

17th Annual Report
2008-2009

SNS TEXTILES LIMITED

Annual Report 2008-2009

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BOARD OF DIRECTORS

Shri Mansukh K. Patel Whole time Director
Shri Priyesh G. Shah
Shri Ranjitsinh A. Parmar
Shri Satish V. Batavia
Shri Dinesh K. Patel

AUDITORS

NATVARLAL VEPARI & CO.
Chartered Accountants
405, River Palace-II,
Near Navdi Ovara, Nanpura,
Surat - 395 001

INTERNAL AUDITORS

SNK & Co.
Chartered Accountants
'SNK House', 31A, Adarsh Society,
Opp., Seventhday Adventist High School,
Athwalines,
Surat - 395 001.

REGISTERED OFFICE & WORKS

330-A, GIDC,
Opp. Atul Products,
Ankleshwar, Dist :Bharuch
Gujarat - 393 002.

**REGISTRAR & TRANSFER
AGENTS**

Pinnacle Shares Registry (P) Ltd.
Near Ashoka Mills, Naroda Road,
Ahmedabad - 380 025
Tele No. 22204226 - 22200582
Fax - 91-079-22202963

NOTICE

NOTICE is hereby given that the **17TH ANNUAL GENERAL MEETING** of the Members of **SNS TEXTILES LIMITED** will be held as scheduled below:

Date : 25th September, 2009

Day : Friday

Time : 11.30 A. M.

Place : At the Registered Office of the Company at:

330- A, GIDC, Opp. Atul Products, Ankleshwar, Dist: Bharuch, Gujarat – 393 002

to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt *Audited Profit and Loss Account* for the year ended 31st March, 2009 and the Balance Sheet as on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Priyesh G. Shah, who retires by rotation and, being eligible, offers himself for re appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Shri Dinesh K. Patel, be and is hereby appointed, Director of the Company liable to retire by rotation."

5. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 269, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby accord its approval to the reappointment of Shri Mansukh K. Patel as Whole time Director of the Company for a period of five years with effect from 1st October, 2009 to 30th September, 2014 on the terms and conditions as set out in the draft agreement of appointment submitted to this meeting duly initialled by the Chairman for identification as set out in the accompanying explanatory statement."

Regd Office :

330- A, GIDC, Opp. Atul Products,
Ankleshwar, Dist : Bharuch,
Gujarat - 393 002.

By order of the Board

Place : Ankleshwar
Date : 25th June, 2009

Mansukh K. Patel
Wholetime Director

NOTES:

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item Nos. 4 and 5 are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. The instrument appointing proxy in order to be effective must be deposited at Registered Office of the Company not less than 48 hours before the time for holding the meeting.
4. Members/Proxies should bring their attendance slip duly filed in for attending the meeting.
5. The Register of Members and Share Transfer Book of the Company will be closed from Tuesday, the 8th September, 2009 to Friday, the 25th September, 2009 (both days inclusive).
6. Shareholders seeking any information with regard to accounts are requested to write to the Company early so as to enable the management to keep the information ready.
7. The Equity Shares of the Company are available for dematerialisation, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN of the Equity Shares is INE979D01011.

ANNEXURE TO THE NOTICE

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

In conformity with the provision of Section 173(2) of the Companies Act, 1956, following Explanatory Statements sets out all material facts relating to the Special Business mentioned at item No. 4 & 5 respectively of the accompanying notice dated 25th June, 2009 and should be taken as forming part of the notice.

IN RESPECT OF ITEM NO. 4:

Shri Dineshchandra K. Patel was appointed as an Additional Director of the Company at the Board meeting held on 14th March, 2009.

As per Section 260 of the Companies Act, 1956 and Articles of Association of the Company, the Board of Directors have power to appoint director and he would hold office up to the date of next Annual General Meeting.

As per section 257 of the Companies Act, 1956, notice has been received from some of the shareholders of the Company proposing name of Shri Dineshchandra K. Patel as Director of the Company liable to retire by rotation.

Shri Dineshchandra K. Patel himself and Shri Mansukh K. Patel as relative of Shri Dineshchandra K. Patel are concerned or interested in the said business, since it relates to his appointment as Director of the Company. Except them, none of the Directors is in any way concerned or interested in the said business.

IN RESPECT OF ITEM NO.5:

Shareholders may recall that in the Annual General Meeting of the Members of the Company held on 28th August, 2004, Shri Mansukh K. Patel was appointed as Whole time Director of the Company for a period of five years from 1st October, 2004 to 30th September, 2009. The Board of Directors in their meeting held on 25th June, 2009 has reappointed Shri Mansukh K. Patel as Whole time Director for a further period of five years i.e. from 1st October, 2009 to 30th September, 2014.

The major terms and conditions are as under:

I. PERIOD:

For a period of 5 years from 1st October, 2009 to 30th September, 2014.

II. REMUNERATION:

The Whole time Director will not be entitled for any remuneration

III. The Whole time Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

IV. The Whole time Director shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.

V. DUTIES:

Subject to the superintendence, direction and control of the Board of Directors of the Company, the Whole time Director Shall be entrusted with substantial powers of management and also such other duties and responsibilities as may be entrusted to him by the Board of Directors from time to time. The headquarter of the Whole time Director shall be at Ahmedabad or at such place as the Board of Directors may decided from time to time.

VI. TERMINATION:

The Whole time Director may be removed from his office for gross negligence, breach of duty or trust if a Special Resolution to that effect is passed by the Company in its General Meeting. The Whole time Director may resign from his office by giving 90 days' notice to the Company.

VII. COMPENSATION:

In the event of termination of office of Whole time Director takes place before the expiration of tenure thereof, Whole time Director shall be entitled to receive compensation from the Company for loss of office to the extent and subject to limitation as provided under Section 318 of the Companies Act, 1956."

The terms and conditions mentioned in the above explanatory statement may be treated as abstract of the terms of proposed contract under Section 302 of the Companies Act, 1956.

Resolution of the Board of Directors reappointing Shri Mansukh K. Patel as Whole time Director of the Company and Draft agreement of appointment are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

Shri Mansukh K. Patel himself and Shri Dineshchandra K. Patel as relative of Shri Mansukh K. Patel are concerned or interested in the business since it relates to appointment as Whole time Director. No other Director is deemed to be concerned or interested in this Resolution.

Regd Office :

330- A, GIDC, Opp. Atul Products,
Ankleshwar, Dist : Bharuch,
Gujarat - 393 002.

Place : Ankleshwar

Date : 25th June, 2009

By order of the Board

Mansukh K. Patel
Wholetime Director

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DIRECTORS' REPORT

Your Directors present the 17th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2009.

1. FINANCIAL RESULTS: (Rs in Lacs)

Particulars	2008-2009	2007-2008
Profit before Depreciation	47.61	35.18
Less: Depreciation	47.78	47.78
(Loss) after depreciation	(0.17)	(12.60)
Add/Less: Prior period Income /(Expense)	0.03	(0.05)
Add: Deferred Taxation Assets	6.01	17.23
Less: Provision for tax	0.17	0.15
Profit for the year	5.71	4.43
Opening (debit) balance of Profit & Loss Account	(1926.40)	(1930.83)
(Loss) carried forward to Balance sheet	(1920.69)	(1926.40)

2. OPERATIONS:

During the year under review the sales (including other income and job work income) was Rs.224.53 lacs as against Rs.215.06 Lacs in the previous financial year. The sales of current financial year is mainly from the furnishing fabrics division which is Rs.174.60 Lacs against Rs. 173.21 Lacs during the previous financial year. The net profit increased to Rs.5.71 Lacs as compared to Rs. 4.43 Lacs of previous year.

During the year under review the sales comprised mainly from the own production of furnishing fabrics of Rs.174.60 Lacs as compared to Rs. 173.21 Lacs during the previous year. The efforts have been made to maximize the profit through own production and marketing.

3. FUTURE OUT LOOK:

The Furnishing Fabrics unit of the Company generates profit even by its own marketing / production and jobwork so in future the possibility of increasing margins are better.

4. FINANCE:

Fund arrangements including working capital have been prudently managed and during the current financial year company did not enjoy any financial assistance from Financial Institutions and Banks.

The Company has not raised any new term loan during the year as well as not given any guarantee for loans taken by others from bank or financial institutions.

5. MANAGEMENT DISCUSSION AND ANALYSIS:

The furnishing fabric sector of the textile industry is a fashion driven segment and with improved life style and increased corporatisation, the market for furnishing fabric like home furnishing, curtains, upholstery, sofa cover, linen etc. is showing increasing trend. The company has focused on developing its own marketing. During the year the Furnishing Fabrics unit operates on job work basis along with the own production to achieve some contribution. The company has started its own marketing so in future the possibility of increase margins are better.

The windmill unit of the company supplies free captive power to the furnishing fabric division that is a helpful feature for power cost competitiveness.

6. DIVIDEND:

In view of the large carried forward losses of the Company, your Directors regret their inability to recommend any dividend for this period.

7. DIRECTORS:

Shri Dineshchandra K. Patel was appointed as Director of the Company w.e.f.14th March, 2009. Shri Jitendra R. Tanti, Director of the Company resigned w.e.f. 15th June, 2009.

Shri Priyesh G. Shah Director of the Company, retires by rotation, and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors report as under:

- That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at 31st March, 2009 and profit of the company for the year.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing/detecting frauds and other irregularities.
- That the Directors have prepared the Annual Accounts on a going concern basis.

9. DEMATERIALISATION OF EQUITY SHARES:

The company has entered into arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat. The ISIN No. of the

Equity Shares is INE979D01011. The shareholders have option to dematerialize their shares with either of the Depositories.

10. COST AUDITORS:

The Company has disposed off Spinning Unit during 2005-06 and textile operations which are limited to job work and own production of furnishing fabric only. After taking into account the above facts, the Company vide letter dated 12th May, 2006 have applied to the Central Government for cancellation of requirement for cost audit.

11. CORPORATE GOVERNANCE:

The Report on Corporate Governance prescribed in Clause 49 of the Listing Agreement along with the Certificate of Auditors is attached to this Report.

12. FIXED DEPOSITS:

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

13. PARTICULARS OF EMPLOYEE:

None of the employees is drawing remuneration requiring Disclosure information under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

14. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO:

(a) Conservation of Energy:

The Company gives top most priority to energy conservation and has undertaken continuous measures in this respect. New measures are planned to achieve further reduction in energy consumption. The Company has also commissioned and installed Wind Farm of 225 KW capacity at Dhank for generation of pollution free power.

(b) Power and Fuel Consumption:

<u>Sr. No.</u>	<u>Particulars</u>	<u>2008-09</u>	<u>2007-08</u>
1.	Electricity		
	- Purchase units (KWH)	311095	299042
	- Total Amount (Rs. in Lacs)	18.78	15.89
	- Rate/Unit (Rs.)	6.04	5.31
2.	Oil (LDO)/Diesel		
	- Qty. in Liters	1200	3200
	- Total Amount (Rs. in Lacs)	0.46	1.14
	- Rate/Per Liters (Rs.)	38.16	35.47

(c) Technology Absorption:

The project of your Company has no foreign collaboration hence, no particulars are offered for the same.

(d) Foreign Exchange Earning & Outgo

(Rs in Lacs)

<u>Sr. No.</u>	<u>Particulars</u>	<u>2008-09</u>	<u>2007-08</u>
	Total Foreign Exchanges used and Earned		
(a)	Total Foreign Exchange used	8.74	1.18
(b)	Total Foreign Exchange earned	32.00	-

15. RESEARCH & DEVELOPMENT:

The Company is continuously working on Research and Development resulting in new innovation leading to cost reduction and better product quality.

16. AUDITORS:

M/s Natvarlal Vepari & Co. Chartered Accountants, Surat will retire as Auditors at the ensuing Annual General Meeting and are eligible for re-appointment. The notes to the accounts are self-explanatory.

17. DELISTING FROM THE AHMEDABAD STOCK EXCHANGE LIMITED:

At the request of the Company, the Equity Shares of the Company were de-listed from the Ahmedabad Stock Exchange Limited w.e.f. 21st January, 2009. The Equity Shares continue to be listed on Bombay, Vadodara, Saurashtra-Kutch and Chennai Stock Exchanges. The Company has applied for Delisting of Equity Share from Vadodara, Saurashtra-Kutch and Chennai Stock Exchanges.

18. ACKNOWLEDGEMENT:

The Directors take this opportunity to express their sincere thanks and are extremely grateful for the continued support received from various authorities. The Directors also express their sincere thanks to the customers, suppliers and employees for their encouraging support and co-operation. The Directors also express their sincere thanks to the shareholders for their continuing confidence in the Company.

For and on behalf of the Board

Place : Ankleshwar
Date : 25th June, 2009

Mansukh K. Patel **Dinesh K. Patel**
Wholetime Director Director

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REPORT ON CORPORATE GOVERNANCE

ANNEXURE TO DIRECTORS' REPORT

1. Corporate Governance Philosophy

It has been our endeavor to give importance on ensuring appropriate standards for good corporate Governance to achieve corporate goal and shareholders value. Your company consistently and effectively adheres to its philosophy of adequate disclosure and fairness to all and to have an independent monitoring system and play an important role to achieve the better performance. It is our accountability and responsibility to give optimum information and benefit to the shareholders, Customers' and all involved. The company recognises that transparency, disclosure, financial control and accountability are the pillars of any good system of corporate Governance.

A detailed disclosure on the Board of Directors, Shareholders and Stock market are given here below:

2. Board of Directors:

a. The Board of Directors consists of six Directors as on 31st March, 2009 and five Directors as on the date of Report.

b. Composition, Attendance, Category etc.

Sr. No.	Name	Category	No. of Other Directorships held *	Committee /Chairmanship held in other Companies	No. of Board Meetings Attended	Attendance at the AGM held on 12-09-2008
1	Shri Mansukh K. Patel	Executive	-	-	6	Yes
2	Shri Ranjitsinh A. Parmar	Independent	5	-	6	Yes
3	Shri Priyesh G. Shah	Non-Executive	-	-	6	No
4	Shri Satish V. Batavia	Independent	-	-	-	No
5	Shri Dineshchandra K. Patel #	Non-Executive	-	-	1	No
6	Shri Jitendra R. Tanti @	Non-Executive	7	-	6	Yes

* Private Companies excluded @ resigned w.e.f. 15-06-2009 # appointed w.e.f. 14-03-2009

c. Details of the Directors proposed to be re-appointed at the ensuing Annual General Meeting:

Name	Shri Priyesh G. Shah
Date of Birth	15-11-1960
Date of Appointment	08-07-1995
Nature of Expertise	Marketing
List of Public Limited Companies in which Directorship held	-
Chairman/Member of the Committees of the Board of Directors of the Company	Audit Committee
Chairman/Member of the Committees of Directors of other Companies	-

d. Board Procedures:

The Board of Directors meets at least once in a quarter to review the performance of the Company and Financial Results. All the major decisions / approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, Statutory Compliance etc. The Board meetings were held during the period 01-04-2008 to 31-03-2009 on (1) 15-05-2008, (2) 27-06-2008, (3) 31-07-2008, (4) 24-10-2008, (5) 30-01-2009 & (6) 14-03-2009.

3. Audit Committee

The Board of Directors has constituted an Audit Committee of Directors to exercise power and discharge functions as stipulated in clause 49 of the listing agreements with stock exchange and other relevant statutory provisions. The Audit Committee consists of three Non Executive Directors.

No.	Name of Director	Category
1.	Shri Ranjitsinh A. Parmar	Chairman
2.	Shri Satish V. Batavia	Member
3.	Shri Priyesh G. Shah	Member

The meetings of the committee were held during the period 01-04-2008 to 31-03-2009 on (1) 27-06-2008 (2) 31-07-2008 (3) 24-10-2008 and (4) 30-01-2009.

SNS Textiles Limited

The Audit committee are mainly to see the effectiveness of the operations of the audit function of company, review the system and procedures of internal control, oversee the company's financial reporting process, review with management the financial results and annual financial statement before submission to the Board.

4. Remuneration Committee

As none of the directors of the company is entitled for any remuneration including sitting fees, the Company has not formed Remuneration Committee.

5. Shareholders / Investors Grievance Committee

A shareholders / Investors grievance committee has been constituted by the Board to review and monitor the status of complaints received from shareholders and resolves the same. Shri Ranjitsinh A. Parmar and Shri Mansukh K. Patel are the member of the committee.

The Company received 8 complaints during the year and all were resolved to the satisfaction of shareholders. There is no pending complaint as on 31st March, 2009.

6. Details of Annual General Meetings

Information about last three Annual General Meetings.

Year	Date	Time	Location
2005-2006	07-09-2006	11.30 a.m.	330-A, GIDC, Opp. Atul Products, Ankleshwar, Dist. Bharuch, Gujarat - 393 002.
2006-2007	18-09-2007	11.30 a.m.	330-A, GIDC, Opp. Atul Products, Ankleshwar, Dist. Bharuch, Gujarat - 393 002.
2007-2008	12-09-2008	11.30 a.m.	330-A, GIDC, Opp. Atul Products, Ankleshwar, Dist. Bharuch, Gujarat - 393 002.

One Special Resolution was passed during the last three AGMs and no Resolution was passed through Postal Ballot during the year under review.

7. Disclosures:

- a. The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has no Subsidiary.
- b. There has been no non-compliance by the company nor were any penalties or strictures on the Company by Stock Exchanges, SEBI or any other statutory authority on any matters related to Capital Market during the last three years.

8. Means of Communication

- a. In compliance with the requirements of the Listing Agreement, the Company is regularly intimates Unaudited/Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati)
Results are not displayed on Website and are not sent individually to the shareholders.
- b. During the year ended 31st March, 2009 no presentation were made to Institutional Investors or analyst or any other enterprise.
- c. Management Discussions and analysis form part of the Directors' Report.

9. General Shareholders Information:

- (a) Registered Office : 330-A, G I D C Estate, Opp. Atul Products, Ankleshwar - 393 002, Dist : Bharuch
- (b) AGM

Day	: Friday
Date	: 25th September, 2009
Time	: 11.30 a.m.
Venue	: 330-A, GIDC Estate, Opp. Atul Products, Ankleshwar - 393 002, Dist : Bharuch, Gujarat
- (c) Financial Calendar

1st Quarter Results	: End July, 2009.
Half yearly Results	: End October, 2009.
3rd Quarter Results	: End January, 2010.
Audited yearly Results	: End June, 2010.
- (d) Book Closure Dates : From To

Tuesday, the 8th	Friday, the 25th September,
September, 2009	2009. (Both days inclusive).

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- (e) Registrar and Share Transfer Agents : In terms of SEBI Circular No. D&CC/FITTC/CIR 15/2003 dated 27th December, 2002 read with Circular No. D&CC/FITTC/CIR 18/2003 dated 12th February, 2003, on appointment of common agency for share registry work, the Company has appointed the below mentioned agency as Registrars and Share Transfer Agents (RTA) for both Physical and Demat Segment of Equity Shares of the Company:

M/s. Pinnacle Share Registry Pvt. Ltd.

Near Asoka Mills Premises, Naroda Road,
Ahmedabad-25.
Tele.:(079) 2220 4226, 2220 0582
Fax No. :(079) 2220 2963
e mail Address:investor.service@psrpl.com

- (f) ISIN : INE979D01011
- (g) Dividend Payment Date : The Company has not declared Dividend
- (h) Stock Exchange Code : Stock Exchange Code
- | | |
|--------------------------------------|--------|
| Bombay Stock Exchange Limited | 514240 |
| Vadodara Stock Exchange | 14240 |
| Saurashtra-Kutch Stock Exchange Ltd. | — |
| Chennai Stock Exchange Ltd. | — |

(i) **Distribution of Shareholding:**

Distribution of Shareholding as on 31st March, 2009:

Shares Balance	Number of Shareholders	% of total Shareholders	Total Shares held	% of total Shareholding
1 -500	3781	76.43	9,94,099	6.52
501-1000	556	11.24	5,02,274	3.29
1001-2000	261	5.28	4,39,942	2.89
2001-3000	94	1.90	2,44,749	1.61
3001-4000	40	0.81	1,46,813	0.96
4001-5000	58	1.17	2,85,858	1.87
5001-10000	65	1.31	5,10,090	3.34
10001 & above	92	1.86	1,21,26,175	79.52
Total	4947	100.00	1,52,50,000	100.00

(j) **Shareholding Pattern:**

Shareholding pattern as on 31st March, 2009.

Category	No. of Shares held	% of Shareholding
Promoters (Directors & Relatives)	96,82,232	63.49
Financial Institutions/Banks	4,24,000	2.78
Bodies Corporate	6,62,780	4.35
Indian Public	36,69,394	24.06
NRIs / OCBs	8,11,594	5.32
Total	1,52,50,000	100.00

(k) **Share Transfer System:**

The transfer of shares in physical form is processed and completed by M/s. Pinnacle Share Registry Pvt. Ltd. within the stipulated time, provided all the documents are valid and complete in all respects.

In case of Shares in electronic form, the transfers are processed by NSDL / CDSL through the respective Depository Participants.

(l) **Dematerialization of shares:**

Total 93,89,750 Equity shares of the Company have been dematerialized up to 31st March 2009 which form 61.57% of the share capital of the Company.

SNS Textiles Limited

(m) Stock Market Data :

Monthly high and low prices of equity shares of the company during the year 2008-09

Month & Year	BSE		Share Traded
	High (in Rs.)	Low (in Rs.)	
April 2008	4.25	3.45	31534
May 2008	4.57	3.12	48352
June 2008	4.09	2.95	28592
July 2008	4.00	2.92	76630
August 2008	4.26	3.48	23911
September 2008	4.51	2.94	112775
October 2008	4.65	2.23	58680
November 2008	4.31	2.21	40785
December 2008	4.06	3.01	22932
January 2009	4.05	3.32	15966
February 2009	4.30	3.62	2410
March 2009	4.00	2.40	6378

(n) Outstanding GDRs/ADRs/Warrants or any convertible instruments, Conversion date and likely impact on equity: The Company has not issued any GDRs / ADRs

10. Plant Location:

Unit - I : 330-A, GIDC, Ankleshwar - 393 002

Unit - II : Survey No. 370,372,373 Dhank, Tal. : Upleta, Dist. : Rajkot -360 490

11. Address for Investor correspondence: (For both physical and electronic form)

M/s. Pinnacle Share Registry Pvt. Ltd.

Near Ashoka Mills, Naroda Road, Ahmedabad - 380 025.

Tel. No. (079) 22204226, 22200582 Fax No. (079) 22202963

e-mail : investor.service@psrpl.com

12. Compliance Officer:

Shri Mansukh K. Patel, Whole time Director

On behalf of the Board

Place : Ankleshwar

Date : 25th June, 2009

Mansukh K. Patel

Wholetime Director

Dinesh K. Patel

Director

COMPLIANCE CERTIFICATE TO THE MEMBERS OF SNS TEXTILES LIMITED

We have examined the compliances of condition of Corporate Governance by SNS TEXTILES LIMITED ("The Company") for the year ended 31st March 2009 as stipulated in Clause 49 of Listing Agreement entered into with the Stock Exchanges.

The compliances of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliances of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We have conducted our review on the basis of the relevant records and documents furnished to us for the review and the information and explanations given to us by the Company.

Based on such a review and to the best of our information and according to the explanation given to us. In our opinion the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the said Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Natvarlal Vepari & Co.**
Chartered Accountants

R. N. Vepari
Partner

Membership No. : 006728

Place : Surat

Date : 25th June, 2009

AUDITORS' REPORT

To The Members,
SNS Textiles Limited.

We have audited the attached Balance Sheet of **SNS TEXTILES LIMITED** as at 31st MARCH, 2009 the Profit and Loss account and the Cash Flow statement of the Company for the year ended on that date attached hereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- (1) As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4-A) of the Companies Act, 1956, we annex hereto Annexure 'A' on the matters specified in paragraph 4 and 5 of the said order.
- (2) Further to our comments in Annexure referred to in Para (1) above and *subject to note number 7 and 12 of schedule 16, 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 purpose of 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 the books;
 - c. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts;
 - d. In our opinion, the Profit and Loss Account and Balance Sheet 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 of the Company as at March 31, 2009 and taken on record by the Board of Directors, we report that no Director is disqualified from being appointed as Director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- (3) Subject to matters referred to above, in our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in accordance with the Generally Accepted Accounting Principles in India:
 - a. in the case of the Balance Sheet of the Company of the state of affairs of the Company as at 31st MARCH, 2009,
 - b. In the case of the Profit and Loss account of the **LOSS** of the company for the year ended on that date and
 - c. In the case of the Cash Flow Statement of the company the cash flows for the year ended on that date.

For **Natvarlal Vepari & Co.**
Chartered Accountants

R. N. Vepari
Partner

Place : Surat
Date : 25th June, 2009

Membership No. : 006728

ANNEXURE 'A' TO AUDITORS' REPORT FOR THE YEAR ENDED: 31-03-2009.

- (1) In respect of its fixed assets:
 - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - c) During the year, the Company has not disposed off any fixed assets that would affect the going concern.
- (2) In respect of its Inventories:
 - a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (3) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) The Company has not granted loans, secured or unsecured to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act. Hence sub clause (a),(b), (c), and (d) of clause (iii) of the order are not applicable to the company.
 - b) The Company has not taken loans during the financial year from the parties listed in the register maintained under section 301 of the Companies Act, 1956. One loan exists from the party listed in the register maintained under section 301 of the Companies Act, 1956. The year end balance of this loan aggregate to Rs. 1332.50 lacs.
 - c) As per information and explanations given to us, these are interest free loans and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - d) In respect of loans taken, the principal amount is repayable on demand.
 - e) Since the loans are repayable on demand, the question of overdue amount, if any, does not arise.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (5) In respect of transactions covered under Section 301 of the Companies Act, 1956:
 - a) According to 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 Act that need to be entered into the register maintained under section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at price which are reasonable having regard to the prevailing market prices at the relevant time except where because of the unique and specialized nature of the items and services involved and in absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (6) The Company has not accepted any deposits from the public to which the directions issued by the Reserve Bank of India & the provisions of section 58A, 58AA or any other relevant Provision of the Companies Act, 1956 and the rules framed there under apply.
- (7) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- (8) We have been informed by the management that maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, in respect of the company has been applied for withdrawn.

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(9) In respect of statutory dues:

- a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess have been regularly deposited by the Company with appropriate authorities in all cases during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, custom duty and excise duty were outstanding, at the year end for a period more than six months from the date they became payable.
- b) According to the records of the Company, the disputed statutory dues (provided/considered as contingent liability, as appropriate) on account of sales tax, custom duty, Income tax, excise duty, and cess that have not been deposited on account of matters pending before appropriate authorities are as follows:

Name of the Statute	Nature of dues	Amount to extent not deposited	Period to which the amount relates	Forum where dispute is pending	Remarks
Foreign Trade 1992	Custom Duty / Export Obligation	Yet not Available	1997-98	Deputy General of Foreign Trade.SURAT	Out of total three cases order for two have been received and amount payable has been paid
Central Excise Act, 1944	Excise Duty	30,42,620	July-1995 to Feb.-1997.	CEGAT, Mumbai.	To the extent not deposited
Income Tax Act, 1961	Income Tax	18,64,220	A.Y. 1996-97	ITAT Ahmedabad	Amount Disallowed
Sales Tax Act, 1969	Sales Tax	32,99,845	1st April, 2001 to 31st March 2002.	Gujarat Value Added Tax Tribunal	To the extent not deposited

- (10) According to the Financial Statement, the Company shows a position where accumulated losses exceeded 50% of its net worth at the end of the Current Year as well as Preceding Year.
- (11) The Company has not taken loans from bank or financial institutions or issued any debentures.
- (12) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (13) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- (14) In our opinion and 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, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (16) The Company has not raised any new term loan during the year.
- (17) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we are of the opinion that no funds raised on short term basis have been used for long term investment by the Company.
- (18) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (19) The Company did not have outstanding debentures during the year. Accordingly no securities have been created.
- (20) The Company has not raised any money by way of public issue during the year.
- (21) In our opinion 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, that causes the financial statements to be materially misstated.

For Natvarlal Vepari & Co.
Chartered Accountants

R. N. Vepari
Partner

Membership No. : 006728

Place : Surat
Date : 25th June, 2009

SNS Textiles Limited

BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE	As at 31-3-2009 Rs.	As at 31-3-2008 Rs.
SOURCES OF FUNDS			
Shareholder's Funds			
(a) Share capital	1	148,467,810	148,467,810
(b) Share Application Money		35,000,000	35,000,000
(c) Reserves and surplus	2	45,211,704	45,211,704
		228,679,514	228,679,514
Loan Funds			
Unsecured loans	3	139,750,000	142,925,000
TOTAL...		368,429,514	371,604,514
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	112,407,524	112,407,524
Less: Depreciation		60,578,966	55,801,385
Net Block		51,828,558	56,606,139
Investments	5	175,900	1,080,080
Deferred Tax Asset		93,803,175	93,201,871
Current assets, loans and advances			
(a) Inventories	6	9,409,877	8,161,540
(b) Sundry Debtors		1,445,636	5,285,546
(c) Cash and bank balances		13,091,951	8,998,080
(d) Loans and advances		13,285,646	13,915,831
		37,233,110	36,360,997
Less: Current liabilities and provisions			
(a) Current liabilities	7	6,507,378	8,267,915
(b) Provisions		172,660	16,108
		6,680,038	8,284,023
Profit & Loss Account		192,068,809	192,639,450
TOTAL....		368,429,514	371,604,514
Notes forming part of the accounts	16		

As per our report of even date

For **Natvarlal Vepari & Co.**
Chartered Accountants

R. N. Vepari
Partner

Place : Surat
Date : 25th June, 2009

For and on behalf of the Board

Mansukh K. Patel
Wholtime Director

Dinesh K. Patel
Director

Place : Ankleshwar
Date : 25th June, 2009

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	Current Year Rs.	Previous Year Rs.
Income			
Domestic Sales		17,459,922	17,321,391
Less: Excise duty		88,529	—
Jobwork Income		1,131,221	2,817,756
Other income	8	4,297,203	399,299
Increase/(Decrease) in Finish Goods Stock	9	(346,362)	711,900
Profit on sale of investments		—	255,730
TOTAL...		22,453,455	21,506,076
Expenditure			
Consumption of Raw Material	10	3,247,647	3,572,310
Construction & Operating Expenses		—	5,100
Manufacturing and other expenses	11	7,327,523	5,736,887
Payment and benefits to employees	12	2,913,823	2,651,942
Administrative and other expenses	13	1,479,304	1,260,885
Selling and distribution expenses	14	2,702,288	4,754,086
Depreciation		4,777,580	4,777,580
Financial charges	15	22,056	7,089
TOTAL...		22,470,221	22,765,879
Net Profit / (Loss) for the year before taxation		(16,766)	(1,259,803)
Add / (Less) : Deferred tax Asset/(liability)		601,304	1,723,132
Less : Provision of Income Tax		—	—
Less : Provision of Fringe Benefit Tax		17,035	15,347
Net Profit/(Loss) for the year after taxation		567,503	447,982
Prior Period adjustments		3,138	(4,879)
Net Profit/(Loss)		570,641	443,103
Balance brought forward		(192,639,450)	(193,082,553)
Balance carried to Balance sheet		(192,068,809)	(192,639,450)
Notes forming part of the accounts	16		

As per our report of even date

For and on behalf of the Board

For **Natvarlal Vepari & Co.**
Chartered Accountants

Mansukh K. Patel
Wholetime Director

R. N. Vepari
Partner

Dinesh K. Patel
Director

Place : Surat
Date : 25th June, 2009

Place : Ankleshwar
Date : 25th June, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
(A) Cash Flow from Operating Activities:				
Net profit before prior period Adjustment		(17)		(1,260)
Adjustments for:				
Depreciation	4,778		4,778	
Interest/Dividend (Net)	877		(392)	
Bad Debts Written off	1,415		3,034	
Interest Paid	4		6	
Balance Written off	(8)	7,067	(7)	7,419
Operating Profit before Working Capital Changes		7,050		6,159
Adjustments for:				
Loans & Advances	607		324	
Accounts Receivables	3,840		514	
Inventories	(1,248)		(1,423)	
Trade Payables	(1,761)	1,438	1,196	611
Cash Generated from Operations..		8,488		6,769
Interest paid on operations		(4)		(6)
Cash Flow before prior period Adjustment		8,484		6,763
Prior Period Adjustments-		3		(5)
Bad Debts and other balances written off		1,408		3,027
Net Cash from Operating Activities		7,079		3,731
(B) Cash Flow From Investing Activities:				
Advance for Capital Items	23		1,359	
Insurance Claim Received	191		-	
Interest Received	865		387	
Dividend Received	13	1,092	6	1,751
Net Cash used in Investing Activities		1,092		1,751
(C) Cash Flow from Financing Activities:				
Intercompany Deposits	(3,175)		(550)	
Net Cash used in Financing Activities:		(3,175)		(550)
Net Increase in Cash and Cash Equivalents		4,094		4,817
Cash and Cash Equivalents as on 1st April, 2008		8,998		4,181
Cash and Cash Equivalents as on 31st March, 2009		13,092		8,998

For and on behalf of the Board

Place : Ankleshwar
Date : 25th June, 2009

Mansukh K. Patel **Dinesh K. Patel**
Wholtime Director *Director*

AUDITORS' REPORT

We have examined the above Cash Flow Statement of the SNS Textiles Limited for the period ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirements of Accounting Standard 3 on Cash Flow and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 25th June, 2009 to the members of the Company.

For **Natvarlal Vepari & Co.**
Chartered Accountants

Place : Surat
Date : 25th June, 2009

R. N. Vepari
Partner

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SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	SCHEDULE		As at 31-3-2009 Rs.	As at 31-3-2008 Rs.						
SHARE CAPITAL	1									
Authorised										
25,000,000 Equity Shares of Rs.10/- each			250,000,000	250,000,000						
Issued, subscribed and paid-up										
15,250,000 Equity shares of Rs.10/- each fully paid.			152,500,000	152,500,000						
Less: Calls in arrears			4,032,190	4,032,190						
(Out of which 27,00,000 Equity shares of Rs.10/- each fully paid were issued for consideration otherwise than in cash)										
			<u>148,467,810</u>	<u>148,467,810</u>						
RESERVES AND SURPLUS	2									
Capital Reserves			6,871,400	6,871,400						
Share Premium Account			38,340,304	38,340,304						
			<u>45,211,704</u>	<u>45,211,704</u>						
UNSECURED LOANS	3									
Inter corporate deposits from Companies & Others			133,250,000	133,250,000						
From Shareholders			6,500,000	9,675,000						
			<u>139,750,000</u>	<u>142,925,000</u>						
FIXED ASSETS	4									
	GROSS BLOCK			DEPRECIATION		NET BLOCK				
Description	As on 1-4-2008	Addition during the Year	Adjustment Rs.	As on 31-3-2009	Up to 1-4-2008 Rs.	For the Year Rs.	Adjustment Rs.	As on 31-3-2009 Rs.	As on 31-3-2009 Rs.	As on 31-3-2008 Rs.
Factory Building	21,848,285	0	0	21,848,285	10,414,172	729,733	0	11,143,905	10,704,380	11,434,113
Vehicles	59,804	0	0	59,804	17,495	5,681	0	23,176	36,628	42,309
Building	87,042	0	0	87,042	20,196	1,419	0	21,615	65,427	66,846
Land	4,098,938	0	0	4,098,938	0	0	0	0	4,098,938	4,098,938
Plant & Machinery	84,230,232	0	0	84,230,232	43,620,356	3,983,241	0	47,603,597	36,626,635	40,609,876
Furniture & Fixtures	660,827	0	0	660,827	660,827	0	0	660,827	0	0
Office Equipments	908,473	0	0	908,473	554,416	57,506	0	611,923	296,550	354,057
Vehicles	513,923	0	0	513,923	513,923	0	0	513,923	0	0
Total...	112,407,524	0	0	112,407,524	55,801,385	4,777,580	0	60,578,966	51,828,558	56,606,139
Previous Year...	112,407,524	0	0	112,407,524	51,023,805	4,777,580	0	55,801,385	56,606,139	61,383,719

SNS Textiles Limited

	Schedule	As at 31-3-2009 Rs.	As at 31-3-2008 Rs.
INVESTMENTS	5		
Long Term Investments(Quoted)			
Trade Investments :			
2700 (P.Y. 2700) Shares of Rs.10/- each of Fairdeal Filaments Ltd.(Fully paid up)		40,500	40,500
Investment in White Spectrum Textiles LLC Dubai (\$ 22500)		—	904,180
4375 (P.Y. 4375) Equity shares of Rs.10 each of Overseas Synthetics Ltd.(Fully paid up)		75,000	75,000
		<u>115,500</u>	<u>1,019,680</u>
Non Trade Investments :			
500 (P.Y. 500) Equity shares of Rs.10/- each of Gujarat Narmada Knitwear Ltd. (Partly paid up)		2,500	2,500
100 (P.Y. 100) Shares of Rs.10/- each of Oriental Bank of Commerce(Fully paid up)		6,000	6,000
3900 (3,900) Shares of Rs.10/- each of Bhagwati Bright Bars Ltd.(Fully paid up)		39,000	39,000
		<u>47,500</u>	<u>47,500</u>
Long Term Investments(Unquoted)			
Trade Investments :			
42 (P.Y. 42) Shares of Rs.100/- each of Surat People's Co-op. Bank Ltd.		4,200	4,200
87 (P.Y. 87) Shares of Rs.100/- each of Surat People's Co-op. Bank Ltd.		8,700	8,700
		<u>12,900</u>	<u>12,900</u>
		<u>175,900</u>	<u>1,080,080</u>
CURRENT ASSETS, LOANS AND ADVANCES	6		
Inventories			
(As taken, valued and certified by the management)			
Raw materials		4,042,778	2,587,040
Work in progress		638,602	499,641
Finished goods		4,728,497	5,074,859
		<u>9,409,877</u>	<u>8,161,540</u>
Sundry Debtors (Unsecured, and Considered good)			
Outstanding for more than six months		1,892,534	7,610,825
Others-Debtors		6,096,243	2,977,411
Less : Provision for doubtful debts		6,543,141	5,302,690
		<u>1,445,636</u>	<u>5,285,546</u>
Cash and bank balances			
Cash on hand		10,288	108,710
Balances with Scheduled banks in Current accounts		2,561,490	667,487
Balances with Scheduled banks in Fixed deposit accounts		8,493,173	6,194,883
Balances with Scheduled banks in Margin money accounts		2,027,000	2,027,000
		<u>13,091,951</u>	<u>8,998,080</u>
Loans and advances			
Deposits		5,131,024	5,262,244
Prepaid Expenses		88,223	74,116
Advance Income Tax		3,069,756	2,837,642
Other Current Assets		2,944,250	3,545,596
Advance for Capital Goods		670,806	694,206
Advance for Goods		1,340,385	1,340,385
Staff Loans		24,000	146,000
Advance Fringe Benefit Tax		17,200	15,640
		<u>13,285,644</u>	<u>13,915,829</u>

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	Schedule	As at 31-3-2009 Rs.	As at 31-3-2008 Rs.
CURRENT LIABILITIES AND PROVISIONS	7		
Current liabilities			
Sundry Creditors for expenses		2,385,518	2,116,884
Sundry Creditors for capital goods		49,899	49,899
Other liabilities		1,634,485	1,158,233
TDS Payable		32,120	68,696
Advance received from Customers		2,405,356	4,874,203
		<u>6,507,378</u>	<u>8,267,915</u>
Provisions			
Provision for taxation		—	760
Provision for Fringe Benefit Tax		17,035	15,348
Other Provisions		155,625	—
		<u>172,660</u>	<u>16,108</u>
Other income	8		
Commission Income		3,199,639	—
Discount received		95	—
Balances written back		7,773	7,026
Interest on F.D. (TDS Rs. 1.79 Lacs)		864,623	386,693
Dividend income		12,845	5,580
Miscellaneous Income		20,800	—
Insurance claim Income		191,428	—
		<u>4,297,203</u>	<u>399,299</u>
INCREASE/(DECREASE) IN FINISH GOODS STOCK	9		
Opening stock		(5,074,859)	(4,362,959)
Closing stock		4,728,497	5,074,859
		<u>(346,362)</u>	<u>711,900</u>
CONSUMPTION OF RAW MATERIAL	10		
Opening Stock of Raw Material		2,587,040	2,041,622
Opening Work-in-Progress		499,641	333,759
Add : Purchases of Raw Material		4,842,346	4,283,610
		<u>7,929,027</u>	<u>6,658,991</u>
Less : Closing Stock of Raw Material		4,042,778	2,587,040
Less : Closing Work-in-Progress		638,602	499,641
		<u>3,247,647</u>	<u>3,572,310</u>
MANUFACTURING AND OTHER EXPENSES	11		
Factory Expenses		71,642	76,885
Power & Fuel Expenses		1,924,340	1,702,683
Municipal Tax		5,033	3,811
Water Charge		44,597	33,317
Building repairs and maintenance (Factory)		154,950	39,210
Job charges		777,712	763,449
Labour Charges(Direct Labour)		171,916	219,895
Design Expenses		180,000	144,000
Freight & Octroi		48,021	36,530
Security Expenses		266,983	238,508
Wages		43,990	67,362
Dyeing labour charges		1,103,181	1,145,266
Other Repairs & Maintenance		699,080	732,640
Stores & Spares Consumed		1,836,078	533,331
		<u>7,327,523</u>	<u>5,736,887</u>

SNS Textiles Limited

	Schedule	As at 31-3-2009 Rs.	As at 31-3-2008 Rs.
PAYMENT AND BENEFITS TO EMPLOYEES			
	12		
Salaries and wages (Factory)		2,427,319	2,251,536
Contribution to PF, FPF, ESI		193,904	176,074
Staff Welfare Expenses		14,410	23,591
Bonus Expense		138,044	82,733
Gratuity		140,146	118,008
		2,913,823	2,651,942
ADMINISTRATIVE AND OTHER EXPENSES			
	13		
Vehicle Expense		3,606	28,148
Insurance Charges		319,019	341,711
Electricity Expense		645	600
Legal and Professional Charges		161,093	117,184
Professional Tax		1,000	1,000
Membership Fee		9,000	9,000
Audit Fees		110,300	112,360
Consultancy Charges		359,662	260,849
Travelling & Conveyance Expenses		106,981	73,698
Office Expenses		8,782	3,561
Telephone, Postage & Fax expense		130,314	64,069
Stationery and Printing Expenses		53,577	44,401
Subscription Expenses		3,235	3,615
Canteen Expenses		54,515	48,990
Entertainment Expenses		230	336
Gift		—	2,500
Notified Area Tax		157,345	148,863
		1,479,304	1,260,885
SELLING AND DISTRIBUTION EXPENSES			
	14		
Discount & Rebate		—	1,877
Advertisement Expense		28,695	20,145
Sales Promotion expenses		160,659	208,372
Brokerage		687,649	765,109
Packing Expense		409,904	515,223
Bad Debts Written off		1,415,381	3,033,901
Export Expenses		—	203,606
Rate Difference		—	5,853
		2,702,288	4,754,086
FINANCIAL CHARGES			
	15		
Bank commission		3,885	6,277
Other finance charges		17,986	—
Banking Cash Transaction Tax		185	730
Bank Interest Expenses		—	82
		22,056	7,089

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NOTES FORMING PART OF THE ACCOUNTS: SCHEDULE " 16 "

[1] Significant Accounting Policies:

(i) Basis of accounting:

The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with normally accepted accounting principles, Accounting Standards and provisions of the Companies Act, 1956.

(ii) Fixed Assets:

Fixed Assets (except land) are carried at cost of acquisition/construction (gross of MODVAT/ CENVAT) less depreciation.

(iii) Depreciation:

Depreciation has been provided on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956.

(iv) Investments:

All investments have been classified as long term Investments, which are stated at cost of acquisition. No provision is made in respect of diminution in the value of investment, which is temporary in nature.

(v) Inventories:

Inventories of raw materials and WIP are valued at cost and finished goods are valued at lower of cost and net realizable value using FIFO method.

(vi) Sales:

Sales revenue comprises sale value of goods and services, (Net of Trade Discount, Rate difference & sales return.) Other income is accounted on an accrual basis.

(vii) Foreign Currency Transactions:

Export sales are recorded at Invoice value actually realized and other transactions are recorded at the rate of exchange in force at the time transactions are affected. Realised gains and losses on foreign exchange transactions other than those relating to fixed assets are recognized in the Profit and Loss Account.

(viii) Retirement Benefits:

Gratuity payable to employees on retirement or termination of service is provided on actuarial basis.

(ix) Accounting for Excise Duty:

The liability for central excise duty on account of finished goods stock lying in factory has not been provided in the books of accounts, as the same is being accounted for on payment basis and not carried into stock as per practice followed by the company.

[2] Contingent Liability:

(a) Uncalled liability on partly paid up Shares Rs. 2500 (P.Y. Rs.2500).

(b) Excise matters under appeal Rs. 30.42 Lacs (P.Y. Rs. 30.87 lacs)

(c) Sales Tax matter under appeal Rs. 33.00 Lacs (P.Y. Rs. 33.00 Lacs)

(d) Income Tax disallowance, matter pending under appeal Rs. 18.64 Lacs (P.Y Rs.18.64)

(e) Custom Duty Export Obligation , matter pending with Deputy General of Foreign Trade, Surat

[3] Additional information pursuant to the provisions of Paragraphs 3, 4B, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:

	2008-2009	2007-2008
(a) Licensed Capacity:	Not applicable. Delicensed Industry.	Not applicable Delicensed Industry.
(b) Installed Capacity:		
Furnishing Fabrics:	9.90 LMPA	9.90 LMPA

Note:-

The installed capacity is certified by a Director and being a technical matter is relied upon by the Auditors.

SNS Textiles Limited

(c) Details of production, purchase, stock and turnover of each class of finished goods:

		Unit	Quantity	Quantity
(i) Production:				
Fabrics in 000's	Own	Mtrs	143.13	157.18
	Job *	Mtrs	71.01	113.58

* Job work inclusive of job done by the company of outsiders.

	Unit	Quantity	Rs in Lacs	Quantity	Rs in Lacs
(ii) Turnover					
Fabrics (in 000's)- own	Mtrs.	144.67	176.59	150.23	177.48
Fabrics (in 000's)- job	Mtrs.	78.88	11.31	107.64	28.18
(iii) Consumption of Raw Material					
Yarn for weaving	MT	27.07	32.48	29.62	35.72
(iv) Opening Stock of Finished goods:					
Fabrics (in 000's)	Mtrs.	48.55	50.75	43.94	43.63
(v) Closing Stock of Finished goods:					
Fabrics (in 000's)	Mtrs.	45.39	47.28	48.55	50.75

(d) Imported and Indigenous Consumption:

	Rs. in Lacs	%	Rs. in Lacs	%
(a) Raw Materials:				
Imported:	—	0%	—	0%
Indigenous	32.48	100.00%	35.72	100.00%
	32.48	100.00%	35.72	100.00%
(b) Consumable Stores :				
Imported	10.99	100.00%	1.55	100.00%
Indigenous	7.37	100.00%	3.78	100.00%
	18.36	100.00%	5.33	100.00%

(e) Value of direct Imports on CIF basis:	2008-2009 (Rs. in Lacs)	2007-2008 (Rs. in lacs)
Components, spare parts & Chemicals	8.74	1.18
(f) Expenditure in foreign currency:		
[i] Travelling :	—	—
[ii] Sales commission	—	—
(g) Earning in foreign currency:		
Export of goods on FOB Basis	—	—
Commission	32.00	—
(h) Auditors' Remuneration:	(In Rs.)	(In Rs.)
(a) As Auditors for Audit Fee	110,300	112,360
(b) As Advisor or in any other Capacity in respect of:		
(i) Company law matter	—	—
(ii) Taxation matter	—	—
(iii) Management services	—	—
(iv) In any other manner	—	—

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[4] **Business Segments:** (Rs. in '000)

Segment Report For the year ended 31st March, 2009

	Yarn		Furnishing		Total	
	Cu.Yr	Pr. Yr.	Cu.Yr	Pr. Yr.	Cu.Yr	Pr. Yr.
REVENUE:						
Sales & Operating Income			17,460	19,934	17,460	19,934
Less: Excise Duty					-	-
Net External Sales	-	-	17,460	19,934	17,460	19,934
Inter-segment Sales					-	-
Total	-	-	17,460	19,934	17,460	19,934
Other Income	191	261	3,227	440	3,418	701
Total Revenue	191	261	20,687	20,374	20,878	20,635
Profit/Loss for the Year:						
Segment Profit/(Loss)					-	-
Before Interest and tax	(1,183)	(1,047)	929	817	(254)	(230)
Less: Unallocable Exp.					-	-
Operating Profit	(1,183)	(1,047)	929	817	(254)	(230)
Less: Interest Exp.					-	-
	(1,183)	(1,047)	929	817	(254)	(230)
Add: Income From					-	-
Investment:		256		53	-	309
Interest			865	387	865	387
Dividend		6	13		13	6
Profit / (Loss) Before Tax	(1,183)	(785)	1,807	1,257	624	472
OTHER INFORMATION:						
Segment Assets:						
Fixed Assets	14,257	15,565	37,572	41,041	51,829	56,606
Current Assets:					-	-
Inter Segment	(5,073)	(6,612)	5,073	6,612	-	-
Other current Assets (Allocable)	5,638	6,138	38,191	35,371	43,829	41,509
Investments	176	176	-	904	176	1,080
Total Assets	14,998	15,267	80,836	83,928	95,834	99,195
Segment Liabilities:						
Segment Liabilities	2,183	168,918	63,295	20,950	65,478	189,868
Secured Loans					-	-
Total Liabilities	2,183	168,918	63,295	20,950	65,478	189,868
Capital expenditure						
Depreciation	1,308	1,308	3,469	3,469	4,777	4,777
Impairment of Fixed Assets					-	-

[5] **Earning Per Share:**

	2008-09	2007-08
Amount used as a numerator (Rs. In 000's)		
Profit/(Loss) after Prior Period Adjustment	(13)	(1,264)
Nominal Value of Share (Rs. In 000's)	148,468	148,468
[Face Value Rs. 10/- per share]		
Earning per share	(0.000)	(0.009)

SNS Textiles Limited

[6] Disclosure required as per AS-18 (to the extent applicable) issued by ICAI in respect of related party is as under:

(Rs. in '000)				
Name of the Related Party	Nature of Relation Ship	Nature of Transaction	Amount (Rs)	Balance as on 31/03/09 (Rs)
Suzlon Infrastructure Service Ltd.	Associate Company	Service Charges	4.73	1,826

- [7] Sundry debtors and Sundry creditors are subject to Confirmations and reconciliation, if any.
- [8] There are no small-scale Industrial undertaking creditors, which are outstanding for more than 30 days.
- [9] Provision for taxation for the year under review has not been made in view of unabsorbed depreciation/Business losses brought forward from previous years.
- [10] Part IV of Schedule VI to the Companies Act, 1956 is as per Annexure "A".
- [11] In the previous years, the Company had undertaken the analysis to determine impairment of assets. Accordingly, the Company already has provided for the impairment of assets in terms of para 112, 114 and 115 of the Accounting Standard 28 in the previous years. Company is of the opinion that there are no further assets that needs to be provided for, in respect of impairment during the year.
- [12] In accordance with the Accounting Standard – 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India ('ICAI'), deferred tax resulting from timing differences between book and tax profits is accounted for, at the current rate of tax, the resultant deferred tax asset has been recognized as under:

	2008-09	(Rs. in '000) 2007-08
Deferred Tax Assets:		
Tax Impact	104,235	104,644
Deferred Tax Liabilities:		
Tax impact	(10,432)	(11,442)
Net Deferred Tax Assets	93,803	93,202

While working out deferred tax asset, proviso to Sec.32(2), which erstwhile existed, relating to unabsorbed depreciation has been factored in for considering unabsorbed depreciation. Further, unabsorbed business loss, although 8 years has elapsed thereof, has also been considered for working deferred tax asset, although the said unabsorbed business loss remains litigious.

- [13] Previous year's figures have been regrouped/recast, wherever considered necessary to make them comparable with current year's figure.

Signature to Schedules "1" to "16"

As per our report of even date

For and on behalf of the Board

For **Natvarlal Vepari & Co.**
Chartered Accountants

Mansukh K. Patel
Wholetime Director

R. N. Vepari
Partner

Dinesh K. Patel
Director

Place : Surat
Date : 25th June, 2009

Place : Ankleshwar
Date : 25th June, 2009

ANNEXURE 'A' TO THE NOTES TO ACCOUNTS**I. REGISTRATION DETAILS**

Registration No. :
 State Code :
 Balance Sheet Date :

II. CAPITAL RAISED DURING THE YEAR

Public Issue :
 Rights Issue :
 Bonus Issue :
 Private Placement :

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. in 000's)

Total Liabilities :
 Total Assets :

SOURCES OF FUNDS

Paid-up Capital :
 Reserves and Surplus :
 Share Application Money :
 Secured Loans :
 Unsecured Loans :

APPLICATION OF FUNDS

Net Fixed Assets :
 Investments :
 Net Current Assets :
 Miscellaneous Expenditure :
 Accumulated Losses :
 Deferred Tax Asset :

IV. PERFORMANCE OF COMPANY (Rs. in 000's)

Turnover :
 Total Expenditure :
 Profit /Loss before Tax -/ + :
 Profit /Loss after Tax -/ + :
 Earnings Per Share (Rs.) :
 Dividend Rate (%) :

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY

Items code No. (ITC Code) :
 Product Description :

Signature to Annexure 'A'

As per our report of even date

For and on behalf of the Board

For **Natvarlal Vepari & Co.**
Chartered Accountants**Mansukh K. Patel**
Wholetime Director**R. N. Vepari**
Partner**Dinesh K. Patel**
DirectorPlace : Surat
Date : 25th June, 2009Place : Ankleshwar
Date : 25th June, 2009

SNS TEXTILES LIMITED

330-A GIDC, Opp. Atul Products, Ankleshwar, Dist. Bharuch - 393 002.

ATTENDANCE SLIP

17th Annual General meeting

Friday, the 25th September, 2009 at 11.30 a.m.

Place : Registered Office of the Company at :

330- A, GIDC, Opp. Atul Products,

Ankleshwar, Dist : Bharuch,

Gujarat - 393 002.

Signature of Member./ Proxy

Attending the meeting : _____

Notes :

1. This meeting is only for members, please therefore, do not bring person in the meeting who is not a member.
2. Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.

SNS TEXTILES LIMITED

330-A GIDC, Opp. Atul Products, Ankleshwar, Dist. Bharuch - 393 002.

FORM OF PROXY

I/We _____
of _____ in the district of _____ being
member of the above named Company hereby appoint _____ of
_____ in the district of _____ or
failing him _____ of _____ in the
district of _____ as my / our Proxy to attend and
vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company, to be held on
Friday, the 25th September, 2009 and at any adjournment thereof.

Signed the _____ day of _____ 2009.

Signature _____

Affix
Revenue
Stamp

N. B. : This proxy must be deposited at the Registered office of the Company not less than 48 hours before the time fixed for holding the meeting.

BOOK-POST

TO

If undelivered please return to :

SNS TEXTILES LIMITED.

330 A, GIDC, Opp. Atul Products,

Ankleshwar - 393 002

Dist : Bharuch (Gujarat).

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