

GUPTA CARPETS INTERNATIONAL LIMITED

REGD OFFICE: OPP PETROL PUMP AJNALA ROAD
AMRITSAR.

NOTICE OF ANNUAL GENERAL MEETING

To all the members

Notice is hereby given that Annual General Meeting of the members of M/s Gupta Carpets International Limited will be held on Wednesday the 30th day of September, 2009 at 12:00 Noon at the registered office of the company at Ajnala Road, Opposite Petrol Pump, Amritsar to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March, 2009 and Profit & Loss Account for the year ended on that date together with the report of Auditors and Directors thereon.
2. To elect Shri Rajesh Gupta director of the company who retire by rotation and being eligible for reappointment offers himself for same.
3. To consider declaration of dividend; directors recommend NIL dividend.
4. To appoint statutory auditors and to fix their remuneration.

SPECIAL BUSINESS:-

1. To consider, and if thought fit, to pass with or without modification the following resolution as ordinary resolution:-

APPOINTMENT OF COMPANY SECRETARY IN PRACTICE

"RESOLVED that M/s Amit Vinayak & Associates, Company Secretaries, Jalandhar be and are hereby appointed as Company Secretaries in whole time practice for issuance of Compliance Certificate pursuant to the provisions of 383A of the Companies Act, 1956 to hold office from the conclusion of this annual general meeting till the conclusion of next annual general meeting at a remuneration as may be decided by the Managing Director of the company."

By order of the Board of Directors
For Gupta Carpets International Limited

Dated: 29.08.2009
Place: Amritsar

Sd/
Raman Gupta
Director



NOTE :-

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF WHO MAY OR MAY NOT BE MEMBER OF THE COMPANY
2. Proxy should be lodged not less than 48 hours before the commencement of the meeting.
3. Members are requested to bring their copies of Annual Report.
4. Queries, if any, on annual accounts must reach the registered office of the company at least 7 days before the date of Annual General Meeting.
5. The Register of members and share Transfer Books of the company will remain closed from 09.09.2009 to 30.09.2009
6. All requests for transfer of shares and allied matters should reach at its registered office at Ajnala Road, Opposite Petrol Pump, Amritsar-143002.

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

ITEM NO.3

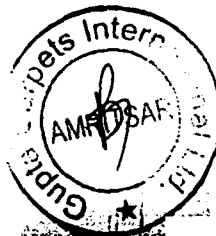
M/s Amit Vinayak & Associates, Company Secretaries, the secretarial auditors of the company are retiring at annual general meeting of the company therefore board of directors recommends for their reappointment for the financial year 2009-10 to hold office from the conclusion of this annual general meeting till the conclusion of next annual general meeting at a remuneration as may be decided by Managing Director of the company to conduct secretarial compliance audit and also for issuance of Compliance Certificate pursuant to the provisions of 383A of the Companies Act, 1956 for the financial year 2009-10." Hence above resolution is proposed for members approval.

None of the directors is concerned or interested in the said resolution except in the capacity of director and to the extent of shares held by them.

By order of the Board of Directors
For Gupta Carpets International Limited

Dated : 29.08.2009
Place : Amritsar

Sd/-
Raman Gupta
Director



GUPTA CARPETS INTERNATIONAL LIMITED

REGD OFFICE: OPP PETROL PUMP AJNALA ROAD,
AMRITSAR

Report of the Board of Directors

To the members:

Your Directors feel pleasure in presenting the Annual Report together with audited accounts of the company for the year ended 31st March, 2009

1. PERFORMANCE OF THE COMPANY

The Company has suffered a net loss of Rs.24518.13/- during the Financial year under review as compared to loss of Rs.185621.87/- in the previous year. The company is trying to control its expenditure so that it may come out with better results in the future.

2. CURRENT OPERATIONS AND FUTURE PROSPECTS

Due to continuous recessionary conditions and past losses, the company has not been able to do any significant business. In the current year the signs of recovery are not seen. The company has done nominal trading in textile with the hope that it will be able to significantly develop it in future.

3. DIVIDEND

The directors have not proposed any dividend during the year in view of losses made during the year.

4. DIRECTORATE

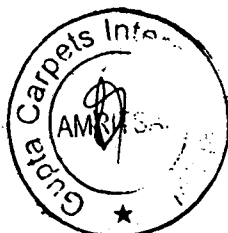
Shri Rajesh Gupta director of the company are retiring by rotation at the ensuing annual general meeting and they being eligible for reappointment have offered himself for the same.

5. AUDITORS AND AUDITORS' REPORT

The Statutory auditors of the Company M/S M.S. Soand & Co. Chartered Accountants, hold office until the conclusion of ensuing Annual General Meeting. The Company has received letter to the effect that their appointment, if made, would be within the prescribed limits under section 224(1) of the Companies Act, 1956. The comments made by the Auditors in their report are primarily on account of financial difficulties being faced by the company. Due to paucity of fund and due to continuous recessionary conditions and past losses, the company has not been able to do significant business.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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



- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed. Also there has been no departure from the accounting standards;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the annual accounts on a going concern basis.

7. LISTING AGREEMENT

Pursuant to Clause 32 of the listing Agreement with Stock Exchanges, it is stated that, the company is listed at the Stock Exchange of Ludhiana, New Delhi & Mumbai. The trading of the shares of the company is under suspension for non payment of listing fees, the Company is unable to generate the enough Fund flows after going into red and is currently a sick unit.

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a separate report on Corporate Governance is annexed to Directors' Report.

8. AUDIT COMMITTEE

The audit committee comprises of S/Shri Raman Gupta, Rajesh Gupta and Satish Kumar Directors of the Company which meets the requirements of Section 292A of the Companies Act, 1956. The terms of reference were as contained in the Listing Agreement.

9. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.

The Company is exempted from rules made under Companies (Disclosure of particulars in the report of Board of Directors) rules 1988 hence Form no. A & B is not given. The company also did not earn or have any outgo of Foreign exchange.

10. INFORMATION UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

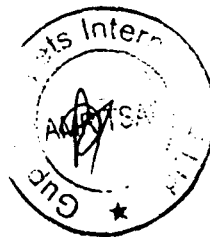
No employees received salary exceeding the amount mentioned in the above said rules.

11. COMPANY SECRETARIES

M/s Amit Vinayak & Associates, Company Secretaries as Secretary in Whole Time Practice in Compliance of Section 383A (1) of the Companies Act, 1956 hold the office up to the date of ensuing Annual General Meeting, the necessary resolution for their reappointment is placed in the notice calling the ensuing Annual General Meeting.

12. SECRETARIAL COMPLIANCE CERTIFICATE

In accordance with the provisions of section 383A (1) of the Companies Act, 1956, a Compliance Certificate from M/s Amit Vinayak & Associates, Company Secretaries Jalandhar is given in the annexure and forms part of this report.



12. APPRECIATION

The company places on record the continue patronage of its shareholders, Government agencies, Bankers, Supplier and Customers of the Company. The company would like to thank its employees for its excellent performance in their respective duties.

On the Behalf of Board of Directors,

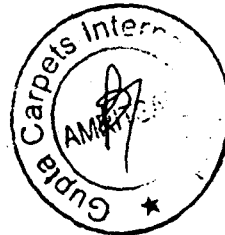
Sd/-

Sd/-

Raman Gupta

Rajesh Gupta

Place: Amritsar
Dated: 29.08.09



REPORT ON CORPORATE GOVERNANCE

Introduction

The importance of Corporate Governance lies in its contribution both to Business prosperity and accountability. The Board fully supports the basic tenants of the Corporate Governance as the prudent exercise of the tenets of the Corporate Governance as the prudent exercise of the Management rights in the best of interests of all stakeholders, more particularly its Shareholders & Employees.

1. Constitution of Board as on 31.03.2009

Executive Director	Non Executive Directors
Sh. Raman Gupta	Sh. Rajesh Gupta Sh. Satish Verma

2. Board Meetings

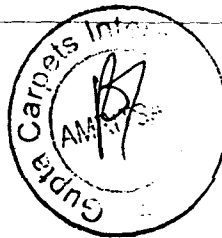
Ten Board Meetings were held during the year on 12/05/2008, 31/05/2008, 30/06/2008, 31/07/2008, 29/08/2008, 30/09/2008, 31/10/2008, 30/11/2008, 01/12/2008, 19/03/2009, The attendance record of the Directors for the Board meetings (BM) / Annual general Meetings (AGM) HELD DURING THE Financial year ended 31st March 2009 is as under:

Name	Board Meetings	Last AGM
Sh. Raman Gupta	10	YES
Sh. Rajesh Gupta	10	YES
Sh. Satish Verma	10	YES

3. Share Transfer cum Shareholders' Grievance

The Company has constituted Share – Transfer Committee to approve transfer/ transmission of Shares issued by the Company. During the Financial year, the Committee held three meetings. A Summary of Complaints received and resolved by the Company during the Year ended 31st March, 2007 is given below:

	Received	Cleared
Non receipt of Share Certificate duly transferred	NIL	NIL
Non receipt of Dividend Warrants	N.A.	N.A.
Miscellaneous	NIL	NIL
Letter from SEBI, Stock Exchanges And Department of Company Affairs.	2	2



The following officer of the Company is responsible for Share Transfers and other related matters.

Sh. Raman Gupta

4. Audit Committee

As a measure of good Corporate Governance and to provide assistance to Board of Directors in fulfilling the Board's oversight responsibilities, an audit committee had been constituted by the board comprising of three directors namely S/Shri Raman Gupta, Rajesh Gupta and Satish Kumar Directors of the Company which meets the requirements of Section 292A of the Companies Act, 1956. The terms of reference were as contained in the Listing Agreement. The Audit committee inter alia reviews:-

- Quarterly and Annual Financial Results
- Annual Budget and Variances Report

5. Directors' Remuneration

As the Company is running in losses. Nil remuneration is paid to any directors of the Company for the year ended 31st March, 2009. Further the company did not pay sitting fees to its Non Executive Directors.

6. General Body Meetings

Location and time of Last three meetings is as under:

Year	Date	Venue	Time
2008	30.09.2008	Registered Office	12 Noon
2007	29.09.2007	Registered office	12 Noon
2006	30.09.2006	Registered office	12 Noon

7. Disclosure

There was no transactions of a material nature with the Directors or the Management or relatives of the Directors during the Financial Year of the Company.

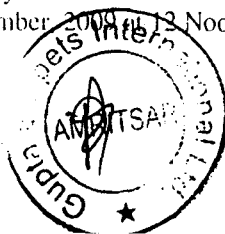
8. Means of Communication

Though the Quarterly results of the Company stood taken on record and approved by the Board of Directors, the same could not be published in the Newspaper(s) due to the paucity of the funds as the advertisement / publications costs are very high. Further as the Company did not pay its listing fees, its shares are not being actively quoted on Stock Exchange.

9. GENERAL Shareholders Information

Annual General Meeting(AGM)

Day Wednesday
Date & Time 30th September 2009 at 12 Noon



Venue Registered office
Book Closure Date 9th September 2009 to 30th September, 2009
Financial Period 1st April, 2008 to 31st March, 2009

10. Categories of issued & Subscribed Shareholding as on 31.03.2009

Category	No. of Shares	Percentage of total Shares
Promoters & Associates	1584000	36.08%
Private Corporate Bodies	105100	2.39%
Indian Public	2701800	61.53%
Non Resident Indians(NRI)	NIL	NIL

11. Stock Exchange

The Company is listed at Stock Exchange, Ludhiana, New Delhi & Mumbai. The trading of Shares of the Company is under Suspension for Non Payment of Listing fees, the Company is unable to generate the enough funds.

12. Dematerialization of Shares & Liquidity:

Due to paucity of Fund the Company could not initiate steps to dematerialize its equity Shares.

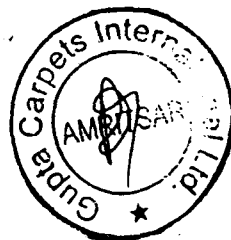
Address for Correspondence:

Registered office: Ajnala Road, Near Petrol Pump, Amritsar.

For & on behalf of Board

Sd/-
Rajesh Gupta
Raman Gupta

Place: Amritsar.
Date: 29.08.2009



CS. AMIT VINAYAK
B.Com, LL.B., FCS

AMIT VINAYAK & ASSOCIATES
COMPANY SECRETARIES
121, MBD Shopping Complex,
Near Naaz Cinema, Jalandhar City-08
Tel. + 91-181-4616497 9(O)
98141-96497, 9814296497 (M)

Secretarial Compliance Certificate

Regn. No. 005555
N.Capital : Rs. 11,00,00,000/-

To
The Members of
M/s Gupta Carpets International Limited

We have examined the registers, records, books and papers of M/s Gupta Carpets International Limited, as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, We certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries there in have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The company being a public limited company, comments are not required.
4. The Board of Directors duly met on different dates as mentioned in annexure 'C' and certify by management of the company that in respect of such meetings proper notices were given and the proceedings were properly recorded and signed including circular resolutions passed, if any, in the Minutes book maintained for the purpose.
5. The company was not required to close its Register of Members/Debenture holders during the financial year.
6. The annual general meeting for the financial year ended on 31.03.2008 was held on 30.09.2008 and certify by management of the company that due notices were given to members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. NO extra ordinary general meeting was held during the financial year.
8. As per information provided and certified by the Company, the company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. As explained to us and documents produced before us, the company has not entered into any transaction falling under section 297 of the Act.
10. As per information provided to us, the company has not made any entries in the register made under section 301 of the Act
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company:
 - (i) Has certified that Share Certificates are duly delivered, on the transfer of shares made during the financial year.

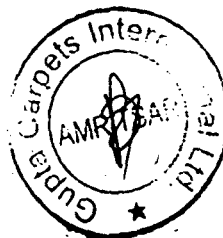


- (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
- (iii) was not required to post dividend warrants to any member of the company as no dividend was declared during the F.Y
- (iv) was not required to transfer the amounts in unpaid dividend account.
- (v) Has generally complied with the provisions of section 217 of the Act
14. The Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancies made during the financial year.
15. The Company has not made any appointment of managing director / Whole time director during the financial year .
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The company has complied with the provisions of section 299 of the Act.
19. The company has not issued any equity shares during the financial year
20. The company has not bought back any shares during the financial year.
21. There was no redemption of debentures / preference Shares during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
23. The Company has not accepted any deposits falling U/s 58 A of the Act during the Financial year under review.
24. The borrowings of the company are within the limits of section 293(1)(d) of the Act.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered provisions of its Memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The company has not created any fund under section 418 of the Act.

for Amit Vinayak & Associates
Company Secretaries

Place: Jalandhar
Date : 29/08/2009

sd/-
Amit Vinayak (Prop.)
C. No. : 4030



ANNEXURE- A

Registers as maintained by the company

1. Register of Members U/s 150
 2. Register of Director, Manager, Secretary U/s 303
 3. Register of Directors' Shareholding U/s 307
 4. Minutes Book of members U/s 193
 5. Proceeding Book of directors U/s 193
 6. Register of Charges
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ANNEXURE -B

No Forms and Returns was filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2009.

ANNEXURE -C

The Board meetings were held on 12/05/2008, 31/05/2008, 30/06/2008, 31/07/2008, 29/08/2008, 30/09/2008, 31/10/2008, 30/11/2008, 01/12/2008, 19/03/2009.

for Amit Vinayak & Associates
Company Secretaries

Place: Jalandhar
Date : 29/08/2009

sd/-
Amit Vinayak (Prop.)
C. No. : 4030

Note:- "It is stated that the compliance of all the applicable provisions of the Companies Act, 1956 is responsibility of the management. Our examination, on a test check basis, was limited to the procedures followed by the company for ensuring the compliance with the said provisions. We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities / statements of the company."



THE ACCOUNTANTS COMPANY

CHARTERED ACCOUNTANTS

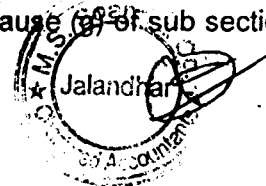
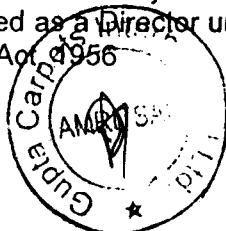
12A, Guru Gobind Singh Nagar, Near GTB Nagar,
Jalandhar City

DIAL: 98142-50304 [R], 0181- 4620304 [O]

AUDITOR'S REPORT

To
The Members
Gupta Carpets International Limited,

1. We have audited the attached Balance Sheet of **GUPTA CARPETS INTERNATIONAL LIMITED, AMRITSAR**, as at 31ST March 2009, and also Profit & Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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.
2. We conducted our audit in accordance with the accounting standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Sub - Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement in the matters specified in Paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above, we report as under:
 - a) We have obtained all information and explanations, which to the best our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far appears from our examination of those books.
 - c) The Balance Sheet and Profit and Loss Account as Dealt with by this report are in Agreement with the Books of Accounts.
 - d) In our opinion, the Balance Sheet and the Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211(3c) of the Companies Act, 1956.
 - e) As informed to us and taken in record by Board, no Director of the Company is disqualified from being appointed as a Director under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956





M.S. SOAND AND COMPANY

CHARTERED ACCOUNTANTS

12A, Guru Gobind Singh Nagar, Near GTB Nagar,
Jalandhar City

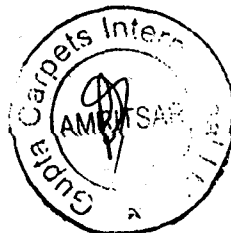
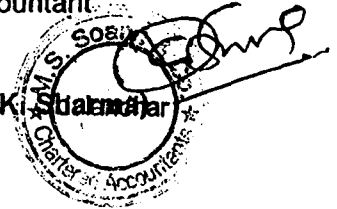
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- f) In our opinion, to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon and *subject to 'Notes No. 3 in Financial Note No. 14 regarding 'Going Concern', note No. 6 in Financial Note No. 14 regarding Non - Confirmation of Balances; and note No. 7a in Financial Note No. 14 regarding non provision of interest on credit facilities from the Bankers.* give the information required by the Companies Act, 1956 in manner so required and give a true and fair view
- In case of Balance Sheet of the State of Affairs of the Company as on 31st March, 2009
 - In case of Profit and Loss account of the Loss for the Year ended on that date.
 - In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date

Place: Jalandhar
Dated: 29.08.2009

M.S. SOAND AND COMPANY
Chartered Accountant

(Sandeep K. Sharma)
PARTNER.





M.S. SOANI AND COMPANY

CHARTERED ACCOUNTANTS

12A, Guru Gobind Singh Nagar, Near GTB Nagar,
Jalandhar City

DIAL: 98142-50304 [R], 0181- 4620304 [O]

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 1 of our Report to the Shareholders of Gupta Carpets International Limited on the accounts for the year ended 31st March, 2009

As required by the Companies (Auditor's Report) Order, 2003 issued by the central Government and on the basis of such checks of the Books and Records of the Company as we considered appropriate and the information and explanation given to us during the course of our Audit, we further state as under:

- (i) Company is maintaining proper records showing full particulars including quantitative and situation of fixed assets.

As Explained to us, Management has physically verified them at reasonable intervals and no material discrepancies were noticed on such verification.

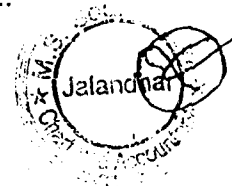
The Company has disposed off substantial part of fixed assets and, in our opinion, the going concern status of the Company is affected as the Company is neither carrying any manufacturing activity neither doing any substantial trading business as in the earlier years.

- (ii) The stock of finished goods, stores, spare parts and raw materials with the Company were physically verified by the management at reasonable intervals.

In our opinion the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business

The discrepancies noticed on such verification, as compared with the books and records, were not significant and the same have been properly dealt within the books of accounts.

- (iii) The company has neither granted any loans or advances, secured or unsecured, from companies, firms or other Parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured to parties listed in the register maintained under section 301 of the companies Act, 1956 the provisions of the clauses iii(b), iii(c) and iii (d) iii (e) iii (f) of Paragraph 4 of the Order are not applicable..





M/S SCAND AND COMPANY

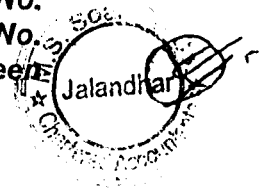
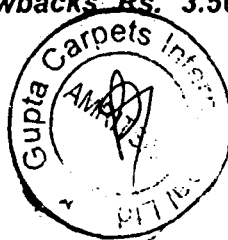
CHARTERED ACCOUNTANTS

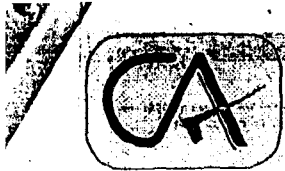
12A, Guru Gobind Singh Nagar, Near GTB Nagar,

Jalandhar City

DIAL: 98142-50304 [R], 0181- 4620304 [O]

- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of Inventory and fixed Assets and for the Sale of Goods and there is no major continuing failure to correct major weakness in internal control system.
- (v) a) According to the information and explanation given to us, there was no contract or arrangement during the year needed to be entered in the register maintained under Section 301 of the Companies Act, 1956
b) The Company has not conducted transactions during the year in respect of the Party in pursuance of Contracts or arrangement entered in register maintained under section 301 of the Companies Act, 1956.
- (vi) The company has not accepted any deposit from the public during the year, hence provision of Section 58A and 58AA or any other relevant provision of the companies Act, 1956 and the rules framed there under do not apply.
- (vii) In our opinion internal control procedures commensurate with the size of the company and the nature of its business although no separate internal audit department is functioning.
- (viii) As explained to us and as far as we are aware, The central government has not/prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 in respect of the activities carried on by the Company.
- (ix) a) **As per the records of the Company is generally irregular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax Custom Duty, Excise Duty Cess and any other material statutory dues with appropriate authorities.**
b) According to the information and explanations given to us, no undisputed amounts payable in respect of Sales tax, Income tax, Service Tax, Customs duty, Excise Duty, Wealth Tax and Cess were in arrears except Provident Fund amounting to Rs. 0.31 Lacs that has not been deposited with the appropriate authorities till date of this report. Further amounts referred to in Financial Note No. 7b relating to special importing licenses and Financial Note No. 8 relating to duty Drawbacks Rs. 3.56 Lacs have not been

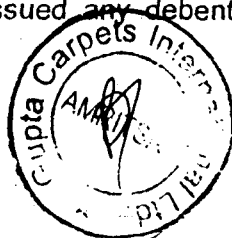


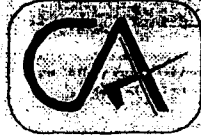


M/S. SOYANI AND CO. CHARTERED ACCOUNTANTS

12A, Guru Gobind Singh Nagar, Near GTB Nagar,
Jalandhar City
DIAL: 98142-50304 [R], 0181- 4620304 [O]

- refunded.*
- (x) **Accumulated Losses at the end of the immediately preceding financial year have exceeded the net worth of the company. Further the company has also incurred cash losses during the financial year covered by our audit and as well in the immediately preceding financial year.**
- (xi) **In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues of Bank of Maharashtra. The default in respect of the repayment of the outstanding Principal amount of Rs.4.20 Crores plus interest thereon which remains unascertained as the same stood unprovided for in the books of accounts. The company is defaulter of the Bank since 1996. The Bank has initiated proceedings for the recovery against the Company.**
- (xii) 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 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. Accordingly the provisions of clause 4(xiv) of the companies (Auditor's Report) order, 2003 are not applicable to the company
- (xv) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) The company has not applied for or raised any term loan during the year.
- (xvii) The company has not raised any funds during the year.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of Act.
- (xix) Company has not issued any debentures. Therefore provisions of





M/S. SOAND AND COMPANY


CHARTERED ACCOUNTANTS
12A, Guru Gobind Singh Nagar, Near GTB Nagar,
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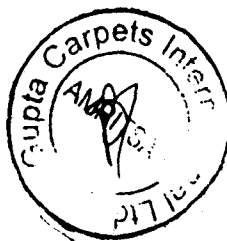
clause 4(xix) of the companies (Auditor's Report) order, 2003 are not applicable to the company.

- (xx) The company has not made any public issue 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.

Place: Jalandhar
Dated: 29.08.2006

For M.S. SOAND AND COMPANY


(Sandeep K. Sharma)






DRS SINGH AND ANE COMPANY

CHARTERED ACCOUNTANTS
12A, Guru Gobind Singh Nagar, Near GTB Nagar,
Jalandhar City
DIAL: 98142-50304 [R], 0181- 4620304 [O]

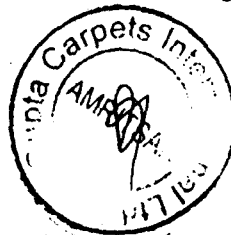
FINANCIAL NOTE NO. 14
ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. Accounting Policies:
 - a) The accounts of the Company are prepared under the Historical Cost Convention and in accordance with applicable accounting Standards except otherwise Stated. Though the accumulated losses of the Company are in excess of the Paid up Capital, the Company does not have intention to suspend the operational activities. Therefore, the accounts are being prepared on 'going concern basis' and Accounting Standards of Materiality and Prudence has been taken into consideration in preparing the accounts.
 - b) Inventory Valuation:
 - i Raw Materials, Consumable, Stores & Spares at cost price.
 - ii Finished Goods at cost of production or at realizable value by applying accepted cost methods.
 - c) Fixed Assets:

Fixed Assets are valued at cost less accumulated depreciation. The cost of the asset comprises its purchase price and any directly attributable cost of bringing the assets into working condition for its intended use
 - d) Depreciation:

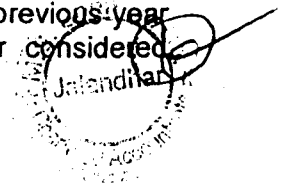
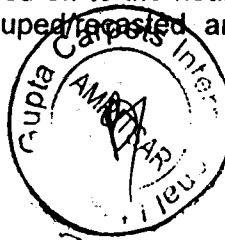
Depreciation on fixed assets is being provided on the fixed assets on straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956. In view of NIL depreciable Assets as on 31.03.2007, no depreciation for the period stood provided.
 - e) Gratuity:

Gratuity is accounted for on payment basis. The company does not have any staff during the year.
2. Contingent Liabilities not provided for : NIL (NIL)
3. ***Despite huge loss resulted in complete erosion of worth of the Company, resulting in business of the company having suffered irreparably the accounts for the year have been prepared on the assumption of "Going Concern". This reflects adversely upon the true & fair view of the accounts. The company did not have any significant involvement in the operations of its main object i.e manufacturing of Carpets. No significant business activity was carried out during the year. There are no separate reportable segments under Accounting Standard -17 - "Segment Reporting"***





4. Sales tax liability has been provided for as per the return filed with the Sales Tax Department. Additional Liability, if any, arising at the time of assessment, shall be provided at the time of arising of such liability.
5. In terms of Accounting Standard (AS 22), ' Accounting for Taxes on Income ', the Company had determined deferred tax asset as on 31.03.2009. However same has not been recognized in view of uncertainty of future taxable income.
6. ***In view of the administrative and functional constraints confirmation of Balances are not obtained from debtors /creditors and also for loans and advances*** In the opinion of Board of Directors "Current Assets, Loans and Advances" have been Valued on realization in ordinary course of business, at least, equal to the amount at which they have been stated in the Balance Sheet.
- 7 a) ***Interest upto the financial year ended 31.03.2009 (from 1.04.1997) remains unprovided for and unchanged in respect of the credit facilities availed from Bank of Maharastra, Amritsar on account of the fact the account has been classified as NPA by the Bank. The amount of Interest not so provided by the Company remains unascertained. The Bankers have initiated legal proceedings against the Company but efforts are being made to arrive at a Settlement with the Bankers.***
8. As per the Accounting Standard –18 "Related Party Disclosures" issued by the institute of The Chartered Accountants of India, The names of the related Parties are given below:
Names of Related Parties Key Management Personnel :
i) Sh. Raman Gupta
ii) Sh. Rajesh Gupta
However, during the year, no transactions were carried out with them.
9. Earning per Share (EPS) in terms of Accounting Standard –20 issued by the Institute of Chartered Accountants of India, the calculation of EPS is given Below
- | i) Particulars | 2008-09 | 2007-08 |
|---|--------------|---------------|
| ii) Profit as per P & L Account | (-) 14518.13 | (-) 185621.00 |
| iii) Weighted Average No. of Eq. Shares Outstanding during the year | 4390900 | 4390900 |
| iv) Earning per Share | (-)0.003 | (-)0.020 |
10. Figures are rounded off to the nearest of Rupees and the previous year figures are regrouped/reclassified and rearranged wherever considered.





M.S. SOAND AND COMPANY

CHARTERED ACCOUNTANTS

12A, Guru Gobind Singh Nagar, Near GTB Nagar,
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DIAL: 98142-50304 [R], 0181- 4620304 [O]

necessary.

11. Additional Information pursuant to provisions of Part II of Schedule VI OF THE Companies Act, 1956.

Year Ended
31/03/2009

- a) Licensed Capacity. (Tons) Nil*
b) Installed Capacity. (Tons) Nil*
c) Actual Production Nil*
d) Particulars in respect of Production Purchases, Sales and Stocks of Raw Material and Finished Goods:

* as certified by management

('000 omitted in values)

Class of Goods	Opening Stock		Purchases		Sales		Closing Stocks	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Finished Cloth (Mts)								
2008	--	--	--	--	--	--	--	--
2007	2178	1.52	--	--	2178	1.62	--	--

* Figures provided by the Company and certified by the Directors.

- g) Value of Import on CIF Basis. (Rs.)
Capital Goods. NIL NIL
Raw Materials. / NIL NIL
h) Expenditure in Foreign Currency (in US\$) Nil NIL
i) Earnings in Foreign Currency. Nil NIL
j) Value of Raw Material Consumed Imported. Nil NIL

* Previous Year Figures are given in brackets.

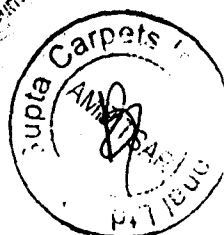
Place: Jalandhar "As per our report of even date attached" For and on Behalf of Board of Directors,
For M.S. SOAND AND COMPANY Chartered Accountants, Gupta Carpets International Ltd

Dated: 29.08.09

(Sandeep K Sharma)
Partner

Raman Gupta
Director

Rajesh Gupta
Director





BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV OF THE SCHEDULE VI TO THE COMPANIES Act, 1956

I **Registration Details**
 Registration No. State Code

II **Balance Sheet Date**

Capital Raised During the Year (Amount in Rs. Thousands) 0.00

Public issue <input type="text"/>	Right issue <input type="text"/>
Bonus issue <input type="text"/>	Private Placement <input type="text"/>

III **Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)**

Total Liabilities <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="3"/>	Total Assets <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="3"/>
Sources of funds	Total Assets
Paid-up Capital <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="2"/>	Reserves & Surplus <input type="text"/>
Secured Loans <input type="text"/>	Unsecured Loans <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/>
Application of Funds	Investment <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/>
Net Fixed Assets <input type="text" value="0"/> <input type="text" value="0"/>	Misc. Expenditure <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="6"/>
Net Current Assets <input type="text" value="(-)"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="8"/>	Total Expenditure <input type="text" value="4"/> <input type="text" value="1"/>

IV **Performance of the Company**

Turnover <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Extraordinary items <input type="text" value="2"/> <input type="text" value="6"/>
Profit / Loss before Tax <input type="text" value="(-)"/> <input type="text" value="4"/> <input type="text" value="1"/>	Earning per share in Rs. <input type="text" value="-"/>
Profit / Loss after tax <input type="text" value="(-)"/> <input type="text" value="1"/> <input type="text" value="5"/>	
Dividend Rate <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

V **Generic names of three principal products/services**
 1) Carpets

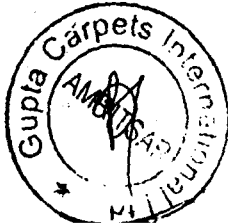
As per our report of even date attached
 M.S. SOANI AND COMPANY

for and on behalf of the
 Board

Date : 29.08.2009
 Place : Jalandhar

(Sandeep K. Sharma)
 Partner.

(Raman Gupta) *(Rajesh Gupta)*



GUPTA CARPETS INTERNATIONAL LTD.

Balance Sheet As At 31st March, 2009

Particulars	Financial Note No.	31.03.2009	31.03.2008
A) SOURCES OF FUNDS			
1 SHAREHOLDERS' FUND:			
a Share Capital	1	43,901,500.00	43,901,500.00
2 LOAN FUNDS			
a Unsecured Loans	2	42,011,261.00	42,011,261.00
TOTAL		<u><u>85,912,761.00</u></u>	<u><u>85,912,761.00</u></u>
B APPLICATION OF FUNDS			
1 Fixed Assets:-			
a Grass Block	3	-	-
b Less: Accumulated Depreciation		-	-
c Net Block (a-b)		-	23,347.00
2 INVESTMENTS			
	4	105,400.00	105,400.00
3 CURRENT ASSETS, LOANS & ADVANCES			
Current Assets :			
a Inventories	5	-	-
b Cash and Bank Balances	6	1,684.87	2,681.00
Loans & Advances	7	-	109,439.00
		<u>1,684.87</u>	<u>112,120.00</u>
4 Less: Current Liabilities & Provisions			
a Current Liabilities	8	5,250,306.01	5,715,798.01
5 Net Current Assets (3-4)		(5,248,621.14)	(5,603,678.01)
6 PROFIT & LOSS ACCOUNT			
		91,055,982.14	91,387,692.01
TOTAL		<u><u>85,912,761.00</u></u>	<u><u>85,912,761.00</u></u>

As per our report of even date
For M.S. SOAND & COMPANY
Chartered Accountants

Place : Jalandhar
Dated : 29/08/2009

(Sandeep R. Sharma)
Partner

Raman Gupta
Director

Rajesh Gupta
Director

GUPTA CARPETS INTERNATIONAL LTD.
Profit & Loss Account for the year ending 31st March, 2009

Particulars	Financial Note No.	31.03.2009	31.03.2008
1 INCOME			
Sales	9	-	161,800.00
Profit on sale of Fixed Assets			
Other Income	10	-	-
Increase(Decrease) in stock of Finished Goods	11	-	(152,460.00)
TOTAL		<u>-</u>	<u>9,340.00</u>
2 EXPENDITURE			
Purchase of Finished Goods		-	-
Manufacturing, Administrative, Selling and Other Expenses	12	49,955.00	194,500.00
Financial Expenses	13	1,216.13	461.87
Depreciation		-	-
Loss on Sale of Investments		-	-
TOTAL		<u>51,171.13</u>	<u>194,961.87</u>
Loss for the Year		51,171.13	185,621.87
Extraordinary Items:			
Profit on Sale of Assets		26,653.00	-
Net Loss		24,518.13	185,621.87
Add: Deficit Balance brought forwards from last year		91,387,692.01	91,202,070.14
Less : Items w/off		356,228.00	-
Balance of Loss carried to the Balance Sheet		<u>91,055,982.14</u>	<u>91,387,692.01</u>

Notes to the Account and Significant

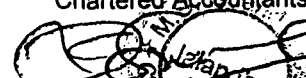
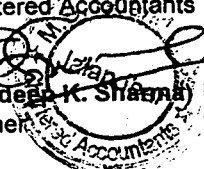
Accounting Policies:

The Financial Notes referred to above form an integral part of the Profit and Loss Account.

14

Place : Jalandhar
Dated : 29/08/2009

As per our report of even date
For M.S. SOAND AND COMPANY
Chartered Accountants

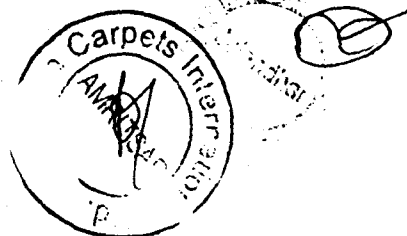

(Sandeep K. Sharma)
Partner



Raman Gupta
Director


Rajesh Gupta
Director

GUPTA CARPETS INTERNATIONAL LTD.
 Financial Notes Annexed to and Forming Part Of The Accounts
 For The Year Ended 31st March, 2009

Financial Note No	31.03.2009	31.03.2007
1	SHARE CAPITAL	
	<u>Authorised:-</u>	
	1,09,00,000 Equity Shares of Rs. 10 each	109,000,000.00
	5000 6% Redeemable Non- Cumulative Preference Shares of Rs. 100 Each	500,000.00
	5000 6% Irredeemable Non- Cumulative Preference Shares of Rs. 100 Each	500,000.00
	TOTAL	110,000,000.00
	<u>Issued, Subscribed & Paid Up:-</u>	
	4390900 Equity Shares of Rs. 10/- each fully paid up.	43,909,000.00
	Less:- Unpaid Calls	7,500.00
	TOTAL	43,901,500.00
2	LOAN FUNDS:	
	UNSECURED LOANS	
	Loans From Bank of Maharashtra:	
	Packing Credit Loans	29,500,000.00
	FOEN Account	12,511,261.00
	(The above loans were secured against Hypothecation of all raw materials, work in process finished goods with the company and suppliers/ weavers and advances to suppliers/ weavers related to export business. Also secured by equitable mortgage of Land and Building at Gumtala Suburban, Amritsar and furniture, fixture, office equipment and vehicles etc. of some of the Directors)	
	TOTAL	42,011,261.00
	Note: The loan from Bank of Maharashtra is classified as Unsecured loan since last year. Building stood demolished and Companys' land sold out after securing Bankers' approval.	
4	INVESTMENT (QUOTED)	
	105400 (Last Year 105400) equity shares of Rs. 10/- each fully paid up of Gupta Fibres Limited	105,400.00
	(Market Value of Quoted investment Rs. 263500 (Rs. 40200))	
	TOTAL	105,400.00
5	INVENTORY	
	(Valued at cost or market price whichever is lower and as certified by the Directors of the Company)	
	Finished Goods	-
	TOTAL	-
6	CASH & BANK BALANCES:-	
	a) Cash and Stamps in Hand	731.00
	BALANCE WITH SCHEDULE BANK:	
	b) Current Account	953.87
	TOTAL	1,684.87

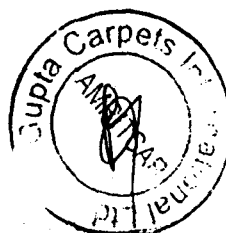


7	<u>LOANS & ADVANCES</u> (Unsecured - Considered Good)		
	Security Deposits	-	109,439.00
	TOTAL	-	109,439.00
8	<u>CURRENT LIABILITY</u>		
	Sundry Creditors for goods, services & other expenses	3,368,455.01	3,833,947.01
	Credit Balance in Directors' Current Account	1,881,851.00	1,881,851.00
	TOTAL	5,250,306.01	5,715,798.01
9	<u>SALES</u>		
	Sale of Finished Goods	-	161,800.00
	TOTAL	-	161,800.00
10	<u>OTHER INCOME</u>		
	Miscellaneous Income	-	-
	Sundry Balances no longer payable written back	-	-
	TOTAL	-	-
11	<u>INCREASE/ DECREASE IN STOCK OF FINISHED GOODS</u>		
	<u>Closing Stock</u>	-	-
	Carpets & Other Finished Goods	-	-
	Dress Material	-	-
	Opening Stock	-	162,460.00
	Carpets & Other Finished Goods	-	-
	TOTAL	-	(152,460.00)
12	<u>MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES:</u>		
	Insurance	-	-
	Printing, Stationery, Postage & Telephone Expenses	22,630.00	167,000.00
	Professional Fees, Rates, Taxes & Legal Charges	10,000.00	27,500.00
	Payments to Auditors	-	-
	For Audit Fees	7,000.00	-
	For Other Services	3,000.00	-
	Conveyance Expenses	1,325.00	-
	General Expenses	6,000.00	-
	TOTAL	49,955.00	194,500.00
13	<u>FINANCIAL EXPENSES</u>		
	Bank Commission & Charges	1,216.13	461.87
	TOTAL	1,216.13	461.87

Place : Jalandhar
Dated : 29-08-09

As per our report of even date
For M.S. SOAND AND COMPANY
Chartered Accountants


(Sandeep K. Sharma)
Partner



GUPTA CARPETS INTERNATIONAL LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009

Sr. No.	Particulars	31.03.2009	31.03.2008
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit/(Loss) before tax & extraordinary items	(0.51)	(1.86)
	Depreciation		-
	Adjustment for :		
	Profit/Loss on Sale of Fixed Assets		-
	Adjustment for diminution in Investments		-
	Sale / Adjustment of Fixed Assets		-
	Operating Profit before working Capital Changes	(0.51)	(1.86)
	Adjustment for		
	Current Assets	1.09	1.52
	Current Liabilities	(1.09)	(0.20)
	Cash Generated from operations	-	1.32
	Net Cash Generated from operating Activities	(0.51)	(0.54)
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Sale / (Decrease) in Investments	-	-
	Sale / Adjustments in Fixed Assets	0.50	-
	Net Cash used in Investing Activities		
C	CASH FLOW FROM FINANCIAL ACTIVITIES		
	Net Increase / Decrease in Cash and Cash		
	Equivalents	(0.01)	(0.54)
	Cash and Cash Equivalent at the beginning of the		
	Year	0.03	0.57
	Cash and Cash Equivalent at the Close of the		
	Year	0.02	0.03

For and on Behalf of The Board


Raman Gupta
Director

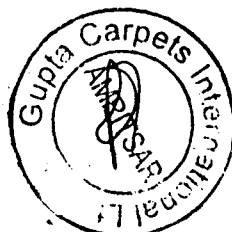
AUDITORS' CERTIFICATE

We have examined the attached cash flow statement of M/S Gupta Carpet International Limited for the year ended 31.03.2009. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of Listing agreements with various stock exchanges and is based on and is in agreement with the corresponding Balance Sheet of the Company covered by our report dated 29.08.2009 to the members of the company.

Place Jalandhar
Dated : 29-08-09

For M.S. SOAND AND COMPANY
Chartered Accountants


(Sandeep K. Sharma)
PARTNER



GUPTA CARPETS INTERNATIONAL LTD.

Schedule of Fixed Assets as on 31-03-2009

FIXED ASSETS	Original Cost as on 01.04.08	C O S T			Total Cost as on 31.03.2009	UpTo 01.04.08	D E P R E C I A T I O N			N E T B A L A N C E	
		Additions during the year	Deductions during the year				For the Year	Deductions for Assets Sold/Trfd.	UpTo 31.03.2009	As At 31.03.2009	As At 31.03.2008
Vehicles	-				-	-				-	-
Furniture & Fixtures and Office Equipments	-				-	-				-	-
Silver Idols & Pots	23,347.00		23,347.00	-	-	-				-	23,347.00
TOTAL	23,347.00	-	23,347.00	-	-	-	-	-	-	-	23,347.00
PREVIOUS YEAR	23,347.00	-	46,694.00	-	-	-	-	-	-	-	23,347.00

