
22nd ANNUAL REPORT
2009-2010

22nd



ANNUAL REPORT



SYBLY INDUSTRIES LTD.

BOARD OF DIRECTORS :

VIMAL PRAKASH MITTAL	Chairman
MAHESH CHAND MITTAL	Managing Director
SATYA PRAKASH MITTAL	Whole Time Director
MAHENDRA KUMAR GUPTA	Director
VIRENDRA PRATAP MISHRA	Director

AUDITORS :

M/s. V.S. Gupta & Co.
Chartered Accountants
Meerut (U.P.)

COST AUDITORS :

M/s. M.K. Singhal & Co.
Cost Accountants
Modinagar-201 204 (U.P.)

BANKERS :

Bank of Baroda
Upper Bazar, Modinagar

REGISTERED OFFICE :

Pawan Puri, Near Canal
Muradnagar-201 206

LISTED AT :

Mumbai Stock Exchange
Luxembourg Stock Exchange (GDR)

22nd ANNUAL GENERAL MEETING

Date : 12th August, 2010

Day : Thursday

Time : 11.30 A.M.

Place : Pawan Puri,
Near Canal, Muradnagar
Distt. - Ghaziabad (U.P.) 201 206

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SYBLY INDUSTRIES LIMITED

NOTICE

To,
The Members,

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held at 11.30 A.M. on Friday, the 12th August, 2010, at the Registered Office i.e. Pawan Puri, Near Canal, Muradnagar, Distt. Ghaziabad, (U.P.) 201206 to transact the following businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, Profit & Loss Account & Cash Flow Statement of the Company for the year ended 31st March, 2010 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. P. Mittal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until 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(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Virendra Pratap Mishra, be and is hereby appointed as a director of the Company, liable to retire by rotation."
5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

RE-APPOINTMENT OF MANAGING DIRECTOR

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, read with Schedule XIII particularly Section II of the Part II of the Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, as recommended by the Remuneration Committee in its meeting held on 14.05.2010, Mr. Mahesh Chand Mittal, Managing Director of the Company, whose terms of appointment expires on 17.05.2010, be and is hereby reappointed as Managing Director of the Company for a period of 3 years w.e.f. 18.05.2010 upon the following Terms and conditions.

- | | | |
|--------------------------------------|---|-----------------------------------|
| (a) Tenure | : | 18.05.2010 to 17.05.2013 |
| (b) Salary, Allowances & Perquisites | : | Not exceeding Rs. 2,50,000/- p.m. |

Mr. Mahesh Chand Mittal, shall be eligible to the following perquisites which shall not be included in the computation of ceiling of remuneration as specified above:

1. Provident Fund, Superannuation Fund and Annuity Fund. The Company's contribution to the Provident Fund, Superannuation Fund and Annuity Fund will be in accordance with the rules and regulations of the Company.
2. Gratuity - Gratuity at the rate not exceeding half a month salary for each completed year of service.
3. Earned Leave - On full pay and allowances as per the rules of the Company. Leave accumulated but not availed of, during his tenure, may be allowed to be encashed as per the rules of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to the said resolution."

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

APPOINTMENT OF WHOLETIME DIRECTOR

"RESOLVED THAT pursuant to the provision of Section 198, 269, 309, read together with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. S. P Mittal, be and is hereby reappointed as a Whole Time Director of the Company on the following terms and conditions :

- | | | |
|-------------|---|--|
| Tenure | : | 5 years w.e.f. 01.10.2009 |
| Salary | : | Rs.30,000 P.M./ Rs. 5,000/ Rs 50,000 i.e an annual increase in the remuneration by Rs. 5000- in an year subject to the maximum limit of Rs.50,000/- per month. |
| Perquisites | : | Mr. S P Mittal, Whole Time Director, will be entitled to all or any kind of perks as are normally given by the company to such managerial personnel provided the monetary value of such perks shall not exceed the total amount of salary paid in any financial year." |

Place: Muradnagar
Date : 30th June, 2010
Registered Office:
Pawan Puri, Near Canal
Muradnagar. 201206
Distt. Ghaziabad (U.P.)

By Order of the Board
For Sybly Industries Limited

Sd/-
Mahesh Chand Mittal
Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ATTACHED.
2. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
3. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, are enclosed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 11.08.2010 to 12.08.2010, (both days inclusive).
5. The Members are requested to:
 - (a) Bring their copy of Annual Report at the Annual General Meeting.
 - (b) Take the advantage of dematerialisation of shares as Company's scrip has been put under compulsory dematerialisation. Shareholders are requested to get in touch with any Depository Participant for getting the shares dematerialised.
6. Members desiring any information on the accounts are requested to write to the Company at Pawan Puri, Near Canal, Muradnagar (U.P.)-201206 at least one week before the meeting, so as, to enable the management to keep information ready. Replies will be provided only at the meeting.
7. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company between 11 A.M. to 2 P.M. on all working days except Sundays upto the date of this Annual General Meeting.

Place: Muradnagar
Date : 30th June, 2010
Registered Office:
Pawan Puri, Near Canal
Muradnagar. 201206
Distt. Ghaziabad (U.P.)

By Order of the Board
For **Sybyl Industries Limited**

Sd/-
Mahesh Chand Mittal
Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF IT NO(S). 4, 5 & 6 OF THE ACCOMPANYING NOTICE IS AS UNDER:

ITEM NO. 4

Mr. Virendra Pratap Mishra was appointed as an Additional Director of the Company by the board in its meeting dated 30.10.2009 pursuant to Section 260 of the Companies Act, 1956. He is holding office upto the date of ensuing Annual General Meeting. He is a B.Sc., L.L.B., M.B.A. having 34 years of experience in Textile Industry. Therefore, it is proposed that he be appointed as a regular Director of the Company. The Company has received a notice in writing from one of the members of the Company signifying his intention to propose Mr. Virendra Pratap Mishra as Director of the Company, pursuant to the provisions of Section 257 of the Companies Act, 1956 along with the security deposit of Rs.500/-.

Mr. Virendra Pratap Mishra has a well all round experience in various facets of public affairs, economy and administration. Your directors recommend his appointment.

None of the directors except Mr. Virendra Pratap Mishra is concerned or interested in this item.

ITEM NO. 5

Mr. M.C. Mittal has been re-appointed as Managing Director of the Company for the period of 3 years w.e.f. 18th May, 2010, by the Board at their meeting held on 14.05.2010. He is B.E. (Electrical) and a qualified engineer & having very dynamic personality with rich experience of managing industry since 1988. Considering his vast experience, the Board of Directors has re-appointed him as a Managing Director on a remuneration of Rs 3,50,000/- P.M. However, on the request of Mr. M.C.Mittal the board revised the remuneration to Rs. 2,50,000/- P.M. as the company has not earned profits in the last financial year. Other terms and conditions are as detailed in the resolution.

His reappointment as Managing Director and the terms and conditions of his appointment has been approved by the Remuneration Committee in its Meeting held on 14.05.2010.

None of the Directors, except Mr. M. C. Mittal himself and Mr. S.P.Mittal being relative are interested in the resolution.



Information pursuant to the relevant provision of Schedule XIII of Companies Act, 1956 is as under:

S.No.	INFORMATION REQUIRED	STATUS
1.	GENERAL INFORMATION Nature of Industry Date of Commencement of Commercial Production Export Performance and Collaboration net Foreign Exchange Foreign Investment of Collaboration agreement	Manufacturing Industry 04.10.1989 N.A. N.A.
2.	INFORMATION ABOUT THE APPOINTEE A) Background	A) Brief Introduction: Mr. M.C. Mittal, S/o Mr. S.P. Mittal is resident of Modinagar. He is qualified engineer & having very dynamic personality. He is the promoter director of the company. He is holding the position of the managing director in the company for over 15 years. B) Academic qualification & Experience: B.E. (Electrical) with rich experience of managing industry since 1988. C) Key Position held as a director in other companies: 1. Vartex Fabrics (P) Ltd. 2. Sybly Techno Fibers Ltd. 3. Pisces Systems Software (P) Ltd.
	B) Past Remuneration C) Recognition & Awards D) Job Profile & his Suitability E) Proposed Remuneration F) Pecuniary relationship with the company or relationship with the Managerial person, if any G) Comparative remuneration Profile with respect to industry	Rs. 65,000/- p.m. Gross NIL Mr. M.C. Mittal, Managing Director, is managing the affairs of the company under the superintendence and control of Board of Directors for the past 22 years. As per details given in the resolution at item no. 5 of the Notice. Promoter & Executive Director having 72,22,500 equity shares of the Company. He is the son of Mr. S. P. Mittal, Whole Time Director of the company The proposed remuneration is in line with the existing industry norms.
3.	OTHER INFORMATION (a) Reason of Loss or inadequate profits (b) Steps taken or proposed to be taken for improvement (c) Expected increase in productivity & profits In measurable terms	The company is facing tough times since the time of global economic slow down. The textile industry as such is passing through a rough phase. Input costs have increased but corresponding increase in sale price is not there. China is giving tough competition. The management is continuously making all efforts to improve the performance of the Company. It is expected that the Company shall grow @ 10% in Turnover & profits over previous year in future.
4.	DISCLOSURES : 1. Details of Remuneration package	The requisite information has been given under the section on Corporate Governance attached to the Annual Report.

The resolution as set out in item No.5 of the accompanying notice together with Explanatory Statement are and should be read as an abstract required to be given under Section 302 of the Companies Act, 1956 in respect of appointment of Mr.M.C. Mittal.

ITEM NO. 6:

The term tenure of appointment of Sh. S .P. Mittal as a Whole Time Director expired on 30.09.2009. The Board of Directors at their meeting held on 25.09.2009 considering the overall contribution of Mr. S.P. Mittal, Whole Time Director, to the growth of the Company, reappointed him on the terms and conditions as set out in the resolution with effect from 01.09.2009.

The Remuneration committee has recommended the appointment of Sh. S.P.Mittal as Whole Time Director for the term of 5 years w.e.f. 01.09.2009 at its meeting held on 25th September, 2009. Since Mr. S. P. Mittal has crossed the age of 75 years so, as per Schedule XIII of the Companies Act, 1956 his appointment and remuneration requires shareholders approval by way of Special Resolution.



SYBLY INDUSTRIES LIMITED

He is associated with the company for the last 22 years and heading production part of the company. Under his dynamic leadership, your company has grown tremendously.

None of the Directors, except Mr. S.P.Mittal himself and Mr. M.C.Mittal being relative are interested in the resolution.

The resolution as set out in item No.6 of the accompanying notice together with Explanatory Statement are and should be read as an abstract required to be given under Section 302 of the Companies Act, 1956 in respect of appointment of Mr.S.P.Mittal.

Brief Particulars of the Persons to be appointed / reappointed as director

Details of Directors pursuant to clause 49 of the Listing Agreement:

Particulars	Mr. M.C. Mittal	Mr. S. P Mittal	Mr. V. P. Mishra
Date of Birth	26.09.1952	01.09.1929	01.01.1952
Expertise in specific areas	He is holding the position of the Managing Director in the Company for over 15 years and has a very wide experience of managing affairs of Industry and trade	He is the Promoter & Whole Time Director of the Company for over 15 years and has a very wide experience of managing affairs of Industry and trade.	He has around 34 years wide experience in Textile Industry.
Qualifications	B.E.(Elect.)	Matriculate	B.Sc., L.L.B., & M.B.A.
Directorship in other Company	1. Vartex Fabrics (P) Ltd. 2. Sybly Techno Fibers Ltd. 3. Pistes Systems Software (P)Ltd.	Sybly Techno Fibers Ltd.	Viomshi Textiles Pvt. Ltd.
Shareholdings in the Company as on 31.03.2010	72,22,500	1,080	NIL

DIRECTORS' REPORT

To,
The Members,
Sybly Industries Limited

Your Directors have pleasure in presenting the 22nd Annual Report along with the Audited Statement of Accounts of the company for the financial year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS :

	Current Year (Rs.in Lacs)	Previous Year (Rs.in Lacs)
Sales & Receipt from Operations	6021.05	5784.01
Other Income	134.96	134.62
Operating Profit before Interest & Depreciation	382.47	270.36
Less : Interest	237.56	241.81
Gross Profit	144.91	28.55
Less : Depreciation	300.10	293.94
Net Profit for the Year	(155.19)	(265.39)
Less : Fringe Benefit Tax	-	1.08
Provision for Current Tax	-	-
Provision for Deferred Tax	(127.84)	(15.95)
Profit /(Loss) after Tax	(27.35)	(250.52)
Add : Balance Brought Forward	(138.06)	115.01
	(165.41)	(135.51)
Less : Appropriation	9.49	2.55
Balance Carried Over to Balance Sheet	(174.90)	(138.06)



DIVIDEND

Due to loss during the year your directors have not proposed any dividend.

PERFORMANCE

Due to last year global economic meltdown SME sector and Medium Level Corporate were affected very badly. However, your Company is trying to overcome from this situation and booked turnover increasing by 4% from the previous year. Your directors hope for better results in the coming financial year. No material change has occurred since the date of the Balance Sheet and the date of this report, which has any adverse effect on the working of the Company,

FUTURE OUTLOOK

After deep slowdown industrial growth is on increasing trend. The demand for Company's products is also increasing. As per available indicators the current year may bring material changes towards upward trend. Your management is hopeful for better performance.

PUBLIC DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956, and the rules made thereunder.

SHARE CAPITAL

There is no change in Share Capital of the Company during the year. However, out of 4,35,00,000 Convertible Warrants issued on 28.03.2008, only 5,00,000 warrants were converted on receipt of call money. 4,30,00,000 warrants were forfeited as per SEBI Guidelines and Regulations due to non receipt of call money within 18 months from the date of allotment.

SUBSIDIARY COMPANY

During the year M/s. Vartex Fabrics Pvt. Ltd. was ceased to be subsidiary of the company since February 2010 and M/s. Sybly International FZE, Sharjah (UAE) became subsidiary of the company w.e.f. 30.12.2009.

As per provisions of Section 212, the Statement of Accounts of the wholly owned subsidiary companies are attached with the Balance Sheet of the Company.

AUDITOR'S REPORT

There is no adverse qualification in the Auditor's Report.

AUDITORS

M/s. V. S. Gupta & Company, Chartered Accountants, Meerut, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the limits prescribed U/s 224(1B) of the Companies Act, 1956. Accordingly, M/s. V.S. Gupta & Company, Chartered Accountants, are required to be reappointed as Statutory Auditors of the Company at the ensuing Annual General Meeting. Their appointment has also been recommended by the Audit Committee.

DIRECTORS

Mr. Virendra Pratap Mishra was appointed as Additional Director of the Company by the Board w.e.f. 30.10.2009 and his appointment is to be regularized at this AGM and Mr. S. K. Goel resigned w.e.f. 28.10.2009 from directorship of the Company. The Directors placed on record their sincere appreciation to Mr. S. K. Goel for the guidance and contribution given by him during his tenure as a member of the Board. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S.P. Mittal will retire at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. M. C. Mittal was appointed as Managing Director w.e.f. 18.05.2010 and Mr. S. P. Mittal was appointed as Whole Time Director of the Company w.e.f. 01.10.2009. Your directors recommend their reappointments for the approval of shareholders.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Board of Directors of your Company state :

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the directors had prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

The Audit Committee consists of Mr. V.P. Mittal, Mr. M.K. Gupta and Mr. M.C. Mittal as its members with Mr. V.P. Mittal as its Chairman. The audit committee has met and reviewed the financial statements for the financial year ended 31.03.2010 and has not given any adverse observations. It has also recommended the re-appointment of M/s. V. S. Gupta & Co., Chartered Accountants as statutory auditors of the Company. Details regarding composition of the Audit Committee are given in report on Corporate Governance.

COST AUDITOR'S APPOINTMENT

The Department of Company Affairs has, vide its letter No.52/761/CAB-2000 dated 10.08.2000, ordered to get the cost accounts of the Company audited. Your directors have appointed M/s. M.K. Singhal & Co., Cost Accountants as the Cost Auditors of the Company for the financial year 2010-2011.



SYBLY INDUSTRIES LIMITED

CORPORATE GOVERNANCE

As per clause 49 of the listing agreement with Stock Exchange, Management discussion & Analysis Report and Corporate Governance Report is annexed & form part of the Director's Report.

The details of remuneration of Managing Director as required pursuant to the provisions of schedule XIII part II, Section II(B) is given in corporate governance report.

PARTICULARS OF EMPLOYEES

There was no employee receiving remuneration during the year in excess of limits prescribed u/s 217 (2) (a) of the Companies Act, 1956, and the relevant rules made there under.

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The prescribed details as required u/s 217(1)(e) of the Companies Act 1956 read with Companies (Disclosures of Particulars in the Report of Board of directors) Rules 1988, are set out as per Form 'A' & Form 'B' annexed herewith.

EMPLOYEES RELATIONS

The industrial relations continued to be cordial and harmonious. Your directors wish to place on record the appreciation for the devoted services rendered by the Workers, Staff and executives of the Company at all levels and other employees who have contributed to the efficient and successful management of the Company.

LISTING

The GDR is used by the company are listed at Luxembourg Stock Exchange and Equity shares are listed at Bombay Stock Exchange Ltd. Your Company is regular in paying listing fee to BSE.

ACKNOWLEDGEMENT

Your directors take this opportunity to offer their sincere thanks to various departments of the Central and State Governments, Financial Institutions, Banks and Investors for their unstinted support, assistance and valuable guidance.

Place: Muradnagar
Date : 30th June, 2010
Registered Office:
Pawan Puri, Near Canal
Muradnagar, 201206
Distt. Ghaziabad (U.P.)

By Order of the Board
For Sybly Industries Limited

Sd/-
Vimal Prakash Mittal
Chairman



SYBLY INDUSTRIES LIMITED

ANNEXURE TO DIRECTOR'S REPORT

FORM - A

DISCLOSURE OF PARTICULARS IN RESPECT TO CONSERVATION OF ENERGY:

A. POWER & FUEL CONSERVATION	CURRENT YEAR	PREVIOUS YEAR
1. ELECTRICITY:		
(A) Purchased :		
Units	4084133	4468121
Total Amount (Rs.)	18813672	20190136
Average Rate Per Unit	4.61	4.52
(B) Own Generation :		
Through Diesel Generator:		
Units	441558	315470
Units Per Ltr. of Diesel/Oil	3.67	4.01
Cost Per Unit	8.82	8.23
2. FIRE WOOD/DRY BAGGAS, KHOI, RICE HUSK :		
Quantity (M.T.)	2.135	290.435
Total Cost (RS.)	3205	503533
Rate Per M.T.	1501	1734
Consumption Per Unit of Production :		
Production (M.T.)	2052.492	2489.277
Electricity & Generator (Unit/Kg.)	2.20	1.92
Compressor Furnace Oil (Ltr.)	NIL	NIL
Coal & Fire Wood/Dry Baggas, Khoi, Rice Husk (Kg.)	0.01	0.45

FORM - B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION :

1. Research & Development		
(i) Specific area in which R & D carried out by the Company	Nil	Nil
(ii) Benefits desired as a result of the above R & D	Nil	Nil
(iii) Future plan of action	Nil	Nil
(iv) Expenditure of R & D :		
(A) Capital	Nil	Nil
(B) Recurring	Nil	Nil
(C) Total	Nil	Nil
(D) Total R & D Expenditure	Nil	Nil
2. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :		
(A) Efforts in brief, made towards technology absorption, adoption and innovation	Nil	Nil
(B) Benefits desired as a result of the above efforts e.g. product improvement, Cost Reduction, Product Development, Import Substitution etc.	Nil	Nil
3. PARTICULARS OF IMPORTED TECHNOLOGY IN THE LAST 5 YEARS	Nil	Nil
4. FOREIGN EXCHANGE EARNING AND OUTGO	Rs. In Lacs	Rs. In Lacs
(a) Expenditure in Foreign Currency	Nil	Nil
(b) Earning in Foreign Exchange:		
Interest Income	117.76	126.92

Place: Muradnagar
Date : 30th June, 2010
Registered Office:
Pawan Puri, Near Canal
Muradnagar. 201206
Distt. Ghaziabad (U.P.)

By Order of the Board
For Sybly Industries Limited

Sd/-
Vimal Prakash Mittal
Chairman



Management's Discussion and Analysis

Industrial Scenario

Indian Textile Industry - An Engine for growth and one of largest employment creators in Indian Economy

- Textiles Industry is hopeful of achieving a 5% growth in the financial year 2010-11
- The entire sector of technical textiles is estimated to reach USD 29 billion during 2005-2010
- By 2010, India is expected to double its share in the international technical textile market. The manpower is expected to increase from 36.50 lakh to 121.90 lakh by 2010-2011 and is going to contribute 12 million new jobs in India by 2010.
- The textile ministry has an ambitious plan to make this industry of size about US\$ 50 billion by 2010
- The foreign direct investment (FDI) is expected of more than USD 7 billion by the year 2015.
- Export Promotion :
 - Exports of Indian Textile, as Industry players seek opportunities in new markets such as South Africa, South America, New Zealand and Australia.
 - Export Promotion Council has received financial aid to the tune of Rs 2.5 crore under the government's export development fund to explore the Japanese market.
 - The textile industry plans to introduce a five year skill development programme with an estimated of Rs.31,000 crore
 - The Ministry of Textiles has set an ambitious target of training 30 lakh persons over 5 years

Source: Budget-2010, Business Maps of India and Textile Association of India.

Strengths

- Indian Textile Industry is an Independent & Self-Reliant industry.
- Abundant Raw Material availability that helps industry to control costs and reduces the lead-time across the operation.
- Availability of Low Cost and Skilled Manpower provides competitive advantage to industry.
- Availability of large varieties of fiber and has a fast growing synthetic fiber industry.
- Industry has large and diversified segments that provide wide variety of products.
- The Company's own quality control department equipped with latest computerised machines and personnel also adds to the strength of the Company.
- The Company owns land measuring 25909 sq. yards at Muradnagar, District Ghaziabad, Uttar Pradesh, India, which is also sufficient to meet future expansion plans of the Company.

Weakness

- Indian Textile Industry is highly Fragmented Industry.
- Lack of Technological Development that affect the productivity and other activities in whole value chain.
- Infrastructural Bottlenecks and Efficiency such as, Transaction Time at Ports and transportation Time.
- Unfavorable labor Laws.
- Lack of Trade Membership, which restrict to tap other potential market.
- Lacking to generate Economies of Scale.
- Lower Productivity in various segments.

Opportunities

- Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development.
- Emerging Retail Industry and Malls provide huge opportunities for the Apparel, Handicraft and other segments of the industry.
- Greater Investment and FDI opportunities are available.
- Large, Potential Domestic and International Market.
- Product development and Diversification to cater global needs.
- Elimination of Quota Restriction leads to greater Market Development.
- Market is gradually shifting towards Branded Readymade Garment

Threats

- Continuous Quality Improvement is need of the hour as there are different demand patterns all over the world.
- Threat for Traditional Market for Powerloom and Handloom Products and forcing them for product diversification
- Geographical Disadvantages relating to Export & Import of goods.
- To make balance between price and quality in order to compete with cheaper imports.
- Elimination of Quota system will lead to fluctuations in Export Demand.

Financial Outlook

The Company wishes to capture the growth in Textiles & plans to grow by investing mainly in blended Textiles & to intend to be a leader in the segment.

The Company has plans for a major expansion cum modernization project for its textile unit established at Muradnagar, Distt. Ghaziabad, Uttar Pradesh in the near future. The Company has identified certain areas of expansion such as expanding existing manufacturing facilities, manufacturing of Threads as a forward integration, manufacturing of Pet Bottles, Jars, Caps, etc. In addition, manufacturing of Semi Craft Paper, Craft Paper, Writing Paper, etc., whether in the Company or through subsidiaries or through joint ventures/ collaborations or any other viable mode.

Business Segment:

Segment-wise Performance

During the year 2009-10 Company's major activity remained confined to one segment i.e. Manufacturing of Polyester Yarn and trading in cloth.

**Company Outlook**

It is the endeavor of the Company to improve its performance by adopting new techniques of production, improve product acceptability and cutting/reducing costs wherever possible. Your Company has already initiated steps in this regard by implementing modernization cum expansion plan is.

Risks

Although the yarn market is very competitive in respect of its margins, still there is plenty of demand for polyester yarn all over India as well as in abroad. There is a normal risk of competition as in other businesses.

Internal Control System

The Company has developed an internal control system and procedures to ensure efficient conduct of business and security of its assets. Management Information System has been developed through which production performance and financial dealings are monitored by management on regular basis.

Human Resources

The Company believes that the workers are the backbone of the Company. It is providing an opportunity to all the employees to utilise their full potential and grow in the Organization. There was no strike or labour unrest during the last financial year. As on 31.03.2010 the total numbers of employees were 110.

Risk Management

The assets of the Company are adequately insured and Board reviews the same from time to time.

ANNEXURE - II
Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

Your company has always endeavored for bringing excellence in all spheres of its working be it production and quality control, customer satisfaction, shareholders servicing, Relationship with workers, etc. The basic Corporate Governance norms have been adopted at the Board, Management and Operational levels. These norms are reviewed and reaffirmed on an ongoing basis.

2. Board of Directors

The present strength of the Board of Directors of the Company is five Director which besides Chairman, comprise of two Executive Director and two non-executive independent Directors. The Composition of the Board is in conformity with the Listing Agreement. No Director is a member of more than 10 committees or acts as Chairman of more than 5 committees across all companies in which he is a Director.

Name	Category	Designation	No. of Meetings Held	No. of Meetings Attendance Other Companies	No. of Membership In Boards of	Attended each Director At last AGM
Mr. V.P.Mittal	Non-Executive Independent Director	Chairman	10	10	5	No
Mr. M.C.Mittal	Promoter & Executive Director	Managing Director	10	10	3	Yes
Mr. S.P.Mittal	Promoter & Executive Director	Whole time Director	10	10	1	Yes
Mr. M.K.Gupta	Non-Executive Independent Director	Director	10	10	2	Yes
Mr. S.K.Goel	Non-Executive Independent Director	Director (resigned w.e.f. 28.10.2010)	10	5	-	Yes
Mr. V.P.Mishra	Non-Executive Independent Director	Director (appointed as Add. Director w.e.f.30.10.09)	10	5	1	No

** Number of directorships in other companies excludes alternate directorships, directorships held in private limited companies, foreign companies and in companies under Section 25 of the Companies Act, 1956.

3. Board Meetings

During the financial year 2009-10, 10 (Ten) meetings of Board of Directors were held. The intervening period between two Board Meetings was well within the maximum time gap of 4 months as prescribed under Corporate Governance norms. The details of Board Meetings held during the year are as under:

Sr.No.	Date of Board Meeting	Sr.No.	Date of Board Meeting	Sr.No.	Date of Board Meeting
1.	30.04.2009	5.	25.09.2009	9.	11.01.2010
2.	12.05.2009	6.	30.10.2009	10.	19.01.2010
3.	30.06.2009	7.	30.11.2009		
4.	28.07.2009	8.	28.12.2009		



Board's Procedures

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations, etc. are regularly placed before the Board. This is in addition to information with regard to actual operations, major litigation feed back reports, information on senior level appointments just below the Board level and minutes of all Committee Meetings.

4. Committees of the Board

Sybly Industries Ltd. has the following Committees of its Directors for the compliance with various Corporate Governance requirements:

- a) Audit Committee;
- b) Remuneration Committee;
- c) Investor Grievance Committee.

a) Audit Committee

Pursuant to the provisions of Section 292A and clause 49 of the Listing Agreement, an audit committee has been constituted to perform all such powers and functions as are required to be performed under the said provisions. Presently, Audit Committee comprising two non-executive independent directors and an executive director as per details given below:-

S.No.	Name of Directors	Status	Category of Membership
1.	Sh. V.P.Mittal	Chairman	Non-Executive Independent Director
2.	Sh. M.K.Gupta	Member	Non-Executive Independent Director
3.	Sh. M.C.Mittal	Member	Managing Director and Promoter Director

All members of the Audit Committee possess Sufficient Knowledge and experience in the field of Finance and Accounts. Mr.V.P. Mittal, Chairman could not attend last AGM due to health problem. However, Mr. M.K. Gupta, member of the Audit Committee attended the AGM.

During the year 2009-10 the Audit Committee met 6 times as per details given below:

Sr. No.	Date of Meeting	No. of Members Present
1.	30.04.2009	3
2.	30.06.2009	3
3.	28.07.2009	3
4.	30.10.2009	3
5.	11.01.2010	3
6.	19.01.2010	3

Powers of Audit Committee

The audit committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The Audit committee plays the following role:

1. 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.
2. 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.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. 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
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.



- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. 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.
8. Discussion with internal auditors any significant findings and follow up there on.
9. 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.
10. 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.
11. 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.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

b) Remuneration Committee

A Remuneration Committee has been constituted to perform all such powers and functions as are required to be performed under the said provisions.

S.No.	Name of Directors	Status	Category of Membership
1.	Sh. V.P.Mittal	Chairman	Non-Executive Independent Director
2.	Sh. M.K.Gupta	Member	Non-Executive Independent Director
3.	Sh. S.K.Goel *	Member	Non-Executive Independent Director
4.	Sh. V.P. Mishra #	Member	Non-Executive Independent Director

During the year 2009-10 one Remuneration Committee meeting was held on 25.09.2009.

* Resigned w.e.f. 28.10.2009

Appointed as Additional Director w.e.f. 30.10.2009 and member of the Committee w.e.f. 14.05.2010.

Remuneration Policy

Subject to the approval of the Board of Directors and the subsequent approval by the shareholders at the General Body Meeting and such authorities as the case may be, remuneration of the Managing/Whole-time Directors is fixed by the Remuneration Committee. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, financial position of the Company, etc. The remuneration structure comprises basic salary, commission, perquisites and allowances, contribution to provident fund and other funds in accordance with various related provisions of the Companies Act, 1956. The remuneration policy for Whole-time Directors is directed towards regarding performance, based on review of achievements. The non-executive Directors have not drawn any remuneration from the Company except sitting fee for meetings of the Board and Committees attended by them.

Details of Remuneration paid to the Directors during the Financial Year 2009-10

S. No.	Name of the Director	Salary	Perquisites and Other Benefits	Sitting Fee	Total
1.	Sh. V. P. Mittal	-	-	5,250	5,250
2.	Sh. M. C. Mittal	7,80,000	-	-	7,80,000
3.	Sh. S. P. Mittal	4,80,000	-	-	4,80,000
4.	Sh. M. K. Gupta	1,50,000	-	-	1,50,000
5.	Sh. S. K. Goel	-	-	-	-
6.	Sh. V. P. Mishra	-	-	2,500	2,500
	Total	14,10,000	-	7,750	14,17,750

The details of remuneration of Managing Director as required pursuant to the provisions of schedule XIII part II, Section II.(B) is as under:

DISCLOSURES:	
2. I). All elements of remuneration	Salary including Perks : Rs.2,50,000/- P.M.
II. Details of fixed components and performance linked	Nil
III. Service contract notice period, severance fees	Nil
IV. Stock option details, if any	N.A.

Number of Shares held by Non-Executive Directors

None of the Non-Executive Directors holds any Equity Share of the Company as on 31.03.2010.



Powers of Remuneration Committee

- ❖ Deciding and approving the remuneration payable to the managing Director/ Whole Time Director.
- ❖ Deciding and approving the sitting fees payable to the Non Executive Directors.
- ❖ Deciding and approving the remuneration policy covering policies on remuneration payable to the Senior Executive of the Company.
- ❖ To ensure that reward, benefit and increment system is performance based and motivational to employees;
- ❖ Such other functions as required or recommended by the Board or under the provisions of the Listing Agreement.

Remuneration to the Directors

The Remuneration to the Directors is decided by the Board of Directors as per recommendation by the Remuneration Committee and in accordance with the Remuneration Policy of the Company within the ceiling fixed by the Shareholders of the Company.

c) Investors Grievance Committee

Investor Grievance Committee is responsible for the smooth functioning of the share transfer process as well as redresses of shareholder grievances expeditiously and satisfactorily. To handle the Investor Grievances in coordination with the compliance officer, the Company has appointed Beetal Financial & Computer Services (P) Ltd. as the Registrar to the issue and as a Share Transfer Agent. All grievances relating to the present issue may be addressed to the registrar with a copy to the compliance officers.

The Board constituted an Investors Grievance Committee under the Chairmanship of Mr. V. P. Mittal a non-executive independent director. Mr. Rakesh Verma, Dy. General Manager (Finance), has been appointed as Compliance Officer. There is no complaint pending.

General Body Meeting

Details about Last 3 years General Meetings are as under:

Sr. No.	Date	AGM/EOGM	Place	Time	Special Resolution
1.	25.08.2007	AGM	Pawan Puri, Muradnagar-201206	11.30 A.M.	1. Increase in Remuneration of Mr. S.K.Mittal.
2	27.02.2008	EOGM	Pawan Puri, Muradnagar-201206	11.00 A.M.	1. Issue of Equity Shares/ Warrants on Preferential basis. 2. Issue of ADR/GDR or any other Instrument.
3.	20.08.2008	AGM	Pawan Puri, Muradnagar-201206	11.30 A.M.	- -
4.	05.11.2008	EOGM	Pawan Puri, Muradnagar-201206	11.00 A.M.	1. Sub-Division of Shares. 2. Issue of ADR/GDR or any other Instrument.
5.	31.07.2009	AGM	Pawan Puri, Muradnagar-201206	11.30 A.M.	1. Appointment of Mrs. Suman Mittal 2. Appointment of Mr. Nishant Mittal

All above Special Resolutions were passed by vote of show of hands.

POSTAL BALLOT

During the year, the Special Resolution contained in the Notice dated 30.11.2009, were passed by the members of the Company through Postal Ballot pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

Mr. R.S. Bhatia, Practicing Company Secretary was appointed as Scrutinizer for conducting the postal ballot process in a Fair and Transparent manner.

The Postal Ballots were duly scrutinized by the Scrutinizer and the report dated 07.01.2010 was submitted by him. Based on the said Report of the scrutinizer, the results of voting by Postal Ballot are declared as hereunder:

Sr. No.	Particulars	No. of Postal Ballot forms	No. of votes
A.	Total Postal Ballot Forms received from the Shareholders.	32	32
B.	Total valid Postal Ballot Forms received from the Shareholders	32	32
C.	Total Votes in favour	32	32
	Percentage (C/B)	100%	100%
D.	Total votes against	Nil	Nil
	Percentage (D/B)	Nil	Nil
E.	Invalid Postal Ballots/ Votes	Nil	Nil
	Percentage (E/B)	Nil	Nil

The Resolution has, therefore, been approved by the Shareholders by requisite majority.

Disclosures

1. There are no materially significant related party transactions i.e. transactions material in nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. having potential conflict with the interest of the company at large.
2. There has been no non-compliance by the Company nor were any penalties or strictures imposed on the Company by Stock Exchanges, SEBI or any other Statutory Authority on any matter related to capital markets during the last three years.
3. Presently, the Company does not have a Whistle Blower Policy. No Personnel of the Company has been denied access to the Audit Committee.
4. The Company has complied with all the mandatory requirements of Clause 49. As regard the non-mandatory requirements, Company tries to implement them to the extent possible.



5. Training of Board Members:

No specific training programme was arranged for Board members. However, at the Board/ Committee meetings detailed presentations are made by Professionals, Consultants as well as Senior Executives of the Company on the business related matters, risk assessment, strategy, effect of the regulatory changes etc.

6. Proceeds from Public Issues, Right Issues, Preferential Issues etc.:

15,10,250 GDRs were issued on 20.06.2008 underlying 30,20,50,000 of Equity Shares of Rs.1/- each. Funds raised through GDR which were lying unutilized at EURAM Bank in Austria. During the year the Company has invested all the funds in M/s. Sybly International FZE, Wholly Owned Subsidiary of the Company.

7. Out of 4,35,00,000 Convertible Warrants issued on 28.03.2008, only 5,00,000 warrants were converted on receipt of call money. 4,30,00,000 warrants were forfeited as per SEBI Guidelines and Regulations due to non receipt of call money within 18 months from the date of allotment.

Code of Conduct

The Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code on annual basis and the CEO Certificate to the Board of Directors contains a declaration to this effect.

Subsidiary Companies

The Company did not have a material non-listed Indian Subsidiary during 2009-10.

CEO/CFO Certification

A certificate from the Managing Director on the financial statements of the Company was placed before the Board.

Review of Directors' Responsibility Statement

The Board in its report have confirmed that the annual accounts for the period ended March 31, 2010 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

Means of Communication

The Quarterly Financial Results of the Company are published in Financial Express (Delhi Edition) and Jansatta (Delhi Edition). Further, information has been supplied to Stock Exchanges for posting on EDIFAR. Management discussions and analysis forms a part of this report.

General Shareholders Information

a)	Annual General Meeting	:	22 nd Annual General Meeting
	Date	:	12 th August, 2010
	Day	:	Thursday
	Time	:	11.30 A.M.
	Place	:	Pawan Puri, Muradnagar, Distt. Ghaziabad
	Financial Year	:	1 st April, 2009 to 31 st March, 2010

b) Financial Calendar

Tentative calendar of events for the financial year 2010-11 (April to March) is as under:

Adoption of Quarterly Financial Results for :

First Quarter	-	Mid of August 2010	Third Quarter	-	Mid of February 2011
Second Quarter	-	Mid of November 2010	Fourth Quarter	-	Mid of May/June 2011

c) Book Closure

Book closure is from 11.08.2010 to 12.08.2010 (both days inclusive) for the purpose of Annual General Meeting.

d) Listing at Stock Exchanges

Stock Exchange	Scribe Code
Bombay Stock Exchange Ltd., Mumbai	531499
ISIN No.	INE 080D01026
Luxembourg Stock Exchange (GDR's only)	N.A.

Listing Fee for the year 2010-11 has been paid to the Stock Exchange within the stipulated time.3

e) Dedicated e-mail for Investor Grievance

To enable investors to register their grievances, the Company has designated an exclusive e-mail ID viz. sybly_investors@rediffmail.com. All investors are requested to avail this facility.

Stock Market Price

Month	Bombay Stock Exchange		
	High	Low	Volume (No. of Shares)
April, 2009	0.59	0.30	1332490
May, 2009	0.67	0.50	1209313
June, 2009	0.85	0.51	1866391
July, 2009	0.64	0.42	438268
August, 2009	0.65	0.52	446468
September, 2009	0.66	0.50	849609
October, 2009	0.63	0.47	511583
November, 2009	0.86	0.48	13113375
December, 2009	0.78	0.62	3835741
January, 2010	0.90	0.63	12424778
February, 2010	1.01	0.64	16106826
March, 2010	0.79	0.50	3994869

Source : www.bseindia.com as on 19.06.2010



Shareholders Complaints

Company has not received any complaint during the financial year 2009-2010.

Distribution of Shareholding

Distribution of Shareholding as on 31.03.2010

Shareholding	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 5000	4,034	70.07	88,81,261	2.18
5001 10000	882	15.32	78,95,783	1.94
10001 20000	387	6.72	62,45,144	1.53
20001 30000	143	2.48	36,95,957	0.91
30001 40000	65	1.13	23,73,126	0.58
40001 50000	78	1.36	37,70,191	0.93
50001 100000	72	1.25	52,55,174	1.29
10000 and above	96	1.67	36,90,44,364	90.64
	5,757	100.00	40,71,61,000	100.00

Categories of Shareholding as on 31.03.2010 is as under:

Category	No. of Shares Held	% of Shareholding
Indian Promoters	3,00,83,210	7.39
Private Bodies Corporate	2,27,33,636	5.58
NRI/OCBs	10,95,137	0.27
Foreign Bank	30,20,50,000	74.18
Indian Public	5,11,99,017	12.58
Total	40,71,61,000	100.00

1,30,000 shares on which Rs.0.50/- paid up stand forfeited.

Registrar & Transfer Agent/Investor Correspondence

Pursuant to the SEBI directive, the Company has appointed Beetal Financial & Computer Services (P) Ltd. as Share Transfer Agent for maintaining all the work related to share registry in terms of both physical and electronic form. Shareholders can communicate with them for lodgement of transfer deeds and their queries at the following address:

Beetal Financial & Computer Services (P) Ltd.

Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir, New Delhi-110062

Telephone : 011-29961281, 29961282, Fax : 29961284 E-mail : beetal@beetalfinancial.com

Dematerialisation of Shares

Pursuant to the SEBI directive, to enable the shareholders to hold their shares in electronic form, the Company has enlisted its shares with National Securities Depository Limited (NSDL) & Central Depository Services (India) Ltd. (CDSL). Equity Shares consisting 99.87% of paid up Share Capital are in dematerialised form as on 31.03.2010.

Plant Location

The Company has two premises of its manufacturing facilities at:
Pawan Puri, Muradnagar- 201206, Distt. - Ghaziabad, Uttar Pradesh (India)



MANAGING DIRECTOR'S CERTIFICATION

To,

The Board of Directors,
Sybly Industries Limited.

I, M C Mittal, Managing Director of Sybly Industries Limited, to the best of my knowledge and belief hereby certify that:

- A. I have reviewed the financial statements and the cash flow statement of the Company for the year 31st March, 2010 and that to the best to my knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contains statement/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 my knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct;
- C. I accept responsibility for the establishing and maintaining internal control for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to the financial reporting and I have disclosed to the auditors and Audit committee, deficiencies in the design or operation of such internal controls, if any, of which I was aware and the steps I have taken or proposed to take to rectify these deficiencies.
- D. I have indicated whatever applicable, to the auditor and to the audit committee.
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which I 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 over financial reporting.

Sd/-
Maresh Chand Mittal
(Managing Director)

Place: Muradnagar
Date: 30th June, 2010



Declaration on Compliance of the Company's Code of Conduct

To
The Board of Directors,
Sybly Industries Ltd.
Pawan Puri,
Muradnagar 201 206
Distt. Ghaziabad (U.P.)

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchange to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non compliance thereof during the year ended 31st March, 2010.

Place : Muradnagar
Date : 30th June, 2009

Sd/-
Mahesh Chand Mittal
Managing Director

R.S. BHATIA
COMPANY SECRETARY
A - 11, Navkunj Apartments,
87, I. P. Extension, Delhi - 92
Tel : 22724634, (M) 9212157776

Compliance Certificate

To
The Members of
Sybly Industries Ltd.

I have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the financial year ended 31st March, 2010.

The compliance 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 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.

I have conducted my review on the basis of the relevant records and documents maintained by the Company and furnished to me for the review, and the information and explanations given to me by the Company.

Based on such a review and to the best of my information and according to the explanations given to me, in my opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

I 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.

Place : Muradnagar
Date : 30th June, 2010

Sd/-
(R.S.Bhatia)
Company Secretary in Practice
C.P. No.2514



AUDITORS REPORT TO THE MEMBERS OF SYBLY INDUSTRIES LIMITED

We have audited the attached Balance Sheet of M/s. SYBLY INDUSTRIES LIMITED, Muradnagar, as at 31st March 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have conducted our audit in accordance with the 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 (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we report that :

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The assets have been physically verified by the management during the year according to the regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets.
- (ii) (a) The inventories of the company at all its locations (except stocks lying with third parties and in transit, confirmation/subsequent receipts have been obtained in respect of such inventory) have been physically verified by the management during the year at reasonable intervals.
- (b) 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 is maintaining proper records of Inventory. The discrepancies between the physical stocks as compared to book records were not material.
- (iii) (a) The Company has not granted any Loans, secured or unsecured to Companies, Firms or Other Parties covered in the Register maintained under Section 301 of the Act.
- (b) The Company has taken Unsecured loans from 16 (Sixteen) parties covered in the register maintained under Section 301 of the Companies Act, 1956 as further explained in Point No. (vi) below. The year-end balance of loans taken from such parties was Rs. 201.61 Lacs.
- (c) As per information and explanation given to us, unsecured loans taken by the company from the parties covered in the register maintained under Section 301 of the Companies Act, 1956 are interest free and other terms and conditions of loan taken by the Company are prima facie not prejudicial to the interest of the Company.
- (d) As per information and explanation given to us, the company is regular in payment of Principal and being all such loans are interest free, thus no interest is being paid on the above loans.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of Inventory, Fixed Assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v)(a) According to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 and hence Para (v)(b) of the order is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the company has accepted the unsecured loans from directors and their relatives and as explained to us that the same have been taken in compliance of the stipulation of financial institutions as explained in Note No. 3 in Schedule no. 20 and these are exempted deposits under the provision of Section 58A, 58(AA) or any other relevant provisions of the Act and Rules framed there under have been complied with. Further, as we are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The company has an internal audit system commensurate with the size and nature of its business, but the same is required to be strengthened to commensurate with the size and nature of business.
- (viii) As informed by the management, the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 are maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete as the company is getting a cost audit conducted from a qualified person in this regard and will submit Cost Audit Report to the Central Government.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanation given to us, no undisputed



SYBLY INDUSTRIES LIMITED

amounts payable in respect of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute. However, there are certain disputed cases, the details of which are given below:

Nature of Statute	Nature of Dues	Amount (Rs.)	Period to which amount relates	Forum where dispute is pending
Income Tax Act	Demand	39,776/-	A. Y. 1998-99	ITAT
Income Tax Act	Demand	2,43,034/-	A. Y. 2001-02	ITAT

- (x) The Company has some accumulated losses as at the end of financial year. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to information's and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) As we are informed the company has not given guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that company has not used funds raised on short term basis for long term investment.
- (xviii) According to the information and explanations given to us, the company has not made allotment of equity shares on preferential basis to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- (xx) The company has not raised any money from public during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

4. Further to our comments in the Annexure referred to above, we report that :

- (i) 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;
- (ii) 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.
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) 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, except that the stock of finished goods have been valued at realizable value instead of lower of cost or realizable value in terms of AS-2;
- (v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken in record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to the remark as contained in notes forming part of accounts particularly Note No.5 regarding non confirmation of balances; Note No. 8 regarding previous year expenditures; Note No.20 regarding non-disclosure of outstanding of small scale undertakings and read significant accounting policies and other notes forming part of the accounts appearing 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;
 - (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010
 - (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Camp: Muradnagar: 30th June, 2010

For V. S. Gupta & Co.,
Chartered Accountants,
Sd/-
(Hemant Kumar Gupta)
Partner



SYBLY INDUSTRIES LIMITED

BALANCE SHEETS AS AT 31ST MARCH, 2010

	SCHEDULE	31.03.2010	31.03.2009
SOURCE OF FUNDS			
Shareholder's Funds :			
Share Capital	1	40,72,26,000.00	40,72,26,000.00
Reserves and Surplus	2	<u>13,21,37,737.66</u>	<u>13,24,76,429.66</u>
		53,93,63,737.66	53,97,02,429.66
Loan Funds :			
Secured Loans	3	15,07,97,026.28	16,24,53,238.20
Unsecured Loans	4	<u>2,01,61,376.52</u>	<u>1,58,48,160.96</u>
		17,09,58,402.80	1,58,48,160.96
		71,03,22,140.46	71,80,03,828.82
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	41,32,17,503.43	41,42,31,429.38
Less: Depreciation		<u>20,37,68,442.36</u>	<u>17,36,68,608.36</u>
		20,94,49,061.07	24,05,62,821.02
Capital Work in Progress		<u>8,30,065.52</u>	<u>8,30,065.52</u>
		21,02,79,126.59	24,13,92,886.54
Investments	6	2,41,04,650.00	4,88,23,700.00
Current Assets, Loans & Advances			
Inventories	7	10,07,43,320.00	5,51,19,377.00
Sundry Debtors	8	5,02,30,108.00	20,25,47,103.40
Cash & Bank Balances	9	63,77,588.74	32,01,87,961.10
Loans & Advances	10	<u>36,21,78,719.09</u>	<u>1,30,34,509.61</u>
		51,95,29,735.83	59,08,88,951.11
Less : Current Liabilities and Provisions	11		
Current Liabilities		7,25,08,261.93	17,50,80,041.31
Provisions		<u>1,05,33,480.00</u>	<u>1,07,875.00</u>
Net Current Assets		43,64,87,993.90	41,57,01,034.80
Net Deferred Tax Liability		79,63,978.00	(49,80,188.00)
Profit & Loss Account		1,74,89,733.97	1,38,06,001.48
Miscellaneous Expenditure	12	1,39,96,658.00	32,60,394.00
		71,03,22,140.46	71,80,03,828.82
NOTES TO THE ACCOUNTS	21		

For and on behalf of Board of Directors

Sd/-
VIMAL PRAKASH MITTAL
Chairman

Sd/-
MAHESH CHAND MITTAL
Managing Director
As per our separate report of even date attached
For V.S.Gupta & Co.
Chartered Accountants

Camp : Muradnagar : 30th June,2010

Sd/-
Hemant Kumar Gupta
Partner

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	SCHEDULE	31.03.2010	31.03.2009
<u>INCOME</u>			
Turnover	13	60,21,04,688.10	57,84,00,936.11
Other Income	14	1,34,96,374.00	1,34,62,289.00
Increase in Stock	15	2,04,35,134.00	(1,33,61,679.00)
		<u>63,60,36,196.10</u>	<u>57,85,01,546.11</u>
<u>EXPENDITURE</u>			
Material Consumed	16	55,93,45,461.50	50,90,65,411.50
Manufacturing Expenses	17	2,47,85,883.53	2,51,46,100.26
Personnel Expenses	18	74,53,922.00	1,07,02,464.00
Finance Charges	19	2,37,55,817.83	2,41,80,928.58
Administrative and Selling Expenses	20	53,53,073.73	57,00,179.81
Depreciation		3,00,10,332.00	2,93,94,121.64
		<u>65,07,04,490.59</u>	<u>60,41,89,205.79</u>
PROFIT		(1,46,68,294.49)	(2,56,87,659.68)
Less : Amount Written Off		8,51,236.00	8,51,224.00
		<u>(1,55,19,530.49)</u>	<u>(2,65,38,883.68)</u>
Less : Provision for Taxation		0.00	0.00
Fringe Benefit Tax		0.00	1,07,875.00
Deferred Tax		(1,27,84,400.00)	(15,94,952.00)
PROFIT /(LOSS) AFTER TAX		(27,35,130.49)	(2,50,51,806.68)
Balance brought forward from earlier years		(1,38,06,001.48)	1,15,01,041.20
BALANCE AVAILABLE FOR APPROPRIATION		(1,65,41,131.97)	(1,35,50,765.48)
APPROPRIATION			
Previous Years Adjustments		9,48,602.00	2,55,236.00
Balance Carried Over to Balance Sheet		(1,74,89,733.97)	(1,38,06,001.48)
		<u>(1,65,41,131.97)</u>	<u>(1,35,50,765.48)</u>

NOTES TO THE ACCOUNTS 21

For and on behalf of Board of Directors

Sd/-
VIMAL PRAKASH MITTAL
Chairman

Sd/-
MAHESH CHAND MITTAL
Managing Director
As per our separate report of even date attached
For V.S.Gupta & Co.
Chartered Accountants

Camp : Muradnagar : 30th June,2010

Sd/-
Hemant Kumar Gupta
Partner



SYBLY INDUSTRIES LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	31.03.2010	31.03.2009
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
70,00,00,000 Equity Shares of Rs.1/- each (Prev. Year 7,00,00,000 Equity Shares of Rs. 10/- each)	<u>70,00,00,000.00</u>	<u>70,00,00,000.00</u>
Issued, Subscribed & Paid-up		
40,71,61,000 Equity Shares of Rs.1/- each	<u>40,71,61,000.00</u>	<u>40,71,61,000.00</u>
Share Forfeited Account	<u>65,000.00</u>	<u>65,000.00</u>
	<u>40,72,26,000.00</u>	<u>40,72,26,000.00</u>
SCHEDULE 2 : RESERVE AND SURPLUS		
General Reserve :		
As per last Balance Sheet	14,19,498.24	14,19,498.24
Share Premium :		
Premium on Share Capital	3,07,50,000.00	3,07,50,000.00
Convertible Share Warrants	4,30,00,000.00	4,30,00,000.00
Surplus :		
Revaluation Reserve (Land & Building were Revalued As on 31st March 04)	5,69,68,239.42	5,73,06,931.42
	<u>13,21,37,737.66</u>	<u>13,24,76,429.66</u>
SCHEDULE 3 : SECURED LOANS		
Term Loans	2,93,74,725.00	4,13,53,363.20
Working Capital Loans	12,14,22,301.28	12,10,99,875.00
	<u>15,07,97,026.28</u>	<u>16,24,53,238.20</u>
SCHEDULE 4 : UNSECURED LOANS		
From Corporate Bodies	29,22,078.00	26,65,435.00
From Others	1,72,39,298.52	1,31,82,725.96
	<u>2,01,61,376.52</u>	<u>1,58,48,160.96</u>

SCHEDULE 5 : FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Original as at 01.04.2009	Addition during the Year	Deletion during the year	Total Cost as at 31.03.2010	Depreciation upto 31.03.2009	Depreciation for the Year	Depreciation upto 31.03.2010	As At 31.03.2010	As At 31.03.2009
Land	51818760.00	-	-	51818760.00	-	-	-	51818760.00	51818760.00
Building	84087816.71	-	-	84087816.71	15588556.00	2806408.00	18394964.00	65692852.71	68499260.71
Plant and Machinery	266905195.30	-	966473.00	265938722.30	152563664.36	26375450.00	178939114.36	86999607.94	114249810.94
Computers	3689426.00	58830.00	-	3748256.00	2433321.00	517472.00	2950793.00	797463.00	1256105.00
Furniture & Fixture	1300657.05	-	-	1300657.05	599755.00	82331.00	682086.00	618571.05	700902.05
Vehicles	5686886.48	670077.00	819955.00	5537008.48	1966998.00	518464.00	2485462.00	3051546.48	3562418.48
Office - Equipments	742687.84	43595.05	-	786282.89	267124.00	48899.00	316023.00	470259.89	475563.84
Total	414231429.38	772502.05	1786428.00	413217503.43	173419418.36	30349024.00	203768442.36	209449061.07	240562821.02



SYBLY INDUSTRIES LIMITED

31.03.2010

31.03.2009

SCHEDULE 6 : INVESTMENTS

Investment in Subsidiary Company

1 Fully Paid up Equity Share of AED 35000 each of Sybly International FZE, Sharjah (Unquoted at cost)	4,28,750.00	0.00
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Other Investments

45,690 Fully Paid up Equity Shares of Rs. 10/- each of Vartex Fabrics Pvt. Ltd. (Unquoted at cost)	23,55,900.00	2,35,03,700.00
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(Previous Year 4,55,690 Fully Paid Equity Shares of Rs. 10/- each) 4,26,400 Fully Paid up Equity Shares of Rs. 10/- each of Vishwanath Paper & Boards Ltd. at Premium of Rs. 40/- each (Unquoted at cost)	2,13,20,000.00	2,19,20,000.00
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(Previous Year 4,38,400 Fully Paid Equity Shares) Share Application Money in Vishwanath Paper & Boards Ltd.	0.00	34,00,000.00
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<u>2,41,04,650.00</u>	<u>4,88,23,700.00</u>
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SCHEDULE 7 : INVENTORIES

(Certified as to Quantities and Value by the Managing Director)

Raw Material - At Cost	4,00,96,290.00	1,49,08,361.00
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Finished Goods - At Realisable Value	1,56,76,722.00	94,89,815.00
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Stock in Process - At Cost	4,24,56,823.00	2,87,36,036.00
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Consumable Stores and Spares - At Cost	9,06,630.00	9,05,750.00
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Scrap - At Realisable Value	16,06,855.00	10,79,415.00
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<u>10,07,43,320.00</u>	<u>5,51,19,377.00</u>
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SCHEDULE 8 : SUNDRY DEBTORS

(Unsecured - Considered Good):

Debts outstanding for a period exceeding six months	1,34,91,478.98	2,56,30,659.97
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Other Debts	3,67,38,629.02	17,69,16,443.43
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<u>5,02,30,108.00</u>	<u>20,25,47,103.40</u>
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SCHEDULE 9 : CASH AND BANK BALANCES

Cash in hand	11,61,783.00	10,72,696.00
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Bank Balances : With Schedule Bank		
In Fixed Deposits	49,69,708.00	31,90,82,091.00

In Current Account	2,46,097.74	33,174.10
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<u>63,77,588.74</u>	<u>32,01,87,961.10</u>
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SCHEDULE 10 : LOANS AND ADVANCES

(Unsecured - Considered Good):

Advance for Capital Goods	43,61,331.16	44,23,163.09
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Advance to Suppliers and Others	1,84,80,239.71	53,78,328.37
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Advance to Subsidiary Companies	33,64,20,230.00	0.00
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Deposit with Govt. Public Bodies and Others	29,16,918.22	32,33,018.15
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<u>36,21,78,719.09</u>	<u>1,30,34,509.61</u>
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SCHEDULE 11 : CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities :

Sundry Creditors

For Capital Goods	49,60,984.00	50,04,689.30
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For Others	4,69,03,450.39	16,21,07,575.12
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Advance from Customers	26,84,018.78	17,87,417.79
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Other Liabilities	1,79,59,808.76	61,80,359.10
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<u>7,25,08,261.93</u>	<u>17,50,80,041.31</u>
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B. Provisions :

Provision for Fringe Benefit Tax	0.00	1,07,875.00
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Currency Fluctuation Reserve	1,05,33,480.00	0.00
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<u>8,30,41,741.93</u>	<u>17,51,87,916.31</u>
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SCHEDULE 12 : MISCELLANEOUS EXPENDITURE

(to be extent not written off or adjusted):

Preliminary Expenses	24,74,198.00	31,28,873.00
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GDR Issue Expenses	1,23,73,696.00	9,82,745.00
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<u>1,48,47,894.00</u>	<u>41,11,618.00</u>
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Less : Amount written off	8,51,236.00	8,51,224.00
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<u>1,39,96,658.00</u>	<u>32,60,394.00</u>
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SYBLY INDUSTRIES LIMITED

GROUPING OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

	31.03.2010	31.03.2009
<u>SCHEDULE 13 : TURNOVER</u>		
Sales	58,77,72,755.10	56,23,96,032.11
Job Charges	1,43,31,933.00	1,60,04,904.00
	<u>60,21,04,688.10</u>	<u>57,84,00,936.11</u>
<u>SCHEDULE 14 : OTHER INCOME</u>		
Miscellaneous Receipts	8,70,862.00	23,480.00
Interest Income	1,26,25,512.00	1,34,38,809.00
	<u>1,34,96,374.00</u>	<u>1,34,62,289.00</u>
<u>SCHEDULE 15 : ACCRETION IN STOCK</u>		
Opening Stock		
Finished Goods	94,89,815.00	1,40,32,026.00
Stock in Process	2,87,36,036.00	3,77,54,594.00
Scrap	10,79,415.00	8,80,325.00
	<u>3,93,05,266.00</u>	<u>5,26,66,945.00</u>
Less : Closing Stock		
Finished Goods	1,56,76,722.00	94,89,815.00
Stock in Process	4,24,56,823.00	2,87,36,036.00
Scrap	16,06,855.00	10,79,415.00
	<u>5,97,40,400.00</u>	<u>3,93,05,266.00</u>
	<u>2,04,35,134.00</u>	<u>1,33,61,679.00</u>
<u>SCHEDULE 16 : MATERIAL CONSUMED</u>		
Opening Stock	1,49,08,361.00	99,25,740.00
Add : Purchases	58,45,33,390.50	51,40,48,032.50
	<u>59,94,41,751.50</u>	<u>52,39,73,772.50</u>
Less : Closing Stock	4,00,96,290.00	1,49,08,361.00
	<u>55,93,45,461.50</u>	<u>50,90,65,411.50</u>
<u>SCHEDULE 17 : MANUFACTURING EXPENSES</u>		
Stores Consumed	20,00,544.08	17,03,811.92
Electricity and Generator Exp.	2,27,84,919.45	2,34,33,402.34
Freight Inward	420.00	8,886.00
	<u>2,47,85,883.53</u>	<u>2,51,46,100.26</u>
<u>SCHEDULE 18 : PERSONNEL EXPENSES</u>		
Salaries, Wages, Bonus, and Allowances	69,48,928.00	99,47,151.00
Contribution to Provident Fund and Other Funds	4,63,714.00	7,02,816.00
Staff and Workmen Welfare Exp.	41,280.00	52,497.00
	<u>74,53,922.00</u>	<u>1,07,02,464.00</u>
<u>SCHEDULE 19 : FINANCE CHARGES</u>		
Interest :		
On Term Loans	49,74,526.27	65,88,094.78
On Working Capital Loans	1,76,36,181.00	1,65,14,808.00
Bank Charges and Others	11,45,110.56	10,78,025.80
	<u>2,37,55,817.83</u>	<u>2,41,80,928.58</u>

**31.03.2010****31.03.2009****SCHEDULE 20 : ADMINISTRATIVE AND SELLING EXPENSES****Repairs and Maintenance :**

Machinery	23,17,986.59	15,58,970.90
Building	83,782.50	1,19,934.14
Others	1,48,639.62	2,27,556.71
	25,50,408.71	19,06,461.75
Auditors Remuneration	66,180.00	66,180.00
Travelling and Vehicle Expenses	3,20,349.22	4,85,407.32
Insurance Charges	1,76,165.00	2,94,296.00
Printing, Stationery, Postage & Telephone Expenses	3,81,502.96	5,19,603.30
Membership & Subscription	5,000.00	5,100.00
Legal and Service Charges	1,53,076.00	5,59,025.00
Miscellaneous Expenses	27,097.82	29,769.10
Advertisement	1,14,460.44	89,517.94
Rent, Rates & Taxes	1,13,205.00	1,13,160.00
Donation	25,200.00	1,37,400.00
Directors Meeting Expenses	37,500.00	30,000.00
Sales Promotion	4,29,984.00	7,17,501.00
Freight & Forwarding	5,93,250.00	4,94,872.40
Secretarial Expenses	3,59,694.58	2,51,886.00
	53,53,073.73	57,00,179.81



SCHEDULE 21 : NOTES TO THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Accounting Standards as prescribed by the Institute of Chartered Accountants of India and referred to in Section 211(3)(c) of the Companies Act, 1956. Significant accounting policies adopted in the presentation of the accounts are:

1. General

The Company follows the Mercantile System of Accounting and recognises Income and Expenditure on Accrual Basis otherwise specifically stated. The Accounts are prepared as a going concern on the historical cost basis. Accounting Policies not referred to otherwise are consistent with Generally Accepted Accounting Principles.

2. Fixed Assets and Depreciation

Fixed Assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the assets to working condition for its intended use and also includes financing cost till commencement of commercial production. In respect of assets taken on Leases, the same are accounted for only on transfer of ownership to the Company and on transfer cost. The Depreciation have been provided on straight line method at the rates as specified in Schedule XIV of the Companies Act, 1956.

3. Foreign Currency Transaction

Transactions in Foreign currencies are recorded at exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currency are restated, at the exchange rate prevailing on the balance sheet date and exchange difference is accounted as provision for foreign exchange fluctuation. Actual exchange difference arising on realization/final settlement in Indian rupees are dealt with in the Profit and Loss Account.

4. Investments

Investments in India are stated at cost. Investment outside India involving foreign current transactions are being valued at the year end rates.

5. Inventory Valuation

Inventories of Raw Materials, Consumable Stores & Spares, Stock in trade of Trading Purchases and Stock-in-Process are valued at cost on FIFO basis. Finished Goods and Scrap are valued at realizable value.

6. Revenue Recognition

Sales and Job Work Charges are recognised at the point of despatch. Other Income is recognised as and when the same is accrued.

7. Gratuity, Bonus and Leave Encashment to Employees

The Gratuity has been provided for on the basis of 'Actuarial Valuation dated 26.04.2010, which was prepared on "Projected Unit Credit Method" and Bonus to employees is provided for on accrual basis. The Company has adopted policy to pay the leave encashment on yearly basis calculated as per calendar year to all eligible employees.

8. Contingent Liability

Contingent Liabilities are not provided for and are disclosed by way of Notes.

9. Taxation

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing difference that result between the profit offered for income tax and profit as per the financial statements. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Similarly deferred tax liabilities, if any, are measured as per the tax rate/laws that have been enacted or substantially enacted by the Balance Sheet date.

10. Business Segment

The company is engaged in business of manufacturing of yarn and trading of cloth, which is in same business segment.

11. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, Earnings Per Share. Basic earning per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earning per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

B. NOTES TO THE ACCOUNTS

1. Contingent Liabilities :

- (i) The Income Tax assessments of the Company is pending for the assessment year 2008-2009 and 2009-2010. However the Company does not envisage any liability in respect thereof. The Company's Appeals for assessment year 1998-99 & 2001-02 are pending before the Income Tax Appellate Tribunal but the Company does not envisage any liability and expect full relief in the appeal.
- (ii) The Trade Tax assessments of the Company for the assessment years 2008-2009 and 2009-2010 are pending but the Company does not envisage any liability for these years other than what has been paid or provided.
- (iii) Estimated amount of Contracts remaining to be executed on capital account and not provided for Rs. 45.00 Lacs (previous year Rs. 51.00 Lacs)
- (iv) A demand of Rs. 8,51,135.34 has been raised by The Maharashtra State Co-op. Cotton Growers Marketing Federation Ltd., Mumbai after adjusting advance of Rs. 19,07,422.31, deposited by us, for purchase of Cotton. However, the Company did not



purchase such Cotton. The Maharashtra State Co-op. Cotton Growers Marketing Federation Ltd., Mumbai raised dispute, which is pending in litigation before the Court of Law.

2. Secured Loans :

(i) Term Loans :

- (a) From Bank of Baroda amounting to Rs. 289.70 lacs, (Previous Year Rs. 407.92 lacs) are secured by way of exclusive charge over gross block of the Company excluding vehicles financed by other banks and also secured by way of exclusive charge over all Current Assets of the company alongwith personal guarantees of the Promoter directors & their relatives. (Repayable within one year Rs.112.00 lacs).
- (b) From ICICI Bank amounting to Rs. NIL (Previous year 5.61 lacs) were secured by way of hypothecation of vehicles. (Repayable within one year Rs. NIL).
- (c) From HDFC Bank amounting to Rs. 4.05 lacs (Previous year NIL) were secured by way of hypothecation of vehicles. (Repayable within one year Rs. 1.73 lacs).

(ii) Working Capital Loans :

Total Working Capital limits from Bank of Baroda as on 31.03.2010 Rs. 1214.22 lacs (Previous year Rs. 1211.00 lacs) are secured by way of exclusive charge over gross block of the Company excluding vehicles financed by other banks and also secured by way of exclusive charge over all Current Assets of the company alongwith personal guarantees of the Promoter directors & their relatives.

3. Unsecured loans :

The Unsecured Loans from others have been taken from the family members and relative of directors out of which loans from directors are amounting to Rs. 76.55 lacs. These unsecured loans have been taken in the condition imposed by the financial institution for bringing the adequate margins. These unsecured loans will not be repaid without the permission of the financial institution. During the year some of unsecured loans are repaid and in place of them fresh unsecured loans are taken. However, the overall quantum of the unsecured loans was within the adequate margins as stipulated by the financial Institution. The company is of the opinion that these are well within the provisions of Section 58A of the Companies Act, 1956 as the same are accepted in pursuance of stipulations of financial institutions.

4. Managerial Remuneration :

Managerial remuneration has been paid within the limits specified by Schedule XIII of the Companies Act, 1956. Computation of Net Profit u/s 349 of the Act is not given in view of there being no commission payable to any director. The details of managerial remuneration paid under Section 198 of the Companies Act, 1956 are as under:

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Salaries/Perks	14.10	18.60

- 5. Confirmation of balances from some of parties appearing under the head current liabilities, sundry debtors, loans and advances are awaited.
- 6. In accordance with the Accounting Standard 22 "Accounting for Taxes on Income" (AS-22) issued by the ICAI, the company has accounted for deferred taxes during the year. The tax provision for the current year includes Rs.1,27,84,400/- for deferred tax assets. The component of deferred tax assets is the sum of tax of Rs. 1,01,17,766/- on unabsorbed depreciation and carry forward losses and Rs. 26,66,634/- being tax on difference between depreciation charged/chargeable in books and claim of depreciation under Income Tax Act.
- 7. The Company has adopted the policy to account for the interest to trade Creditors on final settlement with them.
- 8. Previous year adjustments of Rs. 9,48,602/- include Rs.7,74,425/- on account of Freight & Cartage charged by the Consignment Agents; Rs.24,704/- paid for Sales Tax demand & interest thereon for the Assessment Year 2005-06; Rs.88,058/- written off as non recoverable deposits; Rs. 28,103/- paid for Income Tax demand for the A.Y. 2006-07; and Rs.33,312/- paid for Income Tax demand for the A.Y. 2007-08.
- 9. Other Income includes interest of Rs. 117.76 lacs accrued on Fixed Deposits made out of GDR Issue with EURAM Bank in Austria.
- 10. Company has revalued its Fixed Assets namely Land and Building on 31.03.2004. The value of aforesaid assets has increased by Rs.5,90,00,625.42 as per Valuation Report dt.31.03.2004 from a qualified & authorized firm of Engineers M/s.Universal Consultants, Meerut. The aforesaid amount has been credited to Revaluation Reserve Account. Further, during the year, same has been reduced by equivalent amount of depreciation charged on this revalued amount.
- 11. During the year company has promoted a fully owned subsidiary foreign company under the name and style as "Sybly International FZE, Sharjah (U.A.E.)" with an equity investment of Rs. 4,28,750/-. Company has also made advance of Rs. 33,64,20,230/- to this WOS in 100% utilization of the proceeds of GDR issue. Company has sold 4,10,000 shares of Vartex Fabrics Pvt. Ltd. For Rs. 2,13,20,000/- on which Company earned gain of Rs. 1,72,200/- which resulted that M/s Vartex Fabrics Private Limited now ceased to be a subsidiary company.
- 12. During the year share application money in Vishwanath Paper & Board Ltd. has been converted in investment on allotment of Equity Shares of Rs. 34,00,000/- (68000 Fully Paid Equity Shares of Rs. 10/- each of Vishwanath Paper & Boards Ltd. including Premium of Rs. 40/- each shares).
- 13. Out of 4,35,00,000 Convertible Warrants of Rs. 10/- each, carrying a right to subscribe to equal no. of equity shares in the company on conversion within a period of 18 months, only 5,00,000 warrants were converted on receipt of call money. Rest of 4,30,00,000 warrants have been forfeited during the year due to non receipt of call money. Rest of 4,30,00,000 warrants have been forfeited during the year due to no receipt of call money within 18 months from the date of allotment i.e. 28.03.2008.



SYBYL INDUSTRIES LIMITED

14. Particulars of Capacity, Production, Turnover and Stocks:

Class of Product		Polyester Yarn/Cotton Yarn		Mercerised Cotton Yarn	
		Current Year	Previous Year	Current Year	Previous Year
Licensed Capacity	M.Ton	N.A.	N.A.	N.A.	N.A.
Installed Capacity	M.Ton	2500	3550	660	660
Production*	M.Ton	1690.703	1849.745	361.789	439.532
Purchases of Yarn	M.Ton	-	0.060	-	-
Captive Consumption	M.Ton	-	-	-	-
Turnover*	M.Ton	1643.874	1893.231	356.939	438.943
	Rs. (in Lacs)	1766.39	1766.39	143.32	172.99
Opening Stock	M.Ton	98.750	142.176	4.485	3.896
	Rs. (in lacs)	88.77	134.80	6.13	5.52
Closing Stock	M.Ton	145.579	98.750	9.335	4.485
	Rs. (in lacs)	142.22	88.77	14.55	6.13

* Includes 356.939 M.Ton materials handled on Job Work

15. Particulars of Trading Activities:

Item	Stock in the beginning of the year		Purchases during the year		Sales during the year		Stock at the end of the year	
	Qty.	Rs.(in lacs)	Qty.	Rs.(in lacs)	Qty.	Rs.(in lacs)	Qty.	Rs.(in lacs)
Cloth (Mtrs.)	NIL (NIL)	NIL (NIL)	945661.50 (3262192)	783.39 (3250.59)	945661.50 (3262192)	792.03NIL (3328.83)	NIL (NIL)	NIL (NIL)
Cloth (Kg.)	NIL (NIL)	NIL (NIL)	1887270 (NIL)	3481.99 (NIL)	1887270 (NIL)	3504.90 (NIL)	NIL (NIL)	NIL (NIL)
Garments (Pcs.)	NIL (NIL)	NIL (NIL)	NIL (96830)	NIL (505.67)	NIL (96830)	NIL (508.04)	NIL (NIL)	NIL (NIL)

Figures in brackets are for previous year.

16. Particulars of Materials Consumed (including trading materials):

		Current Year		Previous Year	
		Quantity	Rs. In Lacs	Quantity	Rs. in Lacs
Polyester Staple Fiber	M.Ton	1456.719	1001.95	1914.459	1300.70
Cotton	M.Ton	385.902	309.00	-	-
Cotton Yarn	M.Ton	5.270	3.77	10.266	8.97
Chemicals	M.Ton	64.799	13.35	72.755	24.72
Cloth	Kg..	1887270	3481.99	-	-
Cloth	Mtr.	945661	783.39	3262192	3250.59
Garments	Pcs.	-	-	96830	505.67
			5593.45		5090.65
Indigenous Materials Consumed			5593.45 100%		5090.65 100%
Imported Materials Consumed			NIL		NIL

17. Expending and Earning in Foreign Currency:

	Current Year	Previous Year
	Rs. in Lacs	Rs. in Lacs
(a) Expenditure in Foreign Currency: Value of Imports on C.I.F.Basis	NIL	NIL
(b) Earning in Foreign Exchange: (i) Exports of Goods calculated on F.O.B.Basis (ii) Interent Income	NIL 117.76	NIL 126.92

18. Earnings per share

Basic earning per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earning per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period. The reconciliation between basic and diluted earnings per equity share is as follows:

Particulars	Units	Year ended	Year ended
		31.03.2010	31.03.2009
a. Net Profit/(Loss) After Tax	Rs.	(2735130)	(25051806)
b. Weighted Average of number of equity shares used in computing basic earnings per share	No. of shares	407161000	331648500



c. Basic Earnings per Share (a/b)	Rs.	N.A.	N.A.
d. Effect of Potential Equity Shares for Preferential Allotment	No. of shares	NIL	43000000
e. Weighted Average of number of equity shares used in computing diluted earnings per share (b+d)	No. of shares	407161000	428661000
f. Diluted Earnings per Share (a/e)	Rs.	N.A.	N.A.
g. Effect of Potential Equity Shares for Preferential Allotment (c-f)	Rs.	N.A.	N.A.

Note : Due to loss during the year calculation of E.P.S. is not workable.

19. Related party disclosures**a. List of related parties**

- i. Subsidiaries
 - Vartex Fabrics Private Limited (Ceased to be subsidiary)
 - Sybly International FZE
- ii. Key Management Personnel
 - Shri Mahesh Chand Mittal
 - Shri Satya Prakash Mittal
 - Shri Umesh Kumar Mittal
- iii. Relatives of Key Management Personnel
 - Smt. Suman Mittal
 - Mr. Nishant Mittal
 - Sybly Threads Limited (Common KMP Mr. U.K.Mittal)

b. Transactions /Balances outstanding with Related Parties.

Rs. in Lacs)

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprise having common Key Management Personnel	Total
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Sale of Investment	211.48	-	-	-	211.48
Fresh Investment Made	4.28	-	-	-	4.28
Loans & Advances	3364.20	-	-	-	3364.20
Sales of Goods & Services	-	-	-	23.49	23.49
Managerial Remuneration					
Salary/contribution to provident fund	-	14.10	4.00	-	18.10

20. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business and the provisions for all known liabilities is adequate and not in excess of amount reasonably necessary.
21. Total outstanding dues of small scale industrial undertakings and other than small scale industrial undertakings and the names of the small scale industrial undertakings to whom the company own a sum of exceeding Rupees one lakh which outstanding for more than thirty days, are not disclosed on the Balance Sheet as the suppliers have not indicated their status whether they are small scale undertakings or not or their documents and accordingly it was not possible for the company to bifurcate the trade creditors accordingly.
22. Previous Years figures have been rearranged and regrouped wherever necessary.

SIGNATURES TO SCHEDULE 1 TO 21.

For and on behalf of Board of Directors

Sd/-
VIMAL PRAKASH MITTAL
 Chairman

Sd/-
MAHESH CHAND MITTAL
 Managing Director
 As per our separate report of even date attached
For V.S.Gupta & Co.
 Chartered Accountants
 Sd/-
Hemant Kumar Gupta
 Partner

Camp : Muradnagar : 30th June,2010



SYBLY INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(All Rs. in Thousands)

I. REGISTRATION DETAILS :

Registration No. :	20-9594	State Code :	20
Balance Sheet Date :	31-03-2010		

II. CAPITAL RAISED DURING THE YEAR :

Public Issue :	Rs. NIL	Rights Issue :	Rs. NIL
Bonus Issue :	Rs. NIL	Private Placement :	Rs. NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :

Total Liabilities :	Rs. 7,10,322	Total Assets :	Rs. 7,10,322
Sources of Funds :			
Paid up Capital :	Rs. 4,07,226	Reserve and Surplus :	Rs. 1,32,138
Share Application :	Rs. NIL	Unsecured Loans :	Rs. 20,161
Secured Loans :	Rs. 1,50,797		
Application of Funds :			
Net Fixed Assets :	Rs. 2,10,279	Investments :	Rs. 24,105
Net Current Assets :	Rs. 4,44,452	Misc. Expenditure :	Rs. 13,996
Accumulated Losses :	Rs. 17,490		

IV. PERFORMANCE OF COMPANY :

Turnover :	Rs. 6,36,063	Total Expenditure :	Rs. 6,51,556
Profit Before Tax :	Rs. (15520)	Profit After Tax :	Rs. (2,735)
Earning per Share (In Rs.) :	Rs. N.A.	Dividend rate % :	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY : (As per monetary terms)

Items Code No.(ITC Code)	Product Description
	Cotton & Polyester Yarn Mercerised/Cabled/ Single

For and on behalf of Board of Directors

Sd/-
VIMAL PRAKASH MITTAL
Chairman

Sd/-
MAHESH CHAND MITTAL
Managing Director
As per our separate report of even date attached
For V.S.Gupta & Co.
Chartered Accountants

Camp : Muradnagar : 30th June, 2010

Sd/-
Hemant Kumar Gupta
Partner



SYBLY INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

Prepared pursuant to Listing Agreement

	31st March 2010 Rs. In Lacs	31st March 2009 Rs. In Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	(161.51)	(265.39)
Adjustment for :		
Depreciation	300.10	293.94
Profit/ Loss on Sale of Fixed Assets	4.60	-
Investments	1.72	-
Interest/Dividend	-	-
Operating Profit before working capital change	144.91	28.55
Adjustment for :		
Trade and Other Receivable	(1,969.87)	42.05
Inventories	(456.24)	88.45
Trade Payable	(920.38)	120.75
Cash Generated from Operation	(3,201.85)	279.80
Previous year adjustments	(9.49)	(2.55)
Direct Taxes paid	(1.08)	(20.81)
Cash Flow before extraordinary items	(3,212.15)	256.44
Extraordinary Items : Expenses written off	8.51	8.51
Net Cash from Operating activities	(3,203.64)	264.95
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(7.72)	(137.17)
Sales of Fixed Assets	15.37	-
Acquisition of Companies	-	-
Purchase of Investments	(4.29)	(460.72)
Sales of Investments	251.48	-
Interest Received	-	-
Dividend Received	-	-
Net Cash used in investing activities	(254.84)	(597.89)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	3020.50
Proceeds from Long Term Borrowings	5.38	506.72
Repayment of Finance Lease Liabilities	(78.81)	(262.00)
Dividend paid	-	-
Adjustment for Preliminary/Public Issue Expenses	(115.88)	(36.22)
Net Cash from financing activities	(189.31)	3229.00
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,138.11)	2896.06
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,201.88	305.82
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	63.77	3201.88

For and on behalf of Board of Directors

Sd/-
VIMAL PRAKASH MITTAL
Chairman

Sd/-
MAHESH CHAND MITTAL
Managing Director
As per our separate report of even date attached
For V.S.Gupta & Co.
Chartered Accountants

Sd/-
Hemant Kumar Gupta
Partner

Camp : Muradnagar : 30th June,2010

**Statement Pursuant to Section 212 of the Companies Act, 1956, relating to
Subsidiary Company for the Financial Year 2009-2010**

1.	Name of the Subsidiary Company	Vartex Fabrics Pvt. Ltd.*	Sybly International FZE
2.	Date from which it become Subsidiary Company	27 th October, 2005	30 th December, 2009
3.	No. of Shares held by Sybly Industries Ltd. (SIL) 4,55,690 Equity Shares of Rs.10/- each in the Capital of the subsidiary	4,55,690 Equity Shares of Rs.10/-each fully paid	1 Equity Share of UAE Dirhams 35,000 each fully paid
4.	Extend of interest of SIL in the capital of the Subsidiary	100% of Equity Capital of the Subsidiary	100% of Equity Capital of the Subsidiary
5.	Net Aggregate amount of Profit/Losses of the Subsidiary so far as it concerns the Members of SIL and is not dealt with in the Accounts of SIL. (a) for the Financial Year ended 31.03.2010 (b) for the previous Financial Year ended 31.03.2009, since it became Subsidiary of SIL.	Nil Nil	Rs. 645.01 Lacs Nil
6.	Net Aggregate amount of Profit/Losses of the Subsidiary so far as dealt with in the Accounts of SIL (a) for the Financial Year ended 31.03.2010 (b) for the previous Financial Year ended 31.03.2009, since it became Subsidiary of SIL.	Nil Nil	Nil Nil

* Ceased to be Subsidiary since February, 2010.

Sd/-
For V.S.Gupta & Co.
Chartered Accountants

Sd/-
Vimal Prakash Mittal
Chairman

Sd/-
Mahesh Chand Mittal
Managing Director

Sd/-
(Hemant Kumar Gupta)
Partner .

Camp : Muradnagar
Date : 30th June, 2010



SYBLY INTERNATIONAL FZE

DIRECTORS' REPORT

The Directors have immense pleasure in presenting the Annual Report and Audited Accounts of Sybly International FZE (Sharjah) for the period ended 31st March 2010.

CURRENT BUSINESS SCENARIO AND FUTURE OUTLOOK

The Company has started its operation and it has earned profit after tax amounting to AED 52,65,396 (INR 6,45,01,100) during the period. No material changes have occurred since the date of the Balance Sheet till the date of this report, which has any adverse effect on the working of the Company.

The Company was established on 20.12.2009 and in the first year itself it shown high growth in turnover & profitability.

PERSONNEL

The staff of the Company is working in ex-officio capacity and all employees are of the parent company except one who is on the role of the Company.

AUDITORS' REPORT

The Auditors' Report read with the "Notes to the Accounts" are self explanatory and general in nature and to not call for further explanation. Auditors have not made any qualifications or observations, which have any adverse effect on the Annual Accounts for the period ended 31st March 2010.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms -

- i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the directors had prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

As the Company registered outside India, the disclosures required to be made in accordance with Companies (Particulars of Employees) Rules, 1975 are not relevant. However there are no employee covered under the above rules.

DISCLOSURE OF PARTICULARS

As the Company registered outside India, the disclosures required to be made in accordance with Companies (Disclosure of Particulars in the Report of Boards of Directors) Rules, 1988 are not relevant. Hence the same has not been furnished.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the support received at all times from various departments of the Centre, State and Union Territory Government, Government Agencies and other Organisation.

For and on behalf of Board of Directors

Sd/-
(ROHIT GHAI)
DIRECTOR

Dated: 30th June, 2010

***INDEPENDENT AUDITOR'S REPORT***

**THE SHAREHOLDERS
M/S. SYBLY INTERNATIONAL FZE
HAMRIYAH FREE ZONE,
SHARJAH - U.A.E.**

BASIS OF OPINION

We have audited the accompanying Financial Statements for the Three Months then ended 31st March, 2010 set out on Page No. 2 to 9. These financial statements are the responsibility of the Company Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Opinion

In our opinion, and subject to the information and explanations given to us, the said Financial Statements together with SUBJECT to the notes read thereon present a fair view of the financial position of **M/s. SYBLY INTERNATIONAL FZE**, as at 31st March, 2010 and the results of its operation for the Three Months then ended in accordance with the generally accepted accounting principals.

For RAO & ROSS
Chartered Accountants

Sd/-
Dated : 2nd June, 2010

**SYBLY INTERNATIONAL FZE****HAMRIYAH FREE ZONE, SHARJAH - UNITED ARAB EMIRATES**
BALANCE SHEET AS AT 31st MARCH 2010

		31.03.2010
<u>ASSETS</u>	<u>Note</u>	<u>Rs.</u>
<u>CURRENT ASSETS</u>		
Cash on hand and at banks	3	10,44,470.00
Accounts Receivables	4	40,03,05,610.00
Total Current Assets		40,13,50,080.00
Total Assets		40,13,50,080.00
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
<u>NON CURRENT LIABILITIES</u>		
Loans & Advances (Unsecured)	6	33,64,20,230.00
<u>CAPITAL AND OWNERS' EQUITY</u>		
Capital account		4,28,750.00
Retained Earnings		6,45,01,100.00
Total Shareholders' Equity		6,49,29,850.00
TOTAL LIABILITIES AND OWNERS' EQUITY		40,13,50,080.00

(Notes on pages 6 to 9 form an integral part of these financial statements)

We approve these Financial Statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgment underlying them.

FOR SYBLY INTERNATIONAL FZE

Sd/-
Director



SYBLY INDUSTRIES LIMITED

SYBLY INTERNATIONAL FZE

HAMRIYAH FREE ZONE, SHARJAH - UNITED ARAB EMIRATES STATEMENT OF INCOME FOR THE THREE MONTHS ENDED 31ST MARCH 2010

		31.03.2010
	<u>Note</u>	<u>Rs.</u>
Sale	2(e)	82,69,37,230.00
Cost of Sales		76,07,82,256.00
Gross Profit		6,61,54,974.00
<u>General & Administrative Expenses</u>		
General expenses	7	16,53,874.00
Total expenses		16,53,874.00
Net Profit/(loss) for the period		6,45,01,100.00

(Notes on pages 6 to 9 form an integral part of these financial statements)

We approve these Financial Statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgment underlying them.

FOR SYBLY INTERNATIONAL FZE

Sd/-
Director

SYBLY INTERNATIONAL FZE

HAMRIYAH FREE ZONE, SHARJAH - UNITED ARAB EMIRATES STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE THREE MONTHS ENDED 31ST MARCH 2010

	<u>Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	Rs.	Rs.	Rs.
Balance as at 1st April 2009	4,28,750	-	4,28,750
<u>Changes in Owner's Equity</u>			
-Net profit for the year		6,45,01,100	6,45,01,100
-Net movements in current account	-	-	-
Balance as at 31st March 2010	4,28,750.00	6,45,01,100.00	6,49,29,850

(Notes on pages 6 to 9 form an integral part of these financial statements)

FOR SYBLY INTERNATIONAL FZE

Sd/-
Director

**SYBLY INTERNATIONAL FZE****HAMRIYAH FREE ZONE, SHARJAH - UNITED ARAB EMIRATES****NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2010****1. COMPANY'S NATURE, OPERATIONS AND OWNERSHIP**

- a) SYBLY INTERNATIONAL FZE is a Free Zone Establishment, which is registered with Hamriyah Free Zone, Sharjah, under the sharjah emiri decree No. (6) of 1995 on 20th December 2009.
- b) The Company is located in Hamriyah Free Zone, Sharjah P. O. Box 51895- U. A. E.
- c) The main activity of the Company is General Trading.
- d) The Capital of the Company is AED 35,000 (Dhs. Thirty Five thousand only), with limited liability, divided into 1 share of AED35,000 (Dhs. Thirty five thousand only).

Name of Shareholder	No. of Share	Value of Share	Total Value (AED)	Total Value (Rs.)
Sybly Industries Ltd., India	1	35,000	35,000	4,28,750
Total	1	35,000	35,000	4,28,750

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies, which comply with the Accounting Standards have been applied consistently in dealing with items that are considered material in relation to the Company's Financial Statements.

The following accounting policies have been applied consistently in dealing with items that

a) Accounting convention

- * Accounts have been prepared under the historical cost convention.
- * The accounting policies have been consistently applied by the company and are consistent.
- * The Financial Statements have been presented in AED.
- * The figures in the financial statements are rounded off to the nearest AED.

b) Cash and Cash equivalents

Cash and cash equivalents are defined as cash and bank balances that are readily convertible to known amounts of cash and which are subjected to an insignificant risk of changes in values for the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances.

c) Accounts receivable

Accounts receivable are stated net of provisions for amounts estimated to be non-collectibles. An estimate for doubtful accounts is made when collection of the full amount is no longer collectable. Bad debts are written off as incurred.

d) Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not it billed to the company by the supplier

e) Revenue

Revenue is recognized based on invoices raised during the year to the customer.

f) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date whenever there is any indication of impairment. If any such indication exists, the asset recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the income statement

g) Property, plant & equipment and depreciation

Property, plant & equipment are stated at cost less accumulated depreciation and impairment, if any. Depreciation on property, plant & equipment is provided on a straight line basis at rates calculated to write off the cost of each asset by equal annual installments over its expected useful life.

h) Foreign Currencies

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising are included in the statement of income.

i) Employees' end of services benefits

The company provides end of services benefits to its employees. The Entitlement to those benefits is usually based upon the employees' length of services and the completion of a minimum services period. Staff benefits like Leave Salary, Air Passage and Gratuity are accounted as an when paid.

3. CASH IN HAND AND AT BANKS

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	31 Mar-10
	Amount (Rs.)
Cash in hand	10,08,787
Current account with banks	35,683
	10,44,470



SYBLY INDUSTRIES LIMITED

SYBLY INTERNATIONAL FZE

HAMRIYAH FREE ZONE, SHARJAH - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2010

	31 Mar-10 Amount (Rs.)
4- <u>ACCOUNTS RECEIVABLES</u>	
Accounts Receivables	<u>40,03,05,610</u>
Management confirms that the all the accounts receivables are good and collectable	
5. <u>FINANCIAL INSTRUMENTS</u>	
a) Financial assets of the company include cash and bank balances, trade debtors.	
b) Financial liabilities include trade creditors.	
c) The fair values of the company's financial assets and liabilities are approximate to their carrying values.	
d) In the opinion of the Management, all the assets as shown in the Financial Statements are existing and realizable at the amount shown against them, and there are no liabilities contingent or otherwise not included in the above Financial Statements.	
e) Cash and cash equivalents	
For the purpose of statement of cash flows, cash and cash equivalents include, cash and bank, Balances.	
f) Interest risk management	
The company does not invest in securities that are subject to interest rate risk	
g) Credit risk	
For all classes of financial instruments held by the company the maximum credit risk exposure to the company is the carrying value as disclosed in the financial statements at the balance sheet date	
h) Fair values	
The fair values of the company's financial assets and liabilities are not materially different from their carrying values in the balance sheet date.	
6. <u>LOANS & ADVANCES (UNSECURED)</u>	31 Mar-10 Amount (Rs.)
From Sybly Industries Ltd, India	<u>33,64,20,230</u>
	<u>33,64,20,230</u>
Management has confirmed that the above loan is unsecured and payable to Sybly Industries Ltd.	
7. <u>GENERAL & ADMINISTRATIVE EXPENSES</u>	31 Mar-10 Amount (Rs.)
License fees	4,28,750
Staff salaries & allowances	10,70,038
Communication expenses	42,728
Traveling & conveyance expenses	53,349
Printing & stationary	35,464
Bank Charges	23,545
	<u>16,53,874</u>
8. <u>COMPARATIVE FIGURES</u>	
This is being first three months of operation of the company so previous years data not available	
9. <u>GOING CONCERN</u>	
The Financial Statements are prepared on a going concern basis which assumed that the company will continue to operate as a going concern for the foreseeable future.	
10. <u>GENERAL</u>	
The figures in the financial statements are rounded to the nearest UAE Dirhams.	

FOR SYBLY INTERNATIONAL FZE

sd/-
Director



SYBLY INTERNATIONAL FZE
HAMRIYAH FREE ZONE, SHARJAH - UNITED ARAB EMIRATES
NOTES TO
STATEMENT OF CASH FLOW FOR THE THREE MONTHS
ENDED 31ST MARCH 2010

	<u>31-Mar-10</u>
	<u>RS.</u>
<u>Cash Flow from Operating Activities</u>	
Operating profit / (loss) for the year	6,45,01,100.00
Adjustments for:	
Operating Income Before Working Capital Changes	6,45,01,100.00
<i>(Increase) / Decrease in operating assets</i>	
Accounts Receivables	(40,03,05,610.00)
<i>Increase / (Decrease) in operating liabilities</i>	
Accounts payable and accruals	-
Net Cash Flow from Operating Activities	(33,58,04,510.00)
<u>Cash Flow from Investing Activities</u>	
Increase in fixed assets during the period	-
Net Cash Outflow from Investing Activities	-
<u>Cash Flow from Financing Activities</u>	
Capital account	4,28,750.00
Loans And Advances (Unsecured)	33,64,20,230.00
Net Cash Inflow from Financing Activities	33,68,48,980.00
Net increase (Decrease) in cash and cash equivalents	10,44,470.00
Add opening cash & bank balances	-
Closing cash and cash equivalents	10,44,470.00

(Notes on pages 6 to 9 form an integral part of these financial statements)

FOR SYBLY INTERNATIONAL FZE

Sd/-
Director



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF SYBLY INDUSTRIES LIMITED

We have examined the attached Consolidated Balance Sheet of SYBLY INDUSTRIES LIMITED, ("the company") and its subsidiary as at March 31, 2010 and the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the year then ended. 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 generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of wholly owned subsidiary Sybly International FZE, whose financial statements reflect total assets of Rs. 4013.50 lacs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirement of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of the Chartered Accountants of India and on the basis of the separate audited financial statement of the company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of the company and its subsidiary as at March 31, 2010; and
- b) In the case of the consolidated Profit and loss account, of the consolidated results of operations of the company and its subsidiary for the year then ended.
- c) In the case of Consolidated Cash Flow Statement, of the cash flows for the year then ended.

For V.S.Gupta & Co.
Chartered Accountants

Sd/-
Hemant Kumar Gupta
Partner

Camp : Muradnagar : 30th June, 2010



SYBLY INDUSTRIES LIMITED

CONSOLIDATE BALANCE SHEETS AS AT 31ST MARCH, 2010

	SCHEDULE	31.03.2010	31.03.2009
SOURCE OF FUNDS			
Shareholder's Funds :			
Share Capital	1	40,72,26,000.00	40,72,26,000.00
Reserves and Surplus	2	<u>17,91,49,103.69</u>	<u>13,24,76,429.66</u>
		58,63,75,103.69	53,97,02,429.66
Loan Funds :			
Secured Loans	3	15,07,97,026.28	16,24,53,238.20
Unsecured Loans	4	<u>2,01,61,376.52</u>	<u>1,85,65,240.96</u>
		17,09,58,402.80	1,85,65,240.96
		75,73,33,506.49	72,07,20,908.82
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	41,32,17,503.43	44,01,81,429.38
Less: Depreciation		<u>20,37,68,442.36</u>	<u>17,36,68,608.36</u>
		20,94,49,061.07	26,65,12,821.02
Capital Work in Progress		<u>8,30,065.52</u>	<u>8,30,065.52</u>
		21,02,79,126.59	26,73,42,886.54
Investments	6	2,36,75,900.00	2,53,20,000.00
Current Assets, Loans & Advances			
Inventories	7	10,07,43,320.00	5,51,19,377.00
Sundry Debtors	8	45,05,35,718.00	20,25,47,103.40
Cash & Bank Balances	9	74,22,058.74	32,02,18,236.85
Loans & Advances	10	<u>2,57,58,489.09</u>	<u>1,31,22,009.61</u>
		58,44,59,585.83	59,10,06,726.86
Less : Current Liabilities and Provisions	11		
Current Liabilities		7,25,08,261.93	17,50,83,365.31
Provisions		<u>1,05,33,480.00</u>	<u>1,07,875.00</u>
Net Current Assets		50,14,17,843.90	41,58,15,486.55
Net Deferred Tax Liability		79,63,978.00	(49,80,188.00)
Profit & Loss Account		0.00	1,38,06,001.48
Miscellaneous Expenditure	12	1,39,96,658.00	34,16,722.25
		75,73,33,506.49	72,07,20,908.82
NOTES TO THE ACCOUNTS	21		

For and on behalf of Board of Directors

Sd/-
VIMAL PRAKASH MITTAL
 Chairman

Sd/-
MAHESH CHAND MITTAL
 Managing Director
 As per our separate report of even date attached
For V.S.Gupta & Co.
 Chartered Accountants

Camp : Muradnagar : 30th June,2010

Sd/-
Hemant Kumar Gupta
 Partner



SYBLY INDUSTRIES LIMITED

CONSOLIDATE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	31.03.2010	31.03.2009
INCOME			
Turnover	13	1,42,90,41,918.10	57,84,00,936.11
Other Income	14	1,34,96,374.00	1,34,62,289.00
Increase in Stock	15	2,04,35,134.00	(1,33,61,679.00)
		<u>1,46,29,73,426.10</u>	<u>57,85,01,546.11</u>
EXPENDITURE			
Material Consumed	16	1,32,01,27,717.50	50,90,65,411.50
Manufacturing Expenses	17	2,47,85,883.53	2,51,46,100.26
Personnel Expenses	18	85,23,960.00	1,07,02,464.00
Finance Charges	19	2,37,79,362.83	2,41,80,928.58
Administrative and Selling Expenses	20	59,13,364.73	57,00,179.81
Depreciation		3,00,10,332.00	2,93,94,121.64
		<u>1,41,31,40,620.59</u>	<u>60,41,89,205.79</u>
PROFIT		4,98,32,805.51	(2,56,87,659.68)
Less : Amount Written Off		8,51,236.00	8,51,224.00
		<u>4,89,81,569.51</u>	<u>(2,65,38,883.68)</u>
Less : Provision for Taxation		0.00	0.00
Fringe Benefit Tax		0.00	1,07,875.00
Deferred Tax		(1,27,84,400.00)	(15,94,952.00)
PROFIT /(LOSS) AFTER TAX		6,17,65,969.51	(2,50,51,806.68)
Balance brought forward from earlier years		(1,38,06,001.48)	1,15,01,041.20
BALANCE AVAILABLE FOR APPROPRIATION		4,79,59,968.03	(1,35,50,765.48)
APPROPRIATION			
Previous Years Adjustments		9,48,602.00	2,55,236.00
Balance Carried Over to Balance Sheet		4,70,11,366.03	(1,38,06,001.48)
		<u>4,79,59,968.03</u>	<u>(1,35,50,765.48)</u>

NOTES TO THE ACCOUNTS 21

For and on behalf of Board of Directors

Sd/-
VIMAL PRAKASH MITTAL
Chairman

Sd/-
MAHESH CHAND MITTAL
Managing Director
As per our separate report of even date attached
For V.S.Gupta & Co.
Chartered Accountants

Camp : Muradnagar : 30th June, 2010

Sd/-
Hemant Kumar Gupta
Partner



SYBLY INDUSTRIES LIMITED

SCHEDULE FORMING PART OF THE CONSOLIDATE BALANCE SHEET AS AT 31ST MARCH, 2010

	31.03.2010	31.03.2009
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
70,00,00,000 Equity Shares of Rs.1/- each (Prev. Year 7,00,00,000 Equity Shares of Rs. 10/- each)	<u>70,00,00,000.00</u>	<u>70,00,00,000.00</u>
Issued, Subscribed & Paid-up		
40,71,61,000 Equity Shares of Rs.1/- each	40,71,61,000.00	40,71,61,000.00
Share Forfeited Account	65,000.00	65,000.00
	<u>40,72,26,000.00</u>	<u>40,72,26,000.00</u>
SCHEDULE 2 : RESERVE AND SURPLUS		
General Reserve :		
As per last Balance Sheet	14,19,498.24	14,19,498.24
Share Premium :		
Premium on Share Capital	3,07,50,000.00	3,07,50,000.00
Convertible Share Warrants	4,30,00,000.00	4,30,00,000.00
Surplus :		
Balance as per Profit and Loss Account	4,70,11,366.03	0.00
Revaluation Reserve (Land & Building were Revalued As on 31st March 04)	5,69,68,239.42	5,73,06,931.42
	<u>17,91,49,103.69</u>	<u>13,24,76,429.66</u>
SCHEDULE 3 : SECURED LOANS		
Term Loans	2,93,74,725.00	4,13,53,363.20
Working Capital Loans	12,14,22,301.28	12,10,99,875.00
	<u>15,07,97,026.28</u>	<u>16,24,53,238.20</u>
SCHEDULE 4 : UNSECURED LOANS		
From Corporate Bodies	29,22,078.00	39,15,435.00
From Others	1,72,39,298.52	1,46,49,805.96
	<u>2,01,61,376.52</u>	<u>1,85,65,240.96</u>

SCHEDULE 5 : FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Original as at 01.04.2009	Addition during the Year	Deletion during the year	Total Cost as at 31.03.2010	Depreciation upto 31.03.2009	Depreciation for the Year	Depreciation upto 31.03.2010	As At 31.03.2010	As At 31.03.2009
Land	51818760.00	-	-	51818760.00	-	-	-	51818760.00	51818760.00
Building	84087816.71	-	-	84087816.71	15588556.00	2806408.00	18394964.00	65692852.71	68499260.71
Plant and Machinery	266905195.30	-	966473.00	265938722.30	152563664.36	26375450.00	178939114.36	86999607.94	114249810.94
Computers	3689426.00	58830.00	-	3748256.00	2433321.00	517472.00	2950793.00	797463.00	1256105.00
Furniture & Fixture	1300657.05	-	-	1300657.05	599755.00	82331.00	682086.00	618571.05	700902.05
Vehicles	5686886.48	670077.00	819955.00	5537008.48	1966998.00	518464.00	2485462.00	3051546.48	3562418.48
Office - Equipments	742687.84	43595.05	-	786282.89	267124.00	48899.00	316023.00	470259.89	475563.84
Total	414231429.38	772502.05	1786428.00	413217503.43	173419418.36	30349024.00	203768442.36	209449061.07	240562821.02



SYBLY INDUSTRIES LIMITED

	31.03.2010	31.03.2009
SCHEDULE 6 : INVESTMENTS		
426400 Fully Paid up Equity Shares of Rs. 10/- each of Vishwanath Paper & Boards Ltd. at Premium of Rs. 40/- each (Unquoted at cost) (Previous Year 438400 Fully Paid Equity Shares)	2,13,20,000.00	2,19,20,000.00
45690 Fully Paid up Equity Shares of Rs. 10/- each of Vartex Fabrics Pvt. Ltd. (Unquoted at cost) (Previous Year 455690 Fully Paid Equity Shares of Rs. 10/- each)	23,55,900.00	0.00
Share Application Money in Vishwanath Paper & Boards Ltd.	0.00	34,00,000.00
	<u>2,36,75,900.00</u>	<u>2,53,20,000.00</u>
SCHEDULE 7 : INVENTORIES		
(Certified as to Quantities and Value by the Managing Director)		
Raw Material - At Cost	4,00,96,290.00	1,49,08,361.00
Finished Goods - At Realisable Value	1,56,76,722.00	94,89,815.00
Stock in Process - At Cost	4,24,56,823.00	2,87,36,036.00
Consumable Stores and Spares - At Cost	9,06,630.00	9,05,750.00
Scrap - At Realisable Value	16,06,855.00	10,79,415.00
	<u>10,07,43,320.00</u>	<u>5,51,19,377.00</u>
SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured - Considered Good):		
Debts outstanding for a period exceeding six months	1,34,91,478.98	2,56,30,659.97
Other Debts	43,70,44,239.02	17,69,16,443.43
	<u>45,05,35,718.00</u>	<u>20,25,47,103.40</u>
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash in hand	21,70,570.00	10,95,649.75
Bank Balances : With Schedule Bank		
In Fixed Deposits	49,69,708.00	31,90,82,091.00
In Current Account	2,81,780.74	40,496.10
	<u>74,22,058.74</u>	<u>32,02,18,236.85</u>
SCHEDULE 10 : LOANS AND ADVANCES		
(Unsecured - Considered Good):		
Advance for Capital Goods	43,61,331.16	44,23,163.09
Advance to Suppliers and Others	1,84,80,239.71	54,65,828.37
Deposit with Govt. Public Bodies and Others	29,16,918.22	32,33,018.15
	<u>2,57,58,489.09</u>	<u>1,31,22,009.61</u>
SCHEDULE 11 : CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities :		
Sundry Creditors		
For Capital Goods	49,60,984.00	50,04,689.30
For Others	4,69,03,450.39	16,21,07,575.12
Advance from Customers	26,84,018.78	17,87,417.79
Other Liabilities	1,79,59,808.76	61,83,683.10
	<u>7,25,08,261.93</u>	<u>17,50,83,365.31</u>
B. Provisions :		
Provision for Fringe Benefit Tax	0.00	1,07,875.00
Currency Fluctuation Reserve	1,05,33,480.00	0.00
	<u>8,30,41,741.93</u>	<u>17,51,91,240.31</u>
SCHEDULE 12 : MISCELLANEOUS EXPENDITURE		
(to be extent not written off or adjusted):		
Preliminary Expenses	24,74,198.00	31,38,273.00
Preoperative Expenses	0.00	1,46,928.25
GDR Issue Expenses	1,23,73,696.00	9,82,745.00
	<u>1,48,47,894.00</u>	<u>42,67,946.25</u>
Less : Amount written off	8,51,236.00	8,51,224.00
	<u>1,39,96,658.00</u>	<u>34,16,722.25</u>

**GROUPING OF CONSOLIDATE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010**

	31.03.2010	31.03.2009
<u>SCHEDULE 13 : TURNOVER</u>		
Sales	1,41,47,09,985.10	56,23,96,032.11
Job Charges	1,43,31,933.00	1,60,04,904.00
	<u>1,42,90,41,918.10</u>	<u>57,84,00,936.11</u>
<u>SCHEDULE 14 : OTHER INCOME</u>		
Miscellaneous Receipts	8,70,862.00	23,480.00
Interest Income	1,26,25,512.00	1,34,38,809.00
	<u>1,34,96,374.00</u>	<u>1,34,62,289.00</u>
<u>SCHEDULE 15 : ACCRETION IN STOCK</u>		
<u>Opening Stock</u>		
Finished Goods	94,89,815.00	1,40,32,026.00
Stock in Process	2,87,36,036.00	3,77,54,594.00
Scrap	10,79,415.00	8,80,325.00
	<u>3,93,05,266.00</u>	<u>5,26,66,945.00</u>
<u>Less : Closing Stock</u>		
Finished Goods	1,56,76,722.00	94,89,815.00
Stock in Process	4,24,56,823.00	2,87,36,036.00
Scrap	16,06,855.00	10,79,415.00
	<u>5,97,40,400.00</u>	<u>3,93,05,266.00</u>
	<u>2,04,35,134.00</u>	<u>1,33,61,679.00</u>
<u>SCHEDULE 16 : MATERIAL CONSUMED</u>		
Opening Stock	1,49,08,361.00	99,25,740.00
Add : Purchases	1,34,53,15,646.50	51,40,48,032.50
	<u>1,36,02,24,007.50</u>	<u>52,39,73,772.50</u>
Less : Closing Stock	4,00,96,290.00	1,49,08,361.00
	<u>1,32,01,27,717.50</u>	<u>50,90,65,411.50</u>
<u>SCHEDULE 17 : MANUFACTURING EXPENSES</u>		
Stores Consumed	20,00,544.08	17,03,811.92
Electricity and Generator Exp.	2,27,84,919.45	2,34,33,402.34
Freight Inward	420.00	8,886.00
	<u>2,47,85,883.53</u>	<u>2,51,46,100.26</u>
<u>SCHEDULE 18 : PERSONNEL EXPENSES</u>		
Salaries, Wages, Bonus, and Allowances	80,18,966.00	99,47,151.00
Contribution to Provident Fund and Other Funds	4,63,714.00	7,02,816.00
Staff and Workmen Welfare Exp.	41,280.00	52,497.00
	<u>85,23,960.00</u>	<u>1,07,02,464.00</u>
<u>SCHEDULE 19 : FINANCE CHARGES</u>		
Interest :		
On Term Loans	49,74,526.27	65,88,094.78
On Working Capital Loans	1,76,36,181.00	1,65,14,808.00
Bank Charges and Others	11,68,655.56	10,78,025.80
	<u>2,37,79,362.83</u>	<u>2,41,80,928.58</u>



31.03.2010

31.03.2009

SCHEDULE 20 : ADMINISTRATIVE AND SELLING EXPENSES**Repairs and Maintenance :**

Machinery	23,17,986.59	15,58,970.90
Building	83,782.50	1,19,934.14
Others	1,48,639.62	2,27,556.71
	<u>25,50,408.71</u>	<u>19,06,461.75</u>
Auditors Remuneration	66,180.00	66,180.00
Travelling and Vehicle Expenses	3,73,698.22	4,85,407.32
Insurance Charges	1,76,165.00	2,94,296.00
Printing, Stationery, Postage & Telephone Expenses	4,59,694.96	5,19,603.30
Membership & Subscription	5,000.00	5,100.00
Legal and Service Charges	5,81,826.00	5,59,025.00
Miscellaneous Expenses	27,097.82	29,769.10
Advertisement	1,14,460.44	89,517.94
Rent, Rates & Taxes	1,13,205.00	1,13,160.00
Donation	25,200.00	1,37,400.00
Directors Meeting Expenses	37,500.00	30,000.00
Sales Promotion	4,29,984.00	7,17,501.00
Freight & Forwarding	5,93,250.00	4,94,872.40
Secretarial Expenses	3,59,694.58	2,51,886.00
	<u>59,13,364.73</u>	<u>57,00,179.81</u>



**SCHEDULE 21 : FORMING PART OF THE CONSOLIDATE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES**

I. Basis of Consolidation :

The consolidated financial statements relate to Sybly Industries Limited (the company) and its wholly owned subsidiary company i.e. Sybly International FZE.

(a) Basis of Accounting :

- (i) The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as of the company i.e. year ended March 31, 2010.
- (ii) The financial statements of the company and the subsidiary company have been prepared in accordance with the accounting standard issued by the Institute of Chartered Accountants of India, and generally accepted accounting principles.

(b) Principles of Consolidation:

The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the company and its subsidiary company have been combined on a line-by-line basis adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra group transactions and unrealised profits or losses are fully eliminated.
- (ii) Investments in associate company have been accounted as per the Accounting Standard-13 " Accounting of Investments" Issued by the Institute of the Chartered Accountants of India.
- (iii) As the subsidiary is 100% subsidiary there is no minority interest in the net assets of consolidated subsidiary.

(c) Information on the subsidiary:

% voting power held
as at March 31, 2010
100.00

- (i) Sybly International FZE

A. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Accounting Standards as prescribed by the Institute of Chartered Accountants of India and referred to in Section 211(3)(c) of the Companies Act, 1956. Significant accounting policies adopted in the presentation of the accounts are:

1. General

The Company follows the Mercantile System of Accounting and recognises Income and Expenditure on Accrual Basis otherwise specifically stated. The Accounts are prepared as a going concern on the historical cost basis. Accounting Policies not referred to otherwise are consistent with Generally Accepted Accounting Principles.

2. Fixed Assets and Depreciation

Fixed Assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the assets to working condition for its intended use and also includes financing cost till commencement of commercial production. In respect of assets taken on Leases, the same are accounted for only on transfer of ownership to the Company and on transfer cost. The Depreciation have been provided on straight line method at the rates as specified in Schedule XIV of the Companies Act, 1956.

3. Foreign Currency Transaction

Transactions in Foreign currencies are recorded at exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currency are restated at the exchange rate prevailing on the balance sheet date and exchange difference is accounted as provision for foreign exchange fluctuation. Actual exchange difference arising on realization/final settlement in Indian rupees are dealt with in the Profit and Loss Account.

4. Investments

Investments in India are stated at cost. Investment outside India involving foreign current transactions are being valued at the year end rates.

5. Inventory Valuation

Inventories of Raw Materials, Consumable Stores & Spares, Stock in trade of Trading Purchases and Stock-in-Process are valued at cost on FIFO basis. Finished Goods and Scrap are valued at realizable value.

6. Revenue Recognition

Sales and Job Work Charges are recognised at the point of despatch. Other Income is recognised as and when the same is accrued.

7. Gratuity, Bonus and Leave Encashment to Employees

The Gratuity has been provided for on the basis of 'Actuarial Valuation dated 26.04.2010, which was prepared on "Projected Unit Credit Method" and Bonus to employees is provided for on accrual basis. The Company has adopted policy to pay the leave encashment on yearly basis calculated as per calendar year to all eligible employees.

8. Contingent Liability

Contingent Liabilities are not provided for and are disclosed by way of Notes.



9. Taxation

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing difference that result between the profit offered for income tax and profit as per the financial statements. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Similarly deferred tax liabilities, if any, are measured as per the tax rate/laws that have been enacted or substantially enacted by the Balance Sheet date.

10. Business Segment

The company is engaged in business of manufacturing of yarn and trading of cloth, which is in same business segment.

11. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, Earnings Per Share. Basic earning per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earning per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

B. NOTES TO THE ACCOUNTS

1. Contingent Liabilities :

- (i) The Income Tax assessments of the Company is pending for the assessment year 2008-2009 and 2009-2010. However the Company does not envisage any liability in respect thereof. The Company's Appeals for assessment year 1998-99 & 2001-02 are pending before the Income Tax Appellate Tribunal but the Company does not envisage any liability and expect full relief in the appeal.
- (ii) The Trade Tax assessments of the Company for the assessment years 2008-2009 and 2009-2010 are pending but the Company does not envisage any liability for these years other than what has been paid or provided.
- (iii) Estimated amount of Contracts remaining to be executed on capital account and not provided for Rs. 45.00 Lacs (previous year Rs. 51.00 Lacs)
- (iv) A demand of Rs. 8,51,135.34 has been raised by The Maharashtra State Co-op. Cotton Growers Marketing Federation Ltd., Mumbai after adjusting advance of Rs. 19,07,422.31, deposited by us, for purchase of Cotton. However, the Company did not purchase such Cotton. The Maharashtra State Co-op. Cotton Growers Marketing Federation Ltd., Mumbai raised dispute, which is pending in litigation before the Court of Law.

2. Secured Loans :

(i) Term Loans :

- (a) From Bank of Baroda amounting to Rs. 289.70 lacs, (Previous Year Rs. 407.92 lacs) are secured by way of exclusive charge over gross block of the Company excluding vehicles financed by other banks and also secured by way of exclusive charge over all Current Assets of the company alongwith personal guarantees of the Promoter directors & their relatives. (Repayable within one year Rs. 112.00 lacs).
- (b) From ICICI Bank amounting to Rs. NIL (Previous year 5.61 lacs) were secured by way of hypothecation of vehicles. (Repayable within one year Rs. NIL).
- (c) From HDFC Bank amounting to Rs. 4.05 lacs (Previous year NIL) were secured by way of hypothecation of vehicles. (Repayable within one year Rs. 1.73 lacs).

(ii) Working Capital Loans :

Total Working Capital limits from Bank of Baroda as on 31.03.2010 Rs. 1214.22 lacs (Previous year Rs. 1211.00 lacs) are secured by way of exclusive charge over gross block of the Company excluding vehicles financed by other banks and also secured by way of exclusive charge over all Current Assets of the company alongwith personal guarantees of the Promoter directors & their relatives.

3. Unsecured loans :

The Unsecured Loans from others have been taken from the family members and relative of directors out of which loans from directors are amounting to Rs. 76.55 lacs. These unsecured loans have been taken in the condition imposed by the financial institution for bringing the adequate margins. These unsecured loans will not be repaid without the permission of the financial institution. During the year some of unsecured loans are repaid and in place of them fresh unsecured loans are taken. However, the overall quantum of the unsecured loans was within the adequate margins as stipulated by the financial Institution. The company is of the opinion that these are well within the provisions of Section 58A of the Companies Act, 1956 as the same are accepted in pursuance of stipulations of financial institutions.

4. Managerial Remuneration :

Managerial remuneration has been paid within the limits specified by Schedule XIII of the Companies Act, 1956. Computation of Net Profit u/s 349 of the Act is not given in view of there being no commission payable to any director. The details of managerial remuneration paid under Section 198 of the Companies Act, 1956 are as under:

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Salaries/Perks	14.10	18.60



5. Confirmation of balances from some of parties appearing under the head current liabilities, sundry debtors, loans and advances are awaited.
6. In accordance with the Accounting Standard 22 "Accounting for Taxes on Income" (AS-22) issued by the ICAI, the company has accounted for deferred taxes during the year. The tax provision for the current year includes Rs.1,27,84,400/- for deferred tax assets. The component of deferred tax assets is the sum of tax of Rs. 1,01,17,766/- on unabsorbed depreciation and carry forward losses and Rs. 26,66,634/- being tax on difference between depreciation charged/chargeable in books and claim of depreciation under Income Tax Act.
7. The Company has adopted the policy to account for the interest to trade Creditors on final settlement with them.
8. Previous year adjustments of Rs. 9,48,602/- include Rs.7,74,425/- on account of Freight & Cartage charged by the Consignment Agents; Rs.24,704/- paid for Sales Tax demand & interest thereon for the Assessment Year 2005-06; Rs.88,058/- written off as non recoverable deposits; Rs. 28,103/- paid for Income Tax demand for the A. Y. 2006-07; and Rs.33,312/- paid for Income Tax demand for the A. Y. 2007-08.
9. Other Income includes interest of Rs. 117.76 lacs accrued on Fixed Deposits made out of GDR Issue with EURAM Bank in Austria.
10. Company has revalued its Fixed Assets namely Land and Building on 31.03.2004. The value of aforesaid assets has increased by Rs.5,90,00,625.42 as per Valuation Report dt.31.03.2004 from a qualified & authorized firm of Engineers M/s.Universal Consultants, Meerut. The aforesaid amount has been credited to Revaluation Reserve Account. Further, during the year, same has been reduced by equivalent amount of depreciation charged on this revalued amount.
11. During the year company has promoted a fully owned subsidiary foreign company under the name and style as "Sybly International FZE, Sharjah (U.A.E.)" with an equity investment of Rs. 4,28,750/- . Company has also made advance of Rs. 33,64,20,230/- to this WOS in 100% utilization of the proceeds of GDR issue. Company has sold 4,10,000 shares of Vartex Fabrics Pvt. Ltd. For Rs. 2,13,20,000/- on which Company earned gain of Rs. 1,72,200/- which resulted that M/s Vartex Fabrics Private Limited now ceased to be a subsidiary company.
12. During the year share application money in Vishwanath Paper & Board Ltd. has been converted in investment on allotment of Equity Shares of Rs. 34,00,000/- (68000 Fully Paid Equity Shares of Rs. 10/- each of Vishwanath Paper & Boards Ltd. including Premium of Rs. 40/- each shares).
13. Out of 4,35,00,000 Convertible Warrants of Rs. 10/- each, carrying a right to subscribe to equal no. of equity shares in the company on conversion within a period of 18 months, only 5,00,000 warrants were converted on receipt of call money. Rest of 4,30,00,000 warrants have been forfeited during the year due to non receipt of call money. Rest of 4,30,00,000 warrants have been forfeited during the year due to no receipt of call money within 18 months from the date of allotment i.e. 28.03.2008.
14. **Particulars of Capacity, Production, Turnover and Stocks:**

Class of Product		Polyester Yarn/Cotton Yarn		Mercerised Cotton Yarn	
		Current Year	Previous Year	Current Year	Previous Year
Licensed Capacity	M.Ton	N.A.	N.A.	N.A.	N.A.
Installed Capacity	M.Ton	2500	3550	660	660
Production*	M.Ton	1690.703	1849.745	361.789	439.532
Purchases of Yarn	M.Ton	-	0.060	-	-
Captive Consumption	M.Ton	-	-	-	-
Turnover*	M.Ton	1643.874	1893.231	356.939	438.943
	Rs. (in Lacs)	1766.39	1766.39	143.32	172.99
Opening Stock	M.Ton	98.750	142.176	4.485	3.896
	Rs. (in lacs)	88.77	134.80	6.13	5.52
Closing Stock	M.Ton	145.579	98.750	9.335	4.485
	Rs. (in lacs)	142.22	88.77	14.55	6.13

* Includes 356.939 M. Ton materials handled on Job Work

15. **Particulars of Trading Activities:**

Item	Stock in the beginning of the year		Purchases during the year		Sales during the year		Stock at the end of the year	
	Qty.	Rs.(in lacs)	Qty.	Rs.(in lacs)	Qty.	Rs.(in lacs)	Qty.	Rs.(in lacs)
Cloth	NIL	NIL	945661.50	783.39	945661.50	792.03	NIL	NIL
(Mtrs.)	(NIL)	(NIL)	(3262192)	(3250.59)	(3262192)	(3328.83)	(NIL)	(NIL)
Cloth	NIL	NIL	1887270	3481.99	1887270	3504.90	NIL	NIL
(Kg.)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
Garments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(Pcs.)	(NIL)	(NIL)	(96830)	(505.67)	(96830)	(508.04)	(NIL)	(NIL)

Figures in brackets are for previous year.



16. Particulars of Materials Consumed (including trading materials):

		Current Year		Previous Year	
		Quantity	Rs. In Lacs	Quantity	Rs. in Lacs
Polyester Staple Fiber	M.Ton	1456.719	1001.95	1914.459	1300.70
Cotton	M.Ton	385.902	309.00	-	-
Cotton Yarn	M.Ton	5.270	3.77	10.266	8.97
Chemicals	M.Ton	64.799	13.35	72.755	24.72
Cloth	Kg..	1887270	3481.99	-	-
Cloth	Mtr.	945661	783.39	3262192	3250.59
Garments	Pcs.	-	-	96830	505.67
			5593.45		5090.65
Indigenous Materials Consumed			5593.45 100%		5090.65 100%
Imported Materials Consumed			NIL		NIL

17. Expending and Earning in Foreign Currency:

	Current Year	Previous Year
	Rs. in Lacs	Rs. in Lacs
(a) Expenditure in Foreign Currency: Value of Imports on C.I.F.Basis	NIL	NIL
(b) Earning in Foreign Exchange: (i) Exports of Goods calculated on F.O.B.Basis	NIL	NIL
(ii) Interest Income	117.76	126.92

18. Earnings per share

Basic earning per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earning per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period. The reconciliation between basic and diluted earnings per equity share is as follows:

Particulars	Units	Year ended	Year ended
		31.03.2010	31.03.2009
a. Net Profit/(Loss) After Tax	Rs.	(2735130)	(25051806)
b. Weighted Average of number of equity shares used in computing basic earnings per share	No. of shares	407161000	331648500
c. Basic Earnings per Share (a/b)	Rs.	N.A.	N.A.
d. Effect of Potential Equity Shares for Preferential Allotment	No. of shares	NIL	43000000
e. Weighted Average of number of equity shares used in computing diluted earnings per share (b+d)	No. of shares	407161000	428661000
f. Diluted Earnings per Share (a/e)	Rs.	N.A.	N.A.
g. Effect of Potential Equity Shares for Preferential Allotment (c-f)	Rs.	N.A.	N.A.

Note: Due to loss during the year calculation of E.P.S. is not workable.

19. Related party disclosures

a. List of related parties

- i. Subsidiaries
 - Vartex Fabrics Private Limited (Ceased to be subsidiary)
 - Sybly International FZE
- ii. Key Management Personnel
 - Shri Mahesh Chand Mittal
 - Shri Satya Prakash Mittal
 - Shri Umesh Kumar Mittal
- iii. Relatives of Key Management Personnel
 - Smt. Suman Mittal
 - Mr. Nishant Mittal
 - Sybly Threads Limited (Common KMP Mr. U.K.Mittal)



b. Transactions /Balances outstanding with Related Parties.

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprise having common Key Management Personnel	(Rs. in Lacs) Total
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Sale of Investment	211.48	-	-	-	211.48
Fresh Investment Made	4.28	-	-	-	4.28
Loans & Advances	3364.20	-	-	-	3364.20
Sales of Goods & Services	-	-	-	23.49	23.49
Managerial Remuneration Salary / contribution to provident fund	-	14.10	4.00	-	18.10

20. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business and the provisions for all known liabilities is adequate and not in excess of amount reasonably necessary.
21. Total outstanding dues of small scale industrial undertakings and other than small scale industrial undertakings and the names of the small scale industrial undertakings to whom the company own a sum of exceeding Rupees one lakh which outstanding for more than thirty days, are not disclosed on the Balance Sheet as the suppliers have not indicated their status whether they are small scale undertakings or not or their documents and accordingly it was not possible for the company to bifurcate the trade creditors accordingly.
22. Previous Years figures have been rearranged and regrouped wherever necessary.

SIGNATURES TO SCHEDULE 1 TO 21.

For and on behalf of Board of Directors

Sd/-
(VIMAL PRAKASH MITTAL)
CHAIRMAN

Sd/-
(MAHESH CHAND MITTAL)
MANAGING DIRECTOR

As per our separate report of even date attached.
For V. S. Gupta & Co.,
Chartered Accountants,

Sd/-
(Hemant Kumar Gupta)
Partner.

Camp : Muradnagar : 30th June, 2010



SYBLY INDUSTRIES LIMITED

CONSOLIDATE BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(All Rs. in Thousands)

I. REGISTRATION DETAILS :

Registration No. :	20-9594	State Code :	20
Balance Sheet Date :	31-03-2010		

II. CAPITAL RAISED DURING THE YEAR :

Public Issue :	Rs. NIL	Rights Issue :	Rs. NIL
Bonus Issue :	Rs. NIL	Private Placement :	Rs. NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :

Total Liabilities :	Rs. 7,57,333	Total Assets :	Rs. 7,57,333
Sources of Funds :			
Paid up Capital :	Rs. 4,07,226	Reserve and Surplus :	Rs. 1,79,149
Share Application :	Rs. NIL	Unsecured Loans :	Rs. 20,161
Secured Loans :	Rs. 1,50,797		
Application of Funds :			
Net Fixed Assets :	Rs. 2,10,279	Investments :	Rs. 23,676
Net Current Assets :	Rs. 5,09,382	Misc. Expenditure :	Rs. 13,996
Accumulated Losses :	Rs. NIL		

IV. PERFORMANCE OF COMPANY :

Turnover :	Rs. 14,62,973	Total Expenditure :	Rs. 14,13,992
Profit Before Tax :	Rs. 48,982	Profit After Tax :	Rs. 61,766
Earning per Share (In Rs.) :	Rs. 0.15	Dividend rate % :	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY : (As per monetary terms)

Items Code No. (ITC Code)	Product Description
	Cotton & Polyester Yarn Mercerised/Cabled/ Single

For and on behalf of Board of Directors

Sd/-
VIMAL PRAKASH MITTAL
 Chairman

Sd/-
MAHESH CHAND MITTAL
 Managing Director
 As per our separate report of even date attached
For V.S.Gupta & Co.
 Chartered Accountants

Camp : Muradnagar : 30th June, 2010

Sd/-
Hemant Kumar Gupta
 Partner



SYBLY INDUSTRIES LIMITED

CONSOLIDATE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

Prepared pursuant to Listing Agreement

	31st March 2010 Rs. In Lacs	31st March 2009 Rs. In Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	483.50	(265.39)
Adjustment for :		
Depreciation	300.10	293.94
Profit/Loss on Sale of Fixed Assets	4.60	-
Investments	1.72	-
Interest/Dividend	-	-
Operating Profit before working capital change	789.92	28.55
Adjustment for :		
Trade and Other Receivable	(2607.85)	(168.48)
Inventories	(456.24)	88.45
Trade Payable	(920.41)	120.75
Cash Generated from Operation	(3,194.58)	69.27
Previous year adjustments	(9.49)	(2.55)
Direct Taxes paid	(1.08)	(20.81)
Cash Flow before extraordinary items	(3,205.15)	45.91
Extraordinary Items : Expenses written off	8.51	8.51
Net Cash from Operating activities	(3,196.64)	54.42
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(7.72)	(137.17)
Sales of Fixed Assets	274.87	-
Acquisition of Companies	-	-
Purchase of Investments	-	(250.20)
Sales of Investments	16.44	-
Interest Received	-	-
Dividend Received	-	-
Net Cash used in investing activities	283.59	(387.37)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	3020.50
Proceeds from Long Term Borrowings	5.38	506.72
Repayment of Finance Lease Liabilities	(105.98)	(262.00)
Dividend paid	-	-
Adjustment for Preliminary/Public Issue Expenses	(114.31)	(36.37)
Net Cash from financing activities	214.91	3228.85
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,127.96)	2895.90
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,202.18	306.28
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	74.22	3202.18

For and on behalf of Board of Directors

Sd/-
VIMAL PRAKASH MITTAL
Chairman

Sd/-
MAHESH CHAND MITTAL
Managing Director
As per our separate report of even date attached
For V.S.Gupta & Co.
Chartered Accountants

Sd/-
Hemant Kumar Gupta
Partner

Camp : Muradnagar : 30th June,2010

SYBLY INDUSTRIES LIMITED

REGD. OFFICE : PAWAN PURI, MURADNAGAR

DISTT. - GHAZIABAD (U.P.) - 201 206

PROXY FORM

Client I.D.*

D.P. (I.D.)*

L.F. No. (S)*

I/We

or

being a member/members of SYBLY INDUSTRIES LIMITED hereby appoint

of or failing him

ofas my/our proxy to attend and vote for me/us on my/our

behalf at the 22nd Annual General Meeting of the Company to be held on Thursday, 12th August 2010 at

11.30 A.M. At Pawan Puri, Muradnagar-201 206 or at any adjournment thereof.

Affix a Revenue Stamp here

Signed this.....day of.....2010

Signed by said.....

The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

*Whichever is applicable.

-----TEAR HERE-----

SYBLY INDUSTRIES LIMITED

REGD. OFFICE : PAWAN PURI, MURADNAGAR

DISTT. - GHAZIABAD (U.P.) - 201 206

ATTENDANCE SLIP

(PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT OVER AT THE ENTRANCE OF THE MEETING HALL)

Client I.D.*

D.P. (I.D.)*

L.F. No. (S)*

Name of the Share Holder

Name of Proxy

No. of Shares hold

I hereby record my Presence at the 22nd Annual General Meeting of the Company to be held on Thursday, 12th August 2010 at 11.30 A.M. at Pawan Puri, Muradnagar-201 206.

Signature of the Share Holder of proxy

(to be signed at the time of handing over this slip)

* Whichever is applicable.

BOOK - POST

If undelivered please return to :

SYBLY INDUSTRIES LIMITED

LAXMINIWAS, OPP. M.M. DEGREE COLLEGE, MODINAGAR - 201 204

DISTT. - GHAZIABAD (U.P.)

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