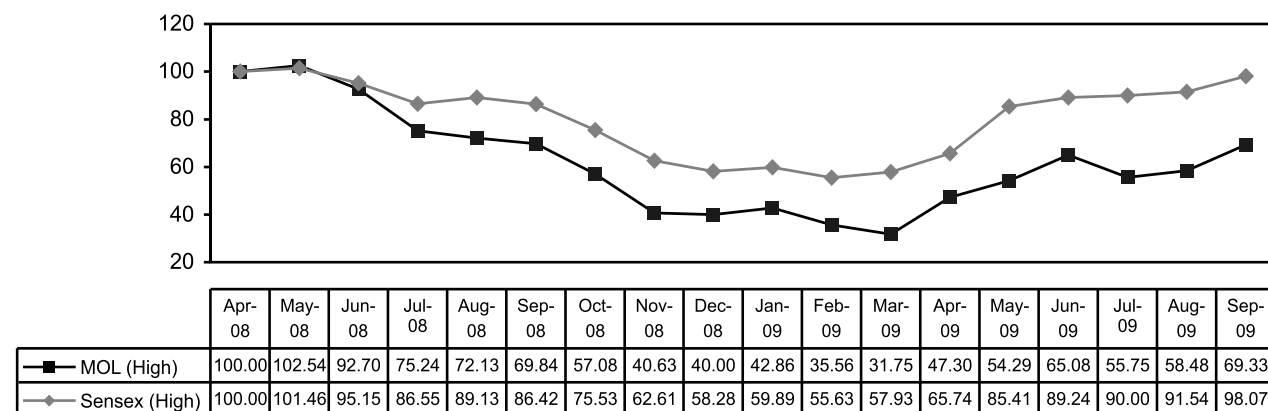
Bombay Stock Exchange Ltd. : 521018
 National Stock Exchange : MARALOVER

7. Stock Market Data: Monthly High Low (in Rs.) at BSE:



Source : Bombay Stock Exchange Ltd.

8. Performance in comparison with BSE Sensex (Both series indexed to 100 as on April, 2008)



Source : Bombay Stock Exchange Ltd.

**9. Registrar and Transfer Agent**

M/s MCS Limited is the Registrar & Share Transfer Agent of the Company. The Shareholders may contact M/s MCS Ltd. for matters related to Share Transfers etc. at the following address:

MCS Limited, F-65, Okhla Industrial Area, Phase I, New Delhi - 110 020
Phone No (s) : 41406149-52, Fax No : 41709881, E- Mail : admin@mcsdel.com

10. Share Transfer System

The matters related to Share Transfer and transmission etc. are attended by the delegated authorities on fortnightly basis. Share transfers are registered and returned within 30 days from the date of receipt, if the documents are in order in all respects. The total number of shares transferred during the eighteen months period ended 30th September, 2009 were 18900 shares. As per the requirement of clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company has obtained half-yearly certificates from Practising Company Secretary for due compliance of share transfer formalities.

11. Distribution of Shareholding as on 30th September, 2009.

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
1-500	17844	87.29	2747110	12.63
501-1000	1300	6.36	1116127	5.13
1001-10000	1141	5.58	3236222	14.87
10001 and above	114	0.56	14529124	66.78
Shares in Transit	44	0.21	129417	0.59
Total	20443	100.00	21758000	100.00

12. Dematerialisation of Shares and liquidity:

1,91,92,680 Equity shares were dematerialised till 30-09-2009, which is 88.21 % of the total paid up Equity Share Capital of the Company. Trading in Shares of the Company is permitted in dematerialised form only.

The ISIN number for Equity Shares of the Company in NSDL and CDSL is INE882A01013

13. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

14. Plant Locations:

- 1) Maral Sarovar, V. & P. O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone - 451660, Madhya Pradesh.
- 2) A-11, Hosiery Complex, Phase-II (Extension), Noida - 201 305 (U.P.)

15. Address for Correspondence

Investor correspondence should be addressed to:

1. Registrar & Share Transfer Agent :

MCS Limited, F-65, Okhla Industrial Area, Phase I, New Delhi - 110 020
Phone No (s) : 41406149-52, Fax No : 41709881, E-Mail : admin@mcsdel.com

2. Company Secretary,

Maral Overseas Limited, Bhilwara Towers, A-12, Sector 1, Noida- 201301 (U.P.)
Phone No: 0120 -2541810, Fax No. : 0120-2531648, E-mail :maral.investor@lnjb.com

AUDITORS' REPORT

**To the Members of
Maral Overseas Limited**

We have audited the attached Balance Sheet of Maral Overseas Limited as at 30th September, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the period 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 have conducted our audit in accordance with auditing standards generally accepted in India. These 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.

As required by the Companies (Auditors' 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 as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 'A' a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, 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 and Loss Account and 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 Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on 30th September, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) Without qualifying our opinion, we draw attention to:
Note 5 of Schedule 16B to these financial statements wherein the Company has given effect to restructuring of secured loans pursuant to the restructuring package approved by Corporate Debt Restructuring Cell ('CDR') vide their letter dated March 26, 2009 ('CDR letter') and subsequently accepted by the lenders. We have relied upon the CDR letter as the lenders were yet to give full effect to the CDR package as at end of the year.

In view of the status of CDR scheme as explained above, the Management is confident of being able to continue and operate the business as a going concern and accordingly, these financial statements have been prepared on a going concern basis

- g) *The Company, has considered certain plant & machinery as continuous process and charged depreciation accordingly. This being a technical matter, we cannot form an independent opinion on such classification of assets and are therefore unable to comment thereon. (Refer Note no.4 of Schedule 16B to these financial statements).*

Subject to matter stated in paragraph (g) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the accounting policies and notes thereon, 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 Balance Sheet, of the state of affairs of the Company as at 30th September, 2009;
- ii) In the case of the Profit and Loss Account, of the loss for the period ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For Doogar & Associates
Chartered Accountants

For Ashim & Associates
Chartered Accountants

Mukesh Goyal
Partner
Membership No. 081810
Noida (U.P.)
28th October, 2009

Ashim Agarwal
Partner
Membership No.084968

ANNEXURE 'A' TO AUDITORS' REPORT

(Referred to in the Auditors' Report of even date to the members of Maral Overseas Ltd for the period ended 30th September, 2009)

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified certain fixed assets during the year. As informed to us, no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) The inventory, except material lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.
3. (a) The Company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly clauses 4 (iii) (b) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable
- (b) The Company has taken unsecured loans from four bodies corporate covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year in this respect was Rs.2375 lacs and the year end balance of loans taken from such parties was Rs. 400 lacs. Of the aforesaid loans, Rs. 1975 lacs has been transferred to Share Capital - Pending Allotment, as at year end, as more fully explained in Note 5 (i) (e) of Schedule 16B to these financial statements.
- (c) In our opinion, the rate of interest and other terms and conditions on which such loans have been taken are not prima facie prejudicial to the interests of the Company.
- (d) The Company is regular in the payment of interest and principal amount, wherever demanded during the year.
4. In our opinion, and according to the information and explanations given to us during the course of the audit, 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 and fixed assets and for the sale of goods & services. We did not observe any major weaknesses in internal control during the course of our audit.



5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and aggregating during the year to Rupees five lakhs or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, where such market prices are available.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size & nature of its business.
8. We have broadly reviewed the records, including the books of account maintained by the company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of company's products and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and other statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us and as per the books and records examined by us, there are no arrears of undisputed statutory dues outstanding as on the date of balance sheet for a period exceeding six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues of the specified status as at the end of the year, which have not been deposited on account of a dispute are referred to in Annexure 'B'.
10. *The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss in the current financial year and in the immediately preceding financial year.*
11. In view of the CDR Package being approved by the CDR cell during the year, its delayed implementation and communication thereof and past practice on part of the lenders, as more fully explained in note 5 of schedule 16B to these financial statements and according to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.
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. Provisions of the order applicable to chit funds, nidhi, mutual benefit fund / societies are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us and as per the books and records examined by us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion, and according to the information and explanations given to us, the term loans raised during the year by the company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lender.
17. According to the information and explanations given to us and as per the books and records examined by us, as on the date of balance sheet, we report that no funds raised on short term basis have been used for long term investments. However, it is noted that the losses had to be met from the overall sources of funds.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. As required in terms of the CDR scheme (Refer note 5 of schedule 16B to these financial statements), the Company has transferred a sum of Rs.1975 lacs, due to a body corporate covered in the register maintained under Section 301 of the Act, from unsecured loans to share capital pending allotment on preferential basis. These shares are to be issued at a price not lower than that determined in accordance with SEBI (Disclosure and Investor Protection Guidelines, 2000) / SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and which is not prejudicial to the interests of the Company.
19. The company has not issued any debentures.
20. The company has not raised any money by way of public issue, during the year.
21. Based on our examination of the books and records of the company and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Doogar & Associates
Chartered Accountants

Mukesh Goyal
Partner
Membership No.081810
Noida (U.P.)
28th October, 2009

For Ashim & Associates
Chartered Accountants

Ashim Agarwal
Partner
Membership No.084968

ANNEXURE 'B' TO AUDITORS' REPORT

Referred to in Paragraph 9 (b) of Annexure 'A' a statement on the matters specified in the Companies (Auditors' Report) Order, 2003 of Maral Overseas Limited for the period ended 30th September, 2009

Name of the Statute	Nature of Dues	Amount Rs in lac	Forum where the dispute is pending
Income Tax Act	Disputed regular income tax demands	9.64	Income Tax Tribunal
Income Tax Act	Disputed regular income tax demands	27.64	CIT (Appeals)
Central Sales Tax Act	Non submission of relevant statutory forms	0.64	Assistant Commissioner of Sales Tax
	Non submission of relevant statutory forms	7.93	Deputy Commissioner of Sales Tax (Appeals)
Central Excise Act	Duty on scrap sale	144.00	CESTAT
	Duty rate on debonded goods	88.69	CESTAT
Madhya Pradesh Upkar Adhiniyam	Cess on captive power consumption	59.37	Supreme Court

BALANCE SHEET AS AT 30TH SEPTEMBER, 2009

	SCHEDULE	As at 30.9.2009 Rs. / lac	As at 31.3.2008 Rs. / lac
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	4,061.20	2,175.80
Reserves & Surplus	2a	4,713.54	4,713.54
		8,774.74	6,889.34
Share Capital - Pending Allotment		1,975.00	–
[Refer Note 5 (1) (e) of Schedule 16B]			
Loan Funds			
Secured	3	28,479.60	28,443.11
Unsecured	4	400.00	1,975.00
		28,879.60	30,418.11
TOTAL		39,629.34	37,307.45
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		44,789.31	46,208.15
Less : Depreciation & impairment		20,898.40	19,552.50
Net Block		23,890.91	26,655.65
Capital Work in Progress		11.50	7.14
		23,902.41	26,662.79
Investments	6	13.67	14.13
Current Assets, Loans & Advances	7		
Inventories		3,741.67	4,450.73
Sundry Debtors		3,299.94	2,595.78
Cash & Bank Balances		750.30	182.72
Loans & Advances		3,316.31	3,661.55
		11,108.22	10,890.78
Less : Current Liabilities & Provisions	8		
Liabilities		4,599.78	5,264.30
Provisions		159.59	172.58
		4,759.37	5,436.88
Net Current Assets		6,348.85	5,453.90
Miscellaneous Expenditure	9		
(to the extent not written off or adjusted)		18.85	17.99
Profit & Loss Account	2b	9,345.56	5,158.64
TOTAL		39,629.34	37,307.45
NOTES ON ACCOUNTS	16		

As per our report of even date
For Doogar & Associates
Chartered Accountants

Mukesh Goyal
Partner
Membership No. 081810

Noida (U.P.)
28th October, 2009

For Ashim & Associates
Chartered Accountants

Ashim Agarwal
Partner
Membership No. 084968

Ravi Jhunjhunwala
Chairman
DIN : 00060972

P. S. Puri
Chief Financial Officer

Shekhar Agarwal
Managing Director
DIN : 00066113

Vivek Chaudhary
Company Secretary



Maral Overseas Limited

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2009

	SCHEDULE	Period Ended 30.9.2009 Rs / lac	Year Ended 31.3.2008 Rs / lac
Income			
Gross Turnover	10	52,110.17	32,107.61
Less : Excise Duty		247.56	216.79
Net Turnover		51,862.61	31,890.82
Other Income	11	849.48	471.39
Increase / (Decrease) in Stocks	12	(670.51)	(1,701.01)
Net Profit on sale of fixed assets (Discontinuing operation)		46.41	866.46
		52,087.99	31,527.66
Expenditure			
Materials	13	35,240.93	19,154.59
Operating & Other Expenses	14	13,903.70	11,803.81
Financial Expenses	15	3,964.64	2,208.37
		53,109.27	33,166.77
(Loss) Before Depreciation, Amortisation & Impairment		(1,021.28)	(1,639.11)
Depreciation, Amortisation & Impairment		3,125.42	2,648.93
(Loss) before Tax		(4,146.70)	(4,288.04)
(Loss) from continuing operations before tax (refer note 9 of Schedule 16B)		(3,878.61)	(4,463.87)
Taxation - Adjustment for earlier years		(9.06)	(11.20)
– Fringe benefits tax		(31.02)	(34.58)
– Fringe benefits tax for earlier years		–	(2.91)
(Loss) from continuing operations after tax - (a)		(3,918.69)	(4,512.56)
Profit / (Loss) from discontinuing operations before tax (refer note 9 of Schedule 16B)		(268.09)	175.83
Taxation – Deferred		–	(154.27)
– Fringe benefits tax		(0.14)	(0.61)
Profit / (Loss) from discontinuing activities after tax - (b)		(268.23)	20.95
Loss After Taxation (a + b)		(4,186.92)	(4,491.61)
Balance brought forward from previous year		(8,444.80)	(3,953.19)
Balance Carried to Balance Sheet		(12,631.72)	(8,444.80)
Earnings Per Share			
(equity shares, par value Rs.10 each)			
Basic		(19.24)	(20.64)
Diluted		(19.24)	(20.64)
NOTES ON ACCOUNTS	16		

As per our report of even date
For Doogar & Associates
Chartered Accountants

Mukesh Goyal
Partner
Membership No. 081810

Noida (U.P.)
28th October, 2009

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Chief Financial Officer

Shekhar Agarwal
Managing Director
DIN : 00066113

Vivek Chaudhary
Company Secretary

SCHEDULES TO STATEMENT OF ACCOUNTS

	As at 30.9.2009 Rs. / lac	As at 31.3.2008 Rs. / lac		
1. Share Capital				
Authorised				
4,40,00,000 (Previous year 4,00,00,000) Equity Shares of Rs 10/- each	4,400.00	4,000.00		
31,00,000 (Previous year 15,00,000) Cumulative Redeemable Preference Shares of Rs 100/- each	3,100.00	1,500.00		
	7,500.00	5,500.00		
Issued, Subscribed & Paid-up				
21,758,000 (Previous year 2,17,58,000) Equity Shares of Rs. 10/- each fully paid up	2,175.80	2,175.80		
18,85,400 (Previous Year - Nil) 8 per cent Cumulative Redeemable Preference Shares ('CRPS') of Rs 100 each	1,885.40	—		
	4,061.20	2,175.80		
Note : 1 Equity Share Capital includes 16,68,837 equity shares issued for consideration other than cash, pursuant to the Scheme of merger of erstwhile Asian Knitwears Limited.				
2 8 per cent (CRPS) were allotted to the various banks and financial institutions on 30th September, 2009 pursuant to the Corporate Debt Restructuring ('CDR') Package [Refer Note 5 of Schedule 16B], and will be redeemable in four equal annual instalments commencing from the 7th year i.e. financial year 2016 to 2019.				
3 The CDR package grants a right to the various banks and financial institutions to convert 20% of their debt outstanding beyond seven years from the date of CDR Letter i.e March 26, 2009 into equity shares, as per SEBI guidelines / loan covenants, whichever is applicable.				
2a. Reserves and Surplus				
	As at 31.3.2008 Rs. / lac	Additions Rs. / lac	Deductions Rs. / lac	As at 30.9.2009 Rs. / lac
Capital Reserve	123.47	—	—	123.47
Capital Redemption Reserve Account	2,000.00	—	—	2,000.00
Share Premium Account	2,590.07	—	—	2,590.07
	4,713.54	—	—	4,713.54
2b. Profit & Loss Account (Debit Balance)				
As per profit & loss account	8,444.80	4,186.92	—	12,631.72
Less: Balance in General Reserve	(3,286.16)	—	—	(3,286.16)
	5,158.64	4,186.92	—	9,345.56
3. Secured Loans				
	As at 30.9.2009 Rs. / lac	As at 31.3.2008 Rs. / lac		
Debenture	—	—		
Loans and Advances from banks				
(i) Rupee Term Loans	24,192.58	21,347.83		
(ii) Interest Accrued and Due	52.22	—		
(iii) For working capital	4,234.80	7,095.28		
Loans and advances from subsidiaries	—	—		
Others loans and advances	—	—		
	28,479.60	28,443.11		

Notes

- Term loans are secured by a first charge on all the present and future immovable & movable properties (other than current assets) (except those situated in the State of Jammu & Kashmir) of the Company ranking pari-passu, subject to prior charges in favour of the Company's bankers on current assets of the Company for availing working capital facilities.
- Forex derivative loss loan of Rs.950 lacs is secured with residual charge on the fixed assets and current assets of the company (except those situated in the State of Jammu & Kashmir).
- Term Loans repayable in next 12 months Rs. 2854.18 lac (Previous Year-Rs.2909.42 lac).
- Working capital facilities from banks are secured by way of hypothecation first charge on stocks of raw material, stock in process, finished goods, book debts and all current assets of the Company and second pari-passu charge on the entire immovable properties of the Company, both present and future (other than the properties in respect of the Company's Jammu unit).
- Term loans and working capital facilities are to be further secured by pledge of stipulated promoter's equity shareholding in favour of the lenders on pari passu basis.
- Since the various lenders were yet to give full effect to the Corporate Debt Restructuring ('CDR') Package as at end of the year, the Company has incorporated



impact of the CDR scheme in these financial statements, as approved vide the CDR letter dated March 26, 2009 and accepted by the lenders, [Refer Note 5 of Schedule 16B]. The impact of the CDR scheme and related accounts as reflected in these financial statements are subject to final adjustments that may arise on settlement of pending issues and reconciling items with the various lenders.

	As at 30.9.2009 Rs / lac	As at 31.3.2008 Rs / lac
4. Unsecured Loans		
Fixed Deposits	—	—
Loans and Advances from subsidiaries	—	—
Short term loans and advances		
(i) From Banks	—	—
(ii) From others	—	—
Other Loans and advances		
(i) From Banks	—	—
(ii) From others	400.00	1,975.00
	400.00	1,975.00

5. Fixed Assets (Rs / lac)

Particulars	Gross Block				Depreciation, Impairment & Amortisation					Net Block	
	As at 1.4.2008	Additions during the year	Sale/ Adj.	As at 30.9.2009	As at 1.4.2008	For the year	Sale/ Adj.	Impai- ment	As at 30.9.2009	As at 30.9.2009	As at 31.3.2008
A Fixed Assets											
Land - Lease Hold	36.60			36.60	4.09	0.55			4.64	31.96	32.51
- Free Hold	42.85			42.85						42.85	42.85
Building	6,539.81	44.55		6,584.36	1,387.52	283.25			1,670.77	4,913.59	5,152.29
Plant & Machinery	37,186.83	474.48	1,297.39	36,363.92	16,322.11	2,627.22	1,067.32		17,882.01	18,481.91	20,864.72
Furniture & Office Equip.	522.80	26.94	1.39	548.35	312.38	34.27	0.83		345.82	202.53	210.42
Vehicles	270.15	17.85	28.42	259.58	167.22	38.55	17.40		188.37	71.21	102.93
Livestock	1.90		0.15	1.75						1.75	1.90
B Intangibles											
Software	550.52	16.54		567.06	522.91	31.19			554.10	12.96	27.61
Total (A + B)	45,151.46	580.36	1,327.35	44,404.47	18,716.23	3,015.03	1,085.55		20,645.71	23,758.76	26,435.23
C Capital Work in Progress											
Plant & Machinery											5.75
Capital Advances											
(Unsecured, Considered good)										11.50	1.39
Total (C)										11.50	7.14
D Held for Disposal											
Land - Lease Hold	17.71			17.71	0.70	0.39			1.09	16.62	17.01
Building	113.73			113.73	10.36	5.70			16.06	97.67	103.37
Plant & Machinery	792.54	60.66	619.74	233.46	692.99	46.50	581.57	57.68	215.60	17.86	99.55
Furniture & Office Equip.	34.08		14.14	19.94	34.08		14.14		19.94		
Vehicles	9.32		9.32		8.83	0.12	8.95				0.49
Software	89.31		89.31		89.31		89.31				
Total (D)	1,056.69	60.66	732.51	384.84	836.27	52.71	693.97	57.68	252.69	132.15	220.42
Grand Total	46,208.15	641.02	2,059.86	44,789.31	19,552.50	3,067.74	1,779.52	57.68	20,898.40	23,902.41	26,662.79
Previous Year	34,341.55	12,632.80	766.20	46,208.15	17,349.35	2,388.76	445.78	260.17	19,552.50	26,662.79	

Note: i. Buildings include Rs. 1,500 paid for acquiring shares in housing society.
ii. Fixed assets include assets belonging to the discontinued operations (Refer Note No.9 of Schedule 16B)
iii. Additions include Rs.60.66 lacs (Previous year Rs.27.10 lacs) being reversal of State Capital Subsidy refunded in respect of specific assets of the discontinued operations.
iv. Sale / Adjustments include Rs.Nil (Previous year Rs.50.26 lacs) being receipt of Capital Subsidy in respect of specific assets of the continuing operations.
v. Opening balance of gross block, depreciation and net block are adjusted for reclassification of asset categories inter se. These do not have any impact on the aggregate depreciation charge / provision.

	As at 30.9.2009 Rs / lac	As at 31.3.2008 Rs / lac
6. Investments		
Investments in Government or Trust Securities	–	–
Investment in shares debentures or bonds	–	–
(i) Quoted		
A. Long Term		
75,000 (Previous year 75,000) Equity Shares of Rs. 10/- each fully paid of Bhilwara Spinners Limited	15.00	15.00
B. Others		
7,700 (Previous year 7,700) Equity Shares of Rs. 10/- each fully paid of BPL Engineering Limited	5.78	5.78
5,600 Equity Shares of Rs. 10/- each fully paid of State Bank of Bikaner & Jaipur (Previous year 560 Equity Share of Rs. 100/- each fully paid)	3.02	3.02
(ii) Unquoted	–	–
Immovable Properties	–	–
Investments in the capital of partnership firms	–	–
Balance of unutilized monies raised by issue	–	–
	23.80	23.80
Less: Provision for diminution in value of Investments	(10.13)	(9.67)
	13.67	14.13

Notes:

1. Market value Rs. 39.43 lacs (Previous Year - Rs. 39.09 lacs).
2. None of the Investments are trade investments.

	As at 30.9.2009 Rs / lac	As at 31.3.2008 Rs / lac
7. Current Assets, Loans & Advances		
A. CURRENT ASSETS		
INVENTORIES		
(At lower of cost or net realisable value)		
Raw Materials	1,087.74	1,280.82
Stores and spare parts	394.43	193.26
Packing Materials	7.86	12.39
Dyes and Chemicals	133.74	79.03
Embellishments	16.30	113.12
Stock-in-trade		
– Finished goods	1,235.40	1,707.28
– Stock in process	799.95	1,017.10
– Waste	66.25	47.73
	2,101.60	2,772.11
	3,741.67	4,450.73
SUNDRY DEBTORS		
(a) Debts outstanding for a period exceeding six months		
(i) Debts considered good in respect of which the company is fully secured	–	–
(ii) Debts considered good for which the company holds no security other than the debtor's personal security and	348.98	117.92
(iii) Debts considered doubtful or bad	269.07	160.34
	618.05	278.26
(b) Other Debts		
(i) Debts considered good in respect of which the company is fully secured	–	–
(ii) Debts considered good for which the company holds no security other than the debtor's personal security and	2,950.96	2,477.86
(iii) Debts considered doubtful or bad	–	–
	2,950.96	2,477.86
Less : Provision for doubtful debts	(269.07)	(160.34)
	3,299.94	2,595.78



	As at 30.9.2009 Rs. / lac	As at 31.3.2008 Rs. / lac
CASH & BANK BALANCES		
Cash Balance on hand (including cheques and stamp in hand)	7.48	34.95
Bank Balance		
(a) With Scheduled Banks		
Current Account	607.73	109.39
Deposit Account #	70.01	22.95
Margin Money Account #	61.42	5.79
Dividend Account	3.64	8.79
Savings Bank Account (Employees' Security Deposit)	0.01	147.76
(b) With Others		
Post Office Saving Account	0.01	0.01
	750.30	182.72
# Includes pledged with :		
Government Departments Rs. 4.09 Lacs (Previous Year Rs. 11.61 Lacs)		
Bank as Margin Rs. 122.34 Lacs (Previous Year Rs. 5.79 Lacs)		
B. LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances and loans to subsidiaries	-	-
Advances and loans to partnership firms in which the company or any of its subsidiaries is a partner	-	-
Bills of Exchange	-	-
Advances recoverable in cash or in kind or for value to be received	2,931.35	3,218.66
Excise and other deposits	384.96	442.89
	3,316.31	3,661.55
	11,108.22	10,890.78
8. Current Liabilities & Provisions		
CURRENT LIABILITIES		
Acceptances	-	-
Sundry Creditors		
Total outstanding dues to micro and small enterprises (Refer Note 7 of Schedule 16B)	8.85	-
Total outstanding dues of creditors other than micro and small enterprises	2,254.02	3,015.85
Subsidiary companies	-	-
Advance payments and unexpired discounts for the portion for which value has still to be given	100.75	233.60
Investor Education and Protection fund shall be credited by the :		
(i) Unpaid Dividend*	3.64	8.79
(ii) Unpaid application money received by the companies for allotment of securities and due for refund	-	-
(iii) Unpaid Matured Deposits	-	-
(iv) Unpaid Matured debentures	-	-
(v) Interest accrued on (i) to (iv)	-	-
Other Liabilities	2,032.78	1,988.59
Interest accrued but not due	199.74	17.47
	4,599.78	5,264.30

* There are no outstanding amounts which are due for deposit but not deposited in Investor Education & Protection Fund.

	As at 30.9.2009 Rs. / lac	As at 31.3.2008 Rs. / lac
PROVISIONS		
Provision for Taxation	–	–
Provision for Fringe Benefit Tax	0.50	1.23
Proposed dividends	–	–
For contingencies	–	–
For provident fund scheme	–	–
For insurance, pension and similar staff benefit schemes		
– Gratuity	48.28	52.42
– Leave Encashment	103.05	90.43
– Medical Leave	5.31	6.30
– Supperannuation	2.45	20.71
Other provisions	–	–
– Wealth Tax	–	1.49
	159.59	172.58
	4,759.37	5,436.88
9. Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Premium paid on resetting of interest rate on term loans	1.94	13.38
Share Issue Expenses	16.91	4.61
	18.85	17.99
	Period Ended 30.9.2009 Rs. / lac	Year Ended 31.3.2008 Rs. / lac
10. Turnover		
Export Sales	35,797.29	23,682.22
Deemed Export Sales	1,119.57	526.29
Domestic Sales	9,855.96	4,918.09
Domestic Waste Sales	3,801.57	2,039.02
Job Charges	25.40	7.12
Export Incentives	1,510.38	934.87
	52,110.17	32,107.61
11. Other Income		
Insurance and Other Claims	21.58	23.59
Exchange Gain, Net	365.05	72.29
Miscellaneous Income	421.90	344.13
Dividends on Non Trade Investment	1.23	0.56
Profit on sale of fixed assets (Continuing operations)	39.72	30.82
	849.48	471.39



	Period Ended 30.9.2009 Rs. / lac	Year Ended 31.3.2008 Rs / lac
12. Increase / (Decrease) in Stocks		
Stock in Trade (At close)		
Finished Goods	1,235.40	1,707.28
Stock in Process	799.95	1,017.10
Waste	66.25	47.73
	2,101.60	2,772.11
Trial Run Stock		
Finished Goods	–	1,052.22
Stock in Process	–	75.87
	–	1,128.09
Stock in Trade (At opening)		
Finished Goods	1,707.28	2,439.53
Stock in Process	1,017.10	894.00
Waste	47.73	11.50
	2,772.11	3,345.03
	(670.51)	(1,701.01)
13. Purchases & Materials Consumed		
Purchases	4,464.25	2,250.87
Raw Material Consumed		
Stock at opening	1,280.82	3,903.75
Purchases	22,776.03	10,546.40
Less: Cotton Sold	7.87	11.88
Less: Consumed during trial run	–	827.12
Less: Stock at close	1,087.74	1,280.82
	22,961.24	12,330.33
Packing Materials	708.74	502.25
Dyes & Chemicals	1,639.16	1,010.30
Embellishments	788.10	1,120.59
Stores	492.86	264.61
Fuel	4,186.58	1,675.64
	35,240.93	19,154.59

	Period Ended 30.9.2009 Rs. / lac	Year Ended 31.3.2008 Rs. / lac
14. Operating & Other Expenses		
Salaries, Wages & Benefits		
Salaries, Wages, Bonus & Gratuity etc.	4,258.27	3,340.86
Contribution to Provident Fund, ESI etc	249.15	232.10
Employee Welfare & Other Expenses	162.51	113.53
	4,669.93	3,686.49
Job Charges	1,981.58	2,277.47
Power & Fuel	1,033.21	942.60
Repairs & Maintenance		
Machinery (including spares)	1,136.37	471.44
Building	22.38	7.06
Others	158.21	107.38
	1,316.96	585.88
Insurance Charges	115.03	129.87
Rent	373.00	169.55
Rates & Taxes	85.80	48.16
Traveling & Conveyance	301.29	227.59
Managerial Remuneration (including sitting fee)	73.86	38.88
Miscellaneous Expenses	1,300.99	794.03
Freight & Forwarding	1,362.09	1,094.94
Commission/Claims	689.18	514.68
Other Selling Expenses	340.27	202.33
Provision for doubtful debts	157.09	111.30
Loss on sale of fixed assets (Continuing operations)	86.23	0.18
Loss on Derivatives	—	966.35
Excise Duty (Inc adjustment on stocks)	4.39	(4.28)
Wealth Tax	1.36	1.49
Amortisation of Miscellaneous Expenditure	11.44	16.30
	13,903.70	11,803.81
15. Financial Expenses		
Interest		
On Term Loans (net of TUFF subsidy)	2,132.08	1,186.18
On Working Capital	970.13	691.76
Others	534.19	153.57
	3,636.40	2,031.51
Less : Interest Income (T.D.S. Rs. 3.52 Lacs (Previous Year Rs. 1.38 lacs))	(31.26)	(9.19)
	3,605.14	2,022.32
Bank charges & other financial expenses	359.50	186.05
	3,964.64	2,208.37

16. Accounting Policies & Notes on Accounts

A. Accounting Policies

1) General

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accruals basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 & the provisions of the Companies Act, 1956.

2) Revenue Recognition

- i) Income is accounted for on accrual basis in accordance with Accounting Standard (AS) 9 - "Revenue Recognition".
- ii) Sale is recognised on dispatch to customer.
- iii) Insurance and other claims are recognised in accounts on lodgment to the extent these are measurable with reasonable certainty of acceptance. Excess/shortfall is adjusted in the year of receipt.

3) Inventories

Inventories are valued at lower of cost, computed on a weighted average basis, and estimated net realisable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Finished goods and work-in-progress include costs of conversion and other costs in bringing the inventories to their present location and condition.

4) Investments

Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. The current investments are stated at lower of cost or quoted / fair value computed category wise.

5) Fixed & Intangible Assets

- i) Fixed assets are stated at historical cost less provision for impairment losses, if any, depreciation and amortization.
- ii) Borrowing costs eligible for capitalisation incurred, in respect of acquisition / construction of a qualifying asset, till the asset is substantially ready for use, are capitalised as part of the cost of that asset.
- iii) Pre-operative, trial run and incidental expenses relating to the projects are carried forward to be capitalised and apportioned to various assets on commissioning of the project.
- iv) Intangible assets are recognised on the basis of recognition criteria as set out in Accounting Standard (AS) 26 - "Intangible Assets".

6) Depreciation & amortisation

Depreciation & Amortisation for the year has been accounted on the following basis:

- i) Plant & machinery, building, furniture & office equipment, on straight line method at the rates specified in Schedule XIV to The Companies Act, 1956 (Also refer note no. 4 of this Schedule-Notes on Accounts)
- ii) Vehicles, on written down value method at the rates specified in Schedule XIV to The Companies Act, 1956
- iii) Leasehold land is amortised over the period of lease.
- iv) Free hold land and live stock are not depreciated.
- v) Assets costing upto Rs.5,000 are fully depreciated in the year of purchase.
- vi) Software costs are amortised at the rate applicable for computers specified in Schedule XIV to The Companies Act, 1956, which is a fair representation of the period of time over which the asset is expected to be used.
- vii) In the case of assets where an impairment loss is recognized, the revised carrying amount is depreciated over the remaining estimated useful life.

7) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount being the higher of the asset's net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units).

Previously recognised impairment losses are reversed where the recoverable amount increases because of a favourable change in the estimates used to determine the recoverable amount since the last impairment was recognised. A reversal of an asset's impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortization), had no impairment loss been recognised in prior years.

8) Foreign Currency Transactions

Foreign exchange transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognised in the profit and loss account of the period.

Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at exchange rates prevailing on the last working day of the accounting year. The resultant exchange differences are recognized in the profit & loss account.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date as well as future transactions in respect of which either firm commitments have been made or which are highly probable forecast transactions. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated and recorded in accordance with AS 11. The exchange difference on such a forward exchange contract is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the profit and loss account in the reporting period in which the exchange rates change.

During the year, the Company has adopted the principles of Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments that are not covered by AS 11 and that relate to a firm commitment or a highly probable forecast transaction. In accordance with AS 30, such derivative financial instruments, which qualify for hedge accounting and where Company has met all the conditions of AS 30, are fair valued at balance sheet date and the resultant exchange gain / loss accounted for in the balance sheet as per provisions of AS 30. This gain / loss would be recorded in profit and loss account when the underlying transactions affect earnings. Other derivative instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting have been recorded at fair value at the reporting date and the resultant exchange gain / loss has been credited / debited to profit and loss account for the period.

9) Government Grants

Government grants, where reasonable certainty exists that the ultimate collection will be made, are recognized as follows:

- i) Grants of the nature of promoter's contribution are credited to Capital Reserve.
- ii) Grants related to specific depreciable fixed assets are deducted from gross values of the related fixed assets in arriving at their book value.
- iii) Grants related to revenue are recognised on a systematic basis in the Profit and Loss Account, either as income or deducted from related expenses, over the periods necessary to match them with their related costs.

10) Miscellaneous Expenditure

- i) Premium paid on resetting of interest rate on term loans is amortised over balance period of the respective loans.
- ii) Share issue expenses are amortised over a period of five years or earlier on annual appraisal.

11) Employee Benefits

The Company's employee benefits primarily cover provident fund, superannuation, gratuity and compensated absences.

Provident fund and Superannuation fund are defined contribution schemes and the Company has no further obligation beyond the contributions made to the fund. Contributions are charged to profit and loss account in the year in which they accrue.

Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation made at the end of the year. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains and losses are immediately recorded to the profit and loss account and are not deferred.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. Accumulating compensated absences are provided for based on actuarial valuation.

12) Tax On Income

- i) Current corporate tax is provided on the results for the year after considering applicable tax rates and laws.
- ii) Deferred tax is provided on timing differences between tax and accounting treatments that originate in one period and are expected to be reversed or settled in subsequent periods. Deferred tax assets and liabilities are measured using the enacted / substantively enacted tax rates and laws for continuing operations.

Deferred tax assets in the event of unabsorbed depreciation and carry forward losses under tax laws, that exceed the deferred tax liability, are recognized only where there is virtual certainty of realization.

Deferred tax assets on other accounts are recognized only to the extent there is reasonable certainty of realization.

The carrying amount of deferred tax assets is reviewed at each balance sheet date to reassess realization.

13) Provisions and Contingent Liabilities

Provisions are recognized for present obligations, of uncertain timing or amount, arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the possibility of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, are also disclosed as contingent liabilities unless the possibility of outflow of resources embodying economic benefits is remote.

**B. Notes on Accounts****As at 30.09.2009**
Rs / Lac**As at 31.03.2008**
Rs / Lac**1) Contingent Liabilities not provided for in respect of :**

i) Counter guarantees given in respect of Guarantees given by the company's bankers	230.41	2.45
ii) Duties & tax liabilities disputed by the company	377.53	441.22
iii) Claims not acknowledged by the Company	41.15	34.95
iv) Unexpired Letters of Credit, for which counter guarantee given by the Company	452.10	–

2) Obligations and commitments outstanding

i) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	9.56	10.52
ii) Bills discounted with banks	2867.76	3,588.51

3) The Government of Madhya Pradesh had imposed electricity cess on captive generation of electricity vide the Madhya Pradesh Upkaar (Dwitiya Sanshodhan) Adhiniyam, 2005. The imposition of cess was challenged by the Company along with other industrial units before the Hon'ble High Court of Madhya Pradesh. In the meanwhile the State Government passed legislation revoking imposition of the cess effective 17.8.2007. The Hon'ble High Court dismissed the petition and issue is now pending before the Supreme Court for final decision. Pending disposal of the case, Company feels that no provision is considered necessary in respect of above matter. Amount involved Rs.408 lacs (Previous year Rs.284 lacs), not included under note no. B (1) (ii) of this Schedule.

4) Upto financial year 1999-2000, Company was treating plant & machinery of spinning unit as continuous process plant and accordingly charging depreciation based on an estimated useful life of 18 years. The estimated useful life was revised to 13 years on basis of the then available technology indicators.

Based on current usage, technology and efficiency parameters, the Company, in order to reflect a more appropriate preparation / presentation of financial statements, has revised the estimated useful life of such plant & machinery by reinstating the same to 18 years and has accordingly, depreciated the remaining unamortised depreciable amount prospectively over the remaining useful life.

Consequently, charge on account of depreciation for the period ended 30th September, 2009 is lower by Rs. 670.66 lacs and loss for the period lower by the even amount.

Had the depreciation been provided at rates applicable for triple shift operations, the depreciation charge for the period would have been higher by Rs.360.29 lacs (Previous Year - Rs.31.05 lacs).

5) (i) The Company had approached its lenders viz.Banks and Financial Institutions for a financial restructuring package, which was approved under the Corporate Debt Restructuring mechanism (CDR) by the CDR Empowerment group vide their letter dated March 26, 2009 ('CDR letter'). Subsequently, within the financial year, the Company also received approvals from the various financial institution and banks.

The CDR scheme includes interalia reduction of interest rate on loans with effect from July 1, 2008 ('Cut Off Date'), rescheduling of loan repayments, conversion of interest payable into funded interest term loan, conversion of certain portion of the working capital into term loan and conversion of part term loan into preference shares. The restructuring package also stipulates conditions to be complied with by the Company and its promoters relating interalia to disposal of surplus assets, fresh infusion of additional equity by promoters, arrangement for additional infusion of term loan and working capital from existing lenders and bringing in funds by promoters to bridge shortfall of funding if any.

The Company has initiated necessary action to ensure compliance with the above conditions, and is confident that all the conditions as stipulated will be complied with in agreement with the CDR Monitoring Committee of the lenders. Since the various lenders were yet to give full effect to the CDR package as at end of the year, the Company has incorporated impact of the CDR scheme, as approved vide the aforesaid CDR letter and subsequently accepted by the various lenders, in these financial statements as below. This has been relied upon by the auditors. The impact of the CDR scheme and related accounts as reflected in these financial statements are subject to final adjustments that may arise on settlement of pending issues and reconciling items with the various lenders.

Profit and Loss Account

a) Interest to banks and financial institutions has been accounted for at the rates as per the restructuring package with effect from the cut off date.

Balance Sheet

b) Interest payable from the cut off date upto March 31, 2009 aggregating to Rs. 1867.46 to the various lenders has been transferred to funded interest term loan.

c) 8 per cent Cumulative Redeemable Preference Shares ('CRPS') of Rs 100 each, aggregating Rs. 1885.40 lakhs have been allotted to the various banks and financial institutions on 30th September, 2009.

d) Forex derivative loss payable to Yes Bank Ltd has been transferred to term loan of Rs.9.50 crore with residual charge on the fixed assets and current assets of the company.

- e) Unsecured loan aggregating to Rs 1975 Lacs, from a promoter group company, is to be converted into equity capital on a preferential basis at a price of Rs 10/- per share, as approved by the Shareholders in their extra ordinary general meeting held on 26th August, 2009, in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000 for Preferential Issues as in force and other regulatory approvals if any. Approval from SEBI Takeover panel was accorded vide their order dated 30th September, 2009. Pending completion of other formalities and in pursuance to agreement with lender, the said unsecured loan has been transferred to share capital pending allotment

The CDR package also grants a right to lenders to convert defaulted interest / principal into equity, as well as the right to CDR lenders to convert 20% of their debt outstanding beyond seven years from the date of CDR Letter into equity shares, as per SEBI guidelines / loan covenants, whichever is applicable.

- (ii) The Master Restructuring Agreement in regard to the CDR was executed on 27th June, 2009 and the revised repayment schedule of loans received from the Monitoring Institution (MI) subsequent to the year end.

During the transitory period leading upto issue of the CDR letter, the company had suspended and was in default of all principal & interest payments. Subsequent to issue of the CDR letter the company, while waiting for the final revised schedule for repayments to be received from the MI, started making payments based upon individual sanctions received from the respective banks and financial institutions. In certain cases past practice has been for the lender to recover suo motto, payment of both principal as well as interest from the working capital facility advanced by them, where applicable, or from the current account under instructions from the Company. It is regarded as accepted practice that the due date for payment shall be the date next following the date when interest is charged. Any delay on part of the lender to recover payment, either in line with past practice or specific instructions given in this regard by the Company, is not attributable to default on part of the Company.

- 6) Miscellaneous expenses include provision for diminution in value of investments made of Rs. 0.46 lacs (Previous Year - Rs. Nil). Miscellaneous income includes provision for diminution in value of investments written back during the year of Rs. Nil (Previous Year - Rs. 0.35 lacs).
- 7) a) The information regarding small scale industrial undertakings, has been determined to the extent such parties have been identified by the company, on the basis of information available. This has been relied upon by the auditors. There is no small scale industrial undertaking (s) to whom the company owes any sum together with the interest outstanding for more than 30 days.
- b) Based on the information available with the Company, no supplier / service provider has informed / confirmed of having filed any memorandum with the notified authority under The Micro, Small, and Medium Enterprise Development Act, 2006 ("the Act"), claiming their status as a Micro or Small Enterprise. This information has been relied upon by the auditors. Consequently, as of now, it is neither possible for the Company to ascertain whether payment to such enterprises has been made within 45 days from date of acceptance of supply of goods or services rendered by a supplier nor to give the relevant disclosures as required under the Act.
- 8) During 2007-08 the Company closed its garment division at the Sarovar unit due to the division's operations continuing to remain economically unviable. Major part of the machinery has since been relocated to another manufacturing facility. Company had closed the garment division as per provisions of the Industrial Disputes Act, 1947 after ensuring due compliance with all stipulated regulatory provisions. The Company's action for closure was challenged by the District Labour Officer before the local civil court. Company in the meanwhile obtained stay from the Hon'ble High Court of Madhya Pradesh precluding the local authorities from initiating any action for recovery of wages after the date of closure. The Hon'ble High Court has referred matter to the Industrial Tribunal. The Company's petition before the Hon'ble High Court challenging the terms of reference to the Industrial Tribunal was dismissed. The Company filed a Special Leave Petition before the Hon'ble Supreme Court & obtained stay on further proceedings of the Industrial Tribunal Court. The Company does not foresee any further liability on the above accounts.
- 9) In July, 2006, the Board of Directors had resolved substantive downsizing of the Company's manufacturing facility at Jammu in the State of Jammu & Kashmir, due to the unit's operations continuing to remain economically unviable. After obtaining necessary approval for closure from the state regulatory authorities in March, 2007, the Board of Directors formally approved closure of the unit and relocation/ disposal of its assets in May, 2007.

Jammu unit's operations have been shown under unallocated items in the segment information. Disposal of approximately half the industrial land & building has been completed. Company expects to complete the process of disposing the division's balance assets in due course. In respect of the machineries & assets (not earmarked for relocation), the management has recognized an impairment loss of Rs.57.68 lacs (Previous Year - Rs.260.17 lacs) based on the estimated net selling price realizable for such assets.

As at end of the year, the carrying amount of assets (previous year figures include assets to be relocated) & liabilities of the discontinued operation were as follows:

	Rs / lac	
	As at 30.09.2009	As at 31.03.2008
Fixed assets (Net Block)	132.15	1,228.90
Current assets, loans & advances	35.81	244.52
Total Assets	167.96	1,473.42
Secured loans	—	735.36
Current liabilities	23.30	52.31
Total Liabilities	23.30	787.67



The following statement shows the revenue and expenses of continuing and discontinuing operation:

Rs. /lac

	Continuing Operations		Discontinuing Operations		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Net sales from operations	51834.37	31801.28	28.24	89.54	51862.61	31890.82
Other income	836.27	412.84	13.21	58.55	849.48	471.39
Total income	52670.64	32214.12	41.45	148.09	52712.09	32362.21
Operating expenses	52705.84	34546.57	234.72	761.77	52940.56	35308.34
Pre-tax profit / (loss) from operations	(35.20)	(2332.45)	(193.27)	(613.68)	(228.47)	(2946.13)
Net Profit on sale of fixed assets of discontinuing operation	—	—	46.41	866.46	46.41	866.46
Financial expenses	3843.41	2131.42	121.23	76.95	3964.64	2208.37
Profit / (loss) before tax	(3878.61)	(4463.87)	(268.09)	175.83	(4146.70)	(4288.04)
Taxation	(40.08)	(48.69)	(0.14)	(154.88)	(40.22)	(203.57)
Profit / (loss) after tax	(3918.69)	(4512.56)	(268.23)	20.95	(4186.92)	(4491.61)

10) Adjustment relating to previous year includes Expenses Rs.202.20 lacs and Income Rs.10.44 lacs (Previous year Expenses Rs.12.77 lacs and Income Rs.Nil)

11) During the year, the Company adopted the principles of Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments that are not covered by AS 11 and that relate to a firm commitment or a highly probable forecast transaction. This change does not however have any impact on the financial accounts, as there were no outstanding derivative financial instruments which qualified for hedge accounting in accordance with AS 30.

12) Deferred taxes

Deferred taxes arise because of difference in treatment between financial accounting and tax accounting, known as "Timing differences". The tax effect of these timing differences is recorded as "deferred tax assets" (generally items that can be used as a tax deduction or credit in future periods) and "deferred tax liabilities" (generally items for which the company has received a tax deduction, but have not yet been recorded in the statement of income).

The principal components of the net deferred tax balance are as follows:

Rs / lac

	As at 30.09.2009	As at 31.03.2008
Deferred tax liabilities		
Depreciation	2625.48	2,377.89
Intangibles	6.40	6.11
Deferred tax assets		
Employee benefits	54.08	57.73
Voluntary retirement scheme	188.42	376.83
Unabsorbed depreciation	2,294.47	1,891.65
Others	94.91	57.79
Net deferred tax liability / (assets)	—	—

Recognition of deferred tax assets has been restricted to the extent of deferred tax liabilities available. Based on schedule of reversal of timing differences giving rise to deferred tax liabilities, the management believes there is requisite degree of virtual certainty that the deferred tax assets, to the extent recognized, would be realised.

	Rs. / lac	
	2008-2009 (18 Months)	2007-2008 (12 Months)
13) Auditors' Remuneration		
Audit Fee	12.00	8.00
Tax Audit	1.50	1.00
Certification	3.62	2.30
Reimbursement of Expenses	1.52	0.91

14) (a) Managerial Remuneration

Salary	47.34	24.00
Provident Fund Contribution	4.32	2.88
Contribution to Superannuation	5.40	3.60
	57.06	30.48

The above excludes provisions for leave encashment and gratuity which are determined based on an actuarial valuation done on an overall basis for the Company. As no commission is due to the Managing Director, the computation of net profits in accordance with Section 309 (5) read with Section 349 of the Companies Act, 1956, has not been given.

(b) Payments to Directors

Sitting fee	16.80	8.40
	16.80	8.40

15) Lease Commitments

- a) The company leases space for office and other facilities under various operating leases for periods ranging between three to five years along with options that permit renewals for additional periods.
Future minimum commitments in respect of the operating leases that have remaining non-cancelable terms are set out below.

	Rs. / lac	
	As at 30.9.2009	As at 31.3.2008
Within one year	50.10	47.49
One year to five years	70.20	144.81

- b) The Company has taken motor cars on operating lease, which are non-cancelable for tenure of four years. The total amount recognised in the profit & loss account on account of rental expense for these operating leases, for the year, is Rs. 8.81 (Previous year - Rs. 0.97).
Future minimum commitments payable under these operating leases are as under:

	Rs. / lac	
	As at 30.9.2009	As at 31.3.2008
Within one year	7.01	2.90
One year to five years	11.27	7.74

16) Employee benefit obligations**Defined contribution plans**

The Company makes contributions towards provident fund and superannuation fund, to defined contribution retirement benefit plans for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the superannuation fund

is administered by the Trustees of the 'Maral Overseas Limited Senior Executive Superannuation Fund'. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The amounts recognized as expense for defined contribution plans are as follows:

	Period ended 30.9.2009	Year ended 31.3.2008
Provident fund	211.27	180.65
Superannuation fund	11.48	34.61

Defined benefit plan

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Insurance Scheme of ICICI Prudential Life Insurance Company Limited, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary (last drawn salary) payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The amounts recognized in the balance sheet are as follows:

	As At 30.9.2009	As At 31.3.2008
Present value of obligation	289.19	258.56
Fair value of plan assets	240.92	206.14
Net liability	48.28	52.42
Amounts in balance sheet		
Liability	48.28	52.42
Asset		
Net liability	48.28	52.42

The amounts recognized in the profit and loss account are as follows:

	Period ended 30.9.2009	Year ended 31.3.2008
Current service cost	47.80	32.00
Interest cost	18.10	15.00
Expected return on plan assets	(23.90)	(17.41)
Recognized net actuarial (gain) / loss	12.13	209.94
Total included in 'salaries, wages & benefits'	54.13	239.53
Actual return on plan assets	23.71	16.20

Reconciliation of benefit obligations & plan assets for the period

Changes in present value of defined benefit obligation	Rs/Lac
	Period ended 30.9.2009
	Year ended 31.3.2008
Obligations at period beginning	258.56
Current service cost	47.80
Interest cost	18.10
Benefits paid / payable	(27.49)
Benefits paid directly	(19.71)
Curtailments paid directly	—
Actuarial (gain) / loss	11.94
Obligations at period end	289.19
Changes in the fair value of plan assets	Rs/Lac
	Period ended 30.09.2009
	Year ended 31.03.2008
Plan assets at period beginning, at fair value	206.14
Expected return on plan assets	23.90
Actuarial (gain) / loss	(0.19)
Contributions by employer	38.56
Benefits paid / payable	(27.49)
Plan assets at period end, at fair value	240.92

The major categories of plan assets as a percentage of total plan assets are as follows:

	Rs/Lac
	As At 30.9.2009
	As At 31.3.2008
Insurer managed funds	100%
Others	—

The assumptions used in accounting for the gratuity plan are set out as below:

	Rs/Lac
	Period ended 30.9.2009
	Year ended 31.3.2008
Discount rate	7.00%
Expected rate of return on plan assets	7.50%
Future salary increase rate	4.50%
Expected contribution to the fund over next one year	50.97

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.



The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards.

The discount rate is based on prevailing market yields of Indian government bonds, as at the balance sheet date, consistent with the currency and estimated term of the post employment benefit obligations.

The expected rate of return on plan assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The Company adopted AS 15 (Revised) from April 1, 2007 and has accordingly given disclosure for the following for previous two annual financial years:

Defined benefit gratuity plans

	Period ended 30.9.2009	Rs/Lac Year ended 31.3.2008
Defined benefit obligation	289.19	258.56
Plan assets	240.92	206.14
Surplus / (deficit)	(48.28)	(52.42)
Experience adjustments on plan liabilities	21.77	–
Experience adjustments on plan assets	(0.19)	–

17) Earnings Per Share

Basic earning per share is computed by dividing the net profit or loss for the year available to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares in issue, adjusted for the effect of all dilutive potential equity shares that were outstanding during the year. Dilutive potential equity shares are weighted for the period they were outstanding and are deemed converted as of beginning of the year, unless they have been issued at a later date.

The following table sets forth the computation for basic and diluted earnings per share:

	2008-2009		2007-2008	
	Basic	Diluted	Basic	Diluted
Numerator				
Net income / (loss) for the year	(4186.92)	(4186.92)	(4491.61)	(4491.61)
Less: Dividend on Cumulative Preference Shares	–	–	–	–
Net earnings / (loss) for per share calculation	(4186.92)	(4186.92)	(4491.61)	(4491.61)
Denominator				
Weighted average number of equity shares	2,17,58,000	2,17,58,000	2,17,58,000	2,17,58,000
Dilutive potential equity shares	–	–	–	–
Total average equivalent shares	2,17,58,000	2,17,58,000	2,17,58,000	2,17,58,000
Net earnings / (loss) per share	Rupees (19.24)	Rupees (19.24)	(20.64)	(20.64)
Nominal value per share	Rupees 10	Rupees 10	10	10

- Potential equity options exist in the form of share capital to be allotted, as well as right of CDR lenders to convert 20% of their debt outstanding beyond seven years from the date of CDR Letter into equity capital, more fully explained in Note 5 of this schedule. Potential options may also arise in the event of default in payment due on loan funds. For the current year, diluted earnings per share is the same as the basic calculation, as the inclusion of any equity options would be anti dilutive, but these options could be dilutive in future.
- Dividend on cumulative preference shares has not been reduced for purposes of calculation of both basic and diluted earnings as these shares were issued on the last date of this financial period and are entitled to dividend from the next following date.

18) **Related Party Disclosures**

Following information regarding related parties has been determined on the basis of criteria specified in AS-18 "Related Party Disclosures".

a) Related parties

- i) Key management personnel
 - Mr. Ravi Jhunjhunwala, Chairman
 - Mr. Shekhar Agarwal, Managing Director
- ii) Relatives of key management personnel
 - Mr. L.N. Jhunjhunwala
 - Mrs. Shashi Agarwal
 - Mr. Shantanu Agarwal
 - Shekhar Agarwal (HUF)
- iii) Enterprises over which any person described in (i) & (ii) above is able to exercise significant influence
 - RSWM Ltd.
 - HEG Ltd.
 - BMD (P) Ltd
 - Agarwal Trademart (P) Ltd.
 - Mayur Knits (P) Ltd.
 - Aadi Marketing Company (P) Ltd
 - Ultramarine Impex (P) Ltd
 - Apeksha Vyapar (P) Ltd
 - Indo Canadian Consultancy Services Ltd
 - Malana Power Company Ltd
 - BSL Ltd
 - Bhilwara Spinners Ltd
 - Cheslind Textiles Ltd

Transaction with Related Parties:	2008-2009 (18 months)	Rs. / Lac 2007-2008 (12 months)
i) For the parties referred to in item (i) above		
Rent paid to Managing Director	1.50	1.50
Sitting fees paid to Chairman	1.20	–
Remuneration paid to Managing Director, as per note 14 of this schedule	57.06	30.48
ii) For the parties referred to in item (ii) above		
Rent paid	7.50	4.50
Sitting fees paid	2.00	–
iii) For the parties referred to in item (iii) above		
Sales (as a proportion to turnover)	0.68%	0.08%
Purchase of materials (as a proportion to materials consumed)	2.86%	4.51%
Purchase of fixed assets from RSWM Limited	12.86	–
Outstanding 'Due from'	6.02	4.24
Outstanding 'Due to'	119.09	296.47
Unsecured loan payable	400.00	1975.00
Share Capital - pending allotment	1975.00	–
Investment in Bhilwara Spinners Ltd	15.00	15.00
Investment in Bhilwara Spinners Ltd - Provision for diminution in value	4.36	4.24
Rent paid	111.23	55.46
Job charges paid	17.25	80.74
Reimbursement of expenses paid	134.09	136.13
Interest paid	260.94	202.55
Consultancy charges paid	16.76	–
Management Fees received	118.37	–
Interest received	0.66	–
Reimbursement of expenses recovered	23.76	8.77
Intercompany loan received from & repaid to BMD (P) Ltd	335.00	550.00
Intercompany loan from BMD (P) Ltd transferred to Agarwal Trademart (P) Ltd as per scheme of arrangement / demerger of BMD (P) Ltd	1975.00	–
Intercompany loan from Agarwal Trademart (P) Ltd transferred to Share Capital - pending allotment as per CDR Scheme	1975.00	–



19) Segment Information

The Company is currently organized into three business operating segments: Yarn, Fabric and Textile Made-ups. The Company's business segments offer different products and require different technology and marketing strategies.

Yarn includes bought out yarn as well as production of cotton yarn over a wide range of counts, which besides being sold, is also used for further value addition in fabric. It also includes surplus captive & standby power. Fabric includes both bought out fabric as well as the value added activities relating to knitting, dyeing and processing. Textile Made-ups, comprise of made-ups made for renowned international brands.

The accounting principles used in preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in the note on significant accounting policies.

Transfer prices for inter segment revenues are generally set on an arm's length basis and are eliminated in consolidation.

Revenue and direct expenses in relation to segments are categorized based on items that are individually identifiable or allocable on a reasonable basis to that segment. Revenue and expenses, besides financial costs and taxes that are not allocated to operating segments, are included in "reconciliation".

Assets and liabilities represent assets (both tangible and intangible) employed in operations and liabilities owed to third parties that are individually identifiable or allocable on a reasonable basis to that segment. Assets and liabilities excluded from allocation to operating segments, are included in "reconciliation".

Segment assets employed in the company's various business segments are all located in India. Capital expenditure includes expenditure incurred during the period on acquisition of segment fixed assets.

Geographical revenues are segregated based on location of the customer who is invoiced. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and west), Ireland and the United Kingdom; Africa includes Mauritius; Asian continent has been segregated into the Middle East & Gulf countries while the rest of Asia, other than India has been covered under Far East & South East Asia; Rest of the World comprises all other places except those mentioned above and India.

a) Segment data

Rs / lac

	Yarn®	Fabric	Textile Made-ups	Inter Segment & unallocated Items	Consolidated Total
Sales					
External	31,650 (19,028)	11,580 (3,932)	8,633 (8,931)	— (—)	51,863 (31,891)
Inter segment	8,306 (4,230)	3,892 (4,046)	— (—)	(—)12,198 (—8,276)	— (—)
Total revenue	39,956 (23,258)	15,472 (7,978)	8,633 (8,931)	(—)12,198 (—8,276)	51,863 (31,891)
Segment result (Continuing)	894 (1,229)	158 (—272)	(—) 1,529 (—2,449)	— (—)	(—) 477 (—1,492)
Segment result (Discontinuing)	— (1)	— (—219)	4 (—395)	(—)151 (866)	(—) 147 (253)
Other income				198 (1)	198 (1)
Unallocated expense				(—) 100 (— 61)	(—)100 (— 61)
Financial costs				(—) 3,621 (— 2,022)	(—) 3,621 (— 2,022)
Loss on derivatives				— (—966)	— (—966)
Taxes				(—) 40 (—204)	(—) 40 (—204)
Net profit	894 (1,230)	158 (— 491)	(—) 1,524 (— 2,844)	(—) 3,714 (— 2,386)	(—) 4,187 (— 4,491)
Assets	24,359 (26,108)	5,217 (4,884)	3,916 (5,718)	1,521 (857)	35,013 (37,567)
Liabilities	2,911 (2,684)	943 (592)	711 (1,173)	136 (987)	4,701 (5,436)
Capital employed	21,448 (23,424)	4,274 (4,292)	3,205 (4,545)	1,385 (—130)	30,312 (32,131)

Rs. / lac

	Yarn [@]	Fabric	Textile Made-ups	Inter Segment & Unallocated Items	Consolidated Total
Capital expenditure	330 (12,313)	262 (208)	49 (112)	– (–)	641 (12,633)
Non cash expense					
Depreciation & amortisation	2,037 (1,429)	780 (711)	198 (249)	53 (–)	3,068 (2,389)
Impairment	– (–)	– (98)	– (162)	58 (–)	58 (260)
Other non cash expense	10 (14)	– (–)	1 (2)	– (–)	11 (16)

[@] Includes captive & standby power**b) Revenues from customers by geographic region**

Rs. / lacs

Geographic Segments	Yarn [@]	Fabric	Textile Made-ups	Total
North America	555 (109)	103 (–)	2,537 (2,694)	3,195 (2,803)
Europe	2,268 (1,260)	78 (39)	3,928 (4,385)	6,274 (5,684)
Gulf & Middle East	151 (260)	– –	922 (408)	1,073 (668)
Far East & South East Asia	11,986 (7,012)	7,837 (2,819)	240 (635)	20,063 (10,466)
Africa	4,646 (3,541)	106 (–)	43 (1)	4,795 (3,542)
Rest of the World	388 (515)	10 (4)	– –	398 (519)
India [@]	11,655 (6,331)	3,447 (1,070)	963 (808)	16,065 (8,209)
Total	31,649 (19,028)	11,581 (3,932)	8,633 (8,931)	51,863 (31,891)

[@] Includes surplus captive & standby power**20) Additional information pursuant to Schedule VI to the Companies Act, 1956:****a) Installed Capacity***

	Unit	Current Year	Previous Year [#]
Spindles	Nos.	75600	75600
Knitted Fabric	MT/Annum	5000	5555
Processed Fabric	MT/Annum	5229	5357
Dyed Yarn	MT/Annum	1000	1000
Readymade Garments	Lac Pcs. /Annum	48	87

* As certified by the Management. Since the Company's installations can technically be considered as multi-purpose plants, their capacity is variable in line with process improvements and the product mix adopted from time to time. The figures given in relation to installed capacities, are therefore, approximate and refer to an assumed product mix.

Includes capacities of 'Knitted Fabric 1707 MT', 'Processed Fabric 1357 MT', 'Readymade Garments 21 lakh pieces', relating to Jammu unit, a discontinuing operation. Corresponding current year capacities are nil.



b) Production, Turnover & Stocks

Rs. / lac

	Unit	Opening Stock		Production % / Purchases		Captive Consumption	Turnover		Closing Stock	
		Qty.	Value	Qty.	Value	Qty.	Qty.	Value	Qty.	Value
Yarn®	MT	250.856 (226.072)	294.75 (337.38)	24,050.640 * (15,478.637) *	– (–)	5,674.064 (3,423.235)	18,384.479 (12,030.618)	25,496.77 (15,541.82)	242.953 (250.856)	248.49 (294.75)
Dyed Yarn	MT	41.464 (35.586)	63.26 (50.95)	2,032.085 \$ (1,182.205) \$	– (–)	1,039.333 (543.854)	985.689 (632.473)	1,846.13 (1,265.45)	48.527 (41.464)	79.90 (63.26)
Knitted Fabric	MT	83.516 (167.860)	105.18 (246.10)	5,283.680 # (3,192.940) #	– (–)	5,056.023 (3,116.248)	158.056 (161.036)	185.89 (122.30)	153.117 (83.516)	195.52 (105.18)
Processed Fabric	MT	169.902 (263.908)	362.23 (626.24)	4,886.606 ^ (2,972.662) ^	– (–)	1,485.177 (1,615.950)	3,439.541 (1,450.718)	11,060.27 (3,747.84)	131.790 (169.902)	279.11 (362.23)
Garments / Made-ups	Lac Pcs	6.017 (9.526)	881.85 (1,178.86)	52.008 (53.513)	– (–)	– (–)	53.608 (57.022)	7,874.97 (8,399.99)	4.417 (6.017)	432.38 (881.85)
Cotton/Other Waste	MT	125.838 (53.459)	47.73 (11.50)	10,266.367 (6,314.233)	– (–)	– (–)	10,236.532 (6,241.854)	4,110.36 (2,088.22)	155.673 (125.838)	66.25 (47.73)

@ Includes surplus captive & standby power

Notes:

	Unit	2008-2009	2007-2008
* Includes outside production/purchases	MT	1,040.174	661.035
\$ Includes outside production/purchases	MT	560.931	251.882
# Includes outside production/purchases	MT	1,596.981	741.250
^ Includes outside processing/purchases	MT	320.748	219.188
% Production excludes quantities produced for third parties under contract with the Company			

	Unit	2008-2009		2007-2008	
		Qty.	Value Rs / lac	Qty.	Value Rs / lac

c) Raw Material Consumed

Cotton	MT	33,415.765	22,961.24	21,499.675	13,157.45
Yarn purchased	MT	1,561.031	3,413.18	912.917	1,683.12
Fabrics purchased	MT	386.681	1,006.95	290.305	564.27
			27,381.37		15,404.84
Less: Cotton consumed during trial run	MT	–	–	1,338.164	827.12
			27,381.37		14,577.72

d) Value of Imports calculated on CIF basis in respect of :

Raw Materials	2612.89	1,839.02
Stores & Spares (including Dyes, Chemicals & Embellishments)	790.45	773.50
Capital Goods	40.35	392.68

	2008-2009		2007-2008	
	Value Rs. / lac		Value Rs. / lac	
e) Expenditure in Foreign Currency				
Travelling	58.39		55.54	
Commission and others	545.19		482.74	
Interest	—		17.62	
f) Earnings in Foreign Currency				
FOB value of Exports	35,107.91		23,064.62	
Others (Freight, Insurance, Claims etc.)	716.93		623.75	
	2008-2009		2007-2008	
	Value Rs. / lac	%	Value Rs. / lac	%
g) Details of imported and indigenous Raw Material & Stores consumed				
Raw Material				
– Imported	2,905.51	10.59	2,741.16	18.80
– Indigenous	24,519.98	89.41	11,840.04	81.20
Stores & Spares (including Dyes, Chemicals & Embellishments)				
– Imported	333.70	8.90	416.85	15.26
– Indigenous	3,415.23	91.10	2,315.01	84.74

21) a) Figures in brackets, wherever given, are in respect of previous year.

b) Figures for the Current Period are of eighteen months ended 30th September, 2009 and hence are not strictly comparable with those of previous year.

c) Previous year's figures have been regrouped and recast wherever considered necessary.

The Schedules referred to in Balance Sheet and Profit & Loss Account form an integral part of the accounts.

Signed for identification Schedule 1 to 16

For Doogar & Associates
Chartered Accountants

Mukesh Goyal
Partner
Membership No. 081810

Noida (U.P.)
28th October, 2009

For Ashim & Associates
Chartered Accountants

Ashim Agarwal
Partner
Membership No. 084968

Ravi Jhunjhunwala
Chairman
DIN : 00060972

P. S. Puri
Chief Financial Officer

Shekhar Agarwal
Managing Director
DIN : 00066113

Vivek Chaudhary
Company Secretary

SCHEDULE - VI

PART - IV

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

0	0	0	0	8	2	5	5
---	---	---	---	---	---	---	---

 State Code

1	0
---	---

Balance Sheet Date

3	0
---	---

0	9
---	---

2	0	0	9
---	---	---	---

II. Capital Raised during the year (Amount in Rupees Thousands)

Public Issue

				N	I	L
--	--	--	--	---	---	---

 Right Issue

				N	I	L
--	--	--	--	---	---	---

Bonus Issue

				N	I	L
--	--	--	--	---	---	---

 Private Placement

	1	8	8	5	4	0
--	---	---	---	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rupees Thousands)

Total Liabilities

3	9	6	2	9	3	4
---	---	---	---	---	---	---

 Total Assets

3	9	6	2	9	3	4
---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

	4	0	6	1	2	0
--	---	---	---	---	---	---

Reserves & Surplus

	4	7	1	3	5	4
--	---	---	---	---	---	---

Secured Loans

2	8	4	7	9	6	0
---	---	---	---	---	---	---

Unsecured Loans

		4	0	0	0	0
--	--	---	---	---	---	---

Deferred Tax Liability

				N	I	L
--	--	--	--	---	---	---

Share Capital Pending Allotment

	1	9	7	5	0	0
--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

2	3	9	0	2	4	1
---	---	---	---	---	---	---

Investments

			1	3	6	7
--	--	--	---	---	---	---

Net Current Assets

	6	3	4	8	8	5
--	---	---	---	---	---	---

Miscellaneous Expenditure

			1	8	8	5
--	--	--	---	---	---	---

Accumulated Losses

	9	3	4	5	5	6
--	---	---	---	---	---	---

Deferred Tax Assets

				N	I	L
--	--	--	--	---	---	---

IV. Performance of Company (Amount in Rupees Thousands)

Turnover

5	1	8	6	2	6	1
---	---	---	---	---	---	---

 Total Expenditure

5	6	0	0	9	3	1
---	---	---	---	---	---	---

+/- Profit/Loss before tax

-	4	1	4	6	7	0
---	---	---	---	---	---	---

 +/- Profit/Loss after tax

-	4	1	8	6	9	2
---	---	---	---	---	---	---

Earning per share (in Rs)

(-)	1	9	.	2	4	
-----	---	---	---	---	---	--

 Dividend Rate (%)

				N	I	L
--	--	--	--	---	---	---

V. Generic Names of Three Principal Products / Services of the Company (As per monetary terms)

Item Code No. (ITC Code)	Product Description							
<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td>5</td><td>2</td><td>.</td><td>0</td><td>0</td></tr></table>		5	2	.	0	0	C O T T O N	C O M B E D H O S I E R Y Y A R N
	5	2	.	0	0			
Item Code No. (ITC Code)	Product Description							
<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td>6</td><td>0</td><td>.</td><td>0</td><td>0</td></tr></table>		6	0	.	0	0	C O T T O N	K N I T T E D F A B R I C
	6	0	.	0	0			
Item Code No. (ITC Code)	Product Description							
<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td>6</td><td>1</td><td>.</td><td>0</td><td>0</td></tr></table>		6	1	.	0	0	C O T T O N	K N I T T E D G A R M E N T
	6	1	.	0	0			

Noida (U.P.)
28th October, 2009

Ravi Jhunjhunwala
Chairman
DIN : 00060972

P. S. Puri
Chief Financial Officer

Shekhar Agarwal
Managing Director
DIN : 00066113

Vivek Chaudhary
Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2009

	Rs. / lac	
	Period Ended 30.9.2009	Year Ended 31.3.2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax	(4,146.70)	(4,288.04)
Adjustments for:		
Depreciation & amortisation	3,125.42	2,648.93
Dividend received	(1.23)	(0.56)
Financial Charges	3,605.14	2,022.32
Diminution in value of investments	0.46	(0.35)
(Profit)/Loss on sale of Fixed Assets(Net)	0.11	(897.11)
Provision for doubtful debts	157.09	111.30
Miscellaneous Expenditure written off	11.44	16.30
Operating profit before working capital changes	2,751.73	(387.21)
Adjustments for:		
Trade Receivables	(861.24)	(439.20)
Inventories		
Raw material & Packing material	197.62	2,615.91
Stock in process	217.15	(123.10)
Finished Goods & Waste	453.37	696.02
Stores, spares & others	(159.06)	709.08
Loans & Advances	258.77	168.79
Trade Payables	108.34	1,745.23
Provisions	(12.26)	96.08
Deferred Revenue Expenditure	(12.30)	1.25
Cash from operating activities	2,942.12	3,763.91
Taxes Paid	(40.95)	(48.07)
Net cash from operating activities	2,901.17	3,715.84
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(645.38)	(3,935.08)
Sale/Adjustment of fixed assets	280.25	1,217.53
Interest received	14.52	8.83
Dividend received	1.23	0.56
Net Cash used in investing activities	(349.38)	(2,708.16)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from increase in share capital (Refer Note 5 of Schedule 16B)	1,885.40	—
Receipts from Term Borrowings (Refer Note 5 of Schedule 16B)	4,621.46	3,651.06
Receipts from Unsecured Loans	735.00	550.00
Increase/(Decrease) in Short Term Bank Borrowings (Refer Note 5 of Schedule 16B)	(2,860.49)	4,381.37
Repayment of Term Borrowings (Refer Note 5 of Schedule 16B)	(2,628.97)	(770.28)
		2,880.78
		(2,365.95)



Maral Overseas Limited

Rs. / lac

	Period Ended 30.09.2009		Year Ended 31.3.2008			
Repayment of Unsecured Loans	(335.00)		(550.00)			
Interest Cost (Refer Note 5 of Schedule 16B)	(3,499.66)	(6,463.63)	(2,281.27)	(4,647.22)		
Net Cash from financing activities		(2,082.26)		(1,766.44)		
Net increase in Cash and Cash equivalents		469.53		(758.76)		
Opening Cash and Cash equivalents		145.69		904.45		
Closing Cash and Cash equivalents		615.22		145.69		
Notes: 1 Cash and cash equivalents consist of cash on hand and demand deposits with bank						
2 Cash and cash equivalents included in the cash flow statement comprise of the following amounts:						
Cash, Cheques & Stamps in hand		7.48		34.95		
Balances with bank		742.81		147.76		
Post Office Saving Account		0.01		0.01		
As per the Balance Sheet		750.30		182.72		
Less: Deposits under lien	65.01		11.61			
Margin Money Account	61.42		5.79			
Unpaid Dividend Account	3.64		8.79			
Employees Security - Savings Account	0.01		0.84			
- Deposit Account	5.00	135.08	10.00	37.03		
Closing cash & cash equivalents as restated		615.22		145.69		
3. Cash flows of continuing operations and discontinuing operation are:						
	Continuing Operations		Discontinuing Operations		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Net cash from / (used in) operating activities	2,819.12	3,995.20	82.04	(279.38)	2,901.16	3,715.82
Net cash from / (used in) investing activities	(413.28)	(3,792.87)	63.90	1,084.71	(349.38)	(2,708.16)
Net cash from / (used in) financing activities	(1,915.97)	(1,330.16)	(166.28)	(436.28)	(2,082.25)	(1,766.44)
4. Previous year's figures have been rearranged wherever necessary						

As per our report of even date

For Doogar & Associates
Chartered Accountants

Mukesh Goyal
Partner
Membership No. 081810

Noida (U.P.)
28th October, 2009

For Ashim & Associates
Chartered Accountants

Ashim Agarwal
Partner
Membership No. 084968

Ravi Jhunjhunwala
Chairman
DIN : 00060972

P. S. Puri
Chief Financial Officer

Shekhar Agarwal
Managing Director
DIN : 00066113

Vivek Chaudhary
Company Secretary

FINANCIAL INDICATORS

(Rs. / lacs)

S.NO.	DESCRIPTION	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009 (18 Months)
1	Net Turnover	24,864.12	24,522.87	28,991.88	31,890.82	51,862.61
2	PBIDT	2,853.07	2,630.52	(286.00)	569.26	2,943.36
3	Interest					
	– Long Term	592.43	626.91	728.55	1,186.18	2,132.08
	– Short Term	429.18	582.11	969.48	1,022.19	1,832.56
	– Total	1,021.61	1,209.02	1,698.03	2,208.37	3,964.64
4	Depreciation	1,825.44	1,646.24	1,701.70	2,648.93	3,125.42
5	PBT	6.02	(224.74)	(3,685.73)	(4,288.04)	(4,146.70)
6	Provision for Income Tax	(102.94)	(274.18)	(1,235.14)	203.57	40.22
7	PAT	108.96	49.44	(2,450.59)	(4,491.61)	(4,186.92)
8	EPS (Weighted Avg.)	0.53	0.23	(11.26)	(20.64)	(19.24)
9	Equity Capital	2,053.28	2,175.80	2,175.80	2,175.80	2,175.80
10	Preference Capital	–	–	–	–	1,885.40
11	Return on Net Worth (%) (PAT/Net Worth)	1.37	0.57	(39.57)	(262.25)	(302.23)
12	Interest Cover (PBIDT-Tax)/Interest	3.25	2.63	0.56	0.17	0.73
13	Debt - Equity	1.28	1.54	3.54	13.62	17.79
14	Return on Sales	0.44	0.20	(8.45)	(14.08)	(8.07)
1	Total Capital Employed	24,560.94	30,586.99	35,998.19	32,130.42	30,264.93
2	Net Worth	7,938.13	8,620.16	6,192.64	1,712.71	1,385.33[@]
3	Total Debt	15,171.52	20,839.63	29,805.54	30,418.00	28,879.60
4	Term Debt	10,189.65	13,312.42	21,939.98	23,323.00	24,644.80
5	Gross Fixed Assets	29,516.97	34,656.57	42,756.34	46,215.00	44,800.81

[@] Includes Share Capital pending allotment - Rs. 1975 lacs



QUANTITATIVE DATA

YEAR	YARN MT	FABRIC MT	PROCESSED FABRIC MT	GARMENT LAC PCS
PRODUCTION				
2004-2005	11846.61	2224.72	2087.67	46.21
2005-2006	11786.83	2849.39	2951.37	67.62
2006-2007	11747.81	3041.15	2858.95	60.52
2007-2008	14817.60	2451.69	2753.47	53.51
2008-2009 (18 months)	23010.47	3686.70	4565.86	52.01
SALES				
2004-2005	10199.69	483.26	709.21	45.79
2005-2006	9263.75	82.76	961.81	64.25
2006-2007	9688.77	147.59	1662.37	60.52
2007-2008	12030.62	161.04	1450.72	57.02
2008-2009 (18 months)	18384.48	158.06	3439.54	53.61

FINANCIAL STATISTICS

CAPITAL ACCOUNT

(Rs. / lacs)

YEAR	CAPITAL	RESERVES	NETWORTH
2003-2004	2053.28	6254.29	8072.98
2004-2005	2053.28	5957.59	7938.13
2005-2006	2175.80	6497.10	8620.16
2006-2007	2175.80	4046.51	6192.64
2007-2008	2175.80	(445.10)	1712.71
2008-2009 (18 months)	6036.20[#]	(4632.02)	1385.33[#]

[#] Includes Share Capital pending allotment - Rs. 1975 lacs

REVENUE ACCOUNT

(Rs / lacs)

YEAR	NET SALES	OPERATING COST			PBIDT	INTEREST	DEPRECIATION	PBT	TAX	PAT
		RAW MATERIAL	PACKING COST	VALUE ADDED						
2004-2005	24,864.12	13,419.19	350.96	11,093.97	2,853.07	1,021.61	1,825.44	6.02	(102.94)	108.96
2005-2006	24,522.88	12,452.24	451.59	11,619.05	2,630.52	1,209.02	1,646.24	(224.74)	(274.18)	49.44
2006-2007	28,991.88	15,109.49	525.21	13,357.18	(286.00)	1,698.03	1,701.70	(3,685.73)	(1,235.14)	(2,450.59)
2007-2008	31,890.82	16,976.71	502.25	14,411.86	569.26	2,208.37	2,648.93	(4,288.04)	203.57	(4,491.61)
2008-2009 (18 months)	51,862.61	34,532.19	708.74	16,621.68	2,943.36	3,964.64	3,125.42	(4,146.70)	40.22	(4,186.92)

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of Maral Overseas Limited

We have examined the compliance of conditions of Corporate Governance by Maral Overseas Limited for the financial year ended on 30th September 2009 (18 months), 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 carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to 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 Shareholders/ Investors Grievance Committee.

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.

For Doogar & Associates
Chartered Accountants

For Ashim & Associates
Chartered Accountants

Mukesh Goyal
Partner
Membership No. 081810

Ashim Agarwal
Partner
Membership No. 084968

Noida (U.P.)
28th October, 2009

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Shekhar Agarwal, Managing Director and P.S. Puri, Chief Financial Officer, of Maral Overseas Limited, hereby certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by Maral Overseas Limited during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting in Maral Overseas Limited and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.
- (e) We affirm that we have not denied any personnel access to the Audit Committee of the company (in respect of matters involving alleged misconduct).
- (f) We further declare that all Board members and designated senior management have affirmed compliance with the Code of Conduct for the current year.

Noida (U.P.)
28th October, 2009

Shekhar Agarwal
Managing Director

P. S. Puri
Chief Financial Officer

LNJ Bhilwara Group

TEXTILES

■ RSWM Limited

1. Kharigram
2. Mayur Nagar, Banswara
3. Mandpam
4. Rishabhdev
5. Ringas
6. LNJ Nagar, Mordī
7. LNJ Nagar, Mordī

Fibre Dyeing, Spinning Dyed & Grey Yarn
Spinning PV Blended, Cotton & Open End Grey Yarn
Melange, Cotton Dyed Yarn & Yarn Dyeing
Spinning PV Blended Grey Yarn
Fibre Dyeing & Spinning Dyed Yarn
Weaving & PV Fabric Processing & Finishing
Cotton Ring & Open End Spinning, Denim Fabric
Weaving & Rope Dyeing, Processing & Finishing
Thermal Power

■ Cheslind Textiles Ltd.

9. Bagalur
10. Pondicherry

Spinning Cotton, Compact, Gassed & Mercerized Yarn & Knitting
Spinning Cotton, Compact, Gassed & Mercerized Yarn & Knitting

■ Maral Overseas Ltd.

11. Maral Sarovar
12. Maral Sarovar
13. Noida
14. Noida

Cotton Spinning, Knitting, Dyeing & Finishing, Knitted Garments
Captive Thermal Power
Knitted Garments
Knitted Garments

■ BSL Ltd.

15. Bhilwara
16. Jaisalmer

PV & Worsted Spinning, PV & Worsted Weaving & Silk Fabric
Wind Power Generation

■ Bhilwara Spinners Ltd.

17. Bhilwara

Spinning PV Blended Grey Yarn

■ BMD Pvt. Ltd.

18. LNJ Nagar, Mordī

Automotive Furnishing Fabric, Flame Retardant Fabric, Furnishing Fabric

■ Bhilwara Processors Ltd.

19. Bhilwara

Dyeing, Processing & Finishing of Fabric

■ Bhilwara Technical Textiles Ltd.

20. LNJ Nagar, Mordī

Technical Textiles

GRAPHITE

■ HEG Ltd.

21. Mandideep
22. Mandideep
23. Tawa

Graphite Electrodes
Captive Thermal Power
Captive Hydro Electric Power

POWER

■ Bhilwara Energy Ltd.

24. Pathankot
25. Tawang

UBDC Stage III Hydro Electric Power Generation
Nyam Jang Chhu Hydro Electric Power Generation

■ Malana Power Company Ltd.

26. Malana (Kullu)

Hydro Electric Power Generation

■ AD Hydro Power Ltd.

27. Allain-Duhangan (Manali)

Hydro Electric Power Generation

■ Indo Canadian Consultancy Services Ltd.

28. Noida

Power Engineering Services

INFORMATION TECHNOLOGY

■ Bhilwara Scribe Pvt. Ltd.

29. Bhopal
30. Bengaluru

Medical Transcription Services
Medical Transcription Services

■ Bhilwara Infotech Ltd.

31. Bengaluru

IT Services

OFFICES

■ Corporate Office

32. Noida (NCR-Delhi)

■ Regional / Marketing

33. Mumbai
34. Kolkata
35. Bengaluru
36. New Delhi
37. Ludhiana
38. Amritsar
39. Bhilwara

This is only an indicative map



Maral Overseas Limited

Maral Overseas Limited

Bhilwara Towers, A-12, Sector I, Noida - 201301 (NCR - Delhi), India

www.maraloverseas.com