



**WELTERMAN
INTERNATIONAL LIMITED**

**SEVENTEENTH
ANNUAL REPORT**

2008-2009

**Plot No. 1135, Lamdapura Road,
Near Manjusar, At & Post - Lamdapura-391775
Tal. Savli, Dist. Vadodara.**

BOARD OF DIRECTORS

KAYUM R. DHANANI	MANAGING DIRECTOR
BIJI PAUL	DIRECTOR
SHAMIM SHEIKH	DIRECTOR
ABBAS A. SHEIKH	DIRECTOR

AUDITORS

PARIKH SHAH CHOTALIA & ASSOCIATES
CHARTERED ACCOUNTANTS,
Vadodara.

BANKERS

Union Bank of India

REGISTERED OFFICE AND FACTORY

Plot No. 1135, Lamdapura Road,
Near Manjusar, At & Post : Lamdapura – 391 775
Tal. Savli, Dist. Vadodara

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NOTICE

NOTICE is hereby given that the **SEVENTEENTH ANNUAL GENERAL MEETING** of **WELTERMAN INTERNATIONAL LIMITED** will be held on Tuesday, the 29th September, 2009 at 12.00 noon at the Registered office at Plot No. 1135, At & Post Lamdapura, Near Manjusar, Ta. Savli, Dist. Vadodara to transact following business:

ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended even date alongwith the Report of Auditors' and Directors' thereon.
- (2) To appoint a Director in place of Mr. Abbas A. Sheikh, who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint Auditors and fix their remuneration.

FOR AND ON BEHALF OF THE BOARD
For WELTERMAN INTERNATIONAL LTD.

(Kayum R. Dhanani)
Chairman & Managing Director

Place : Vadodara
Date : 30. 07. 2009

NOTES

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- 2 PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- 3 The Register of Members and Share Transfer Books of the Company will remain closed from 28-09-2009 to 29-09-2009 (both days inclusive).

FOR AND ON BEHALF OF THE BOARD
For WELTERMAN INTERNATIONAL LTD.

(Kayum R. Dhanani)

Chairman & Managing Director

Place : Vadodara
Date : 30.07.2009

DIRECTORS' REPORT

Dear Members,

Your Directors present their **SEVENTEENTH ANNUAL REPORT** together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2009.

(1) FINANCIAL & WORKING RESULTS

Particulars	2008-2009 Rs.	2007-2008 Rs.
Total Income	27,939,006	300,82,763
Gross Profit/(Loss) Before Depreciation:	(5,023,386)	(18,269,642)
(Less) : Depreciation	(1,995,121)	(2,243,739)
Net (Loss) for the year	(7,018,507)	(20,513,381)
PRIOR PERIOD & EXTRAORDINARY ITEMS		
Provisions for FBT	(34,000)	(30,000)
PROFIT/(LOSSES) AFTER TAXES	(7,052,507)	(20,543,381)
Add /(Less) Balance brought forward:	(132,932,837)	(112,389,456)
BALANCE CARRIED TO BALANCE SHEET	(139,985,344)	(132,932,8397)

(2) DIVIDENDS :

In view of carried forward losses, your Directors do not recommend dividend.

(3) DEPOSITS :

The Company has accepted/renewed no deposits within the meaning of the Companies (Acceptance of Deposits) Rules, 1975.

(4) AUDITORS' REPORT :

Remark of the Auditor relating to Accounting Standard 28 in respect of impairment of assets and its impact is self explanatory in clause no. 3(ii) of their Report.

(5) PRESENT STATUS UNDER BIFR :

As you are aware, the Company is a 'Sick Industrial company' registered under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and the case of the Company is pending for further directions from BIFR.

(6) CLOSURE OF PLANT :

In view of persistent unviability of the production unit, the plant of the Company is closed in May, 2009.

(7) PARTICULARS OF EMPLOYEES :

There was no employee drawing remuneration of Rs 24,00,000 per annum or Rs.2,00,000 per month or more for any part of the year and hence no particulars have been furnished as required under Section 217(2A) of the Companies Act, 1956.

(8) PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Board of Directors) Rules, 1989 is annexed hereto and forms part of this Report.

(9) DIRECTORS' RESPONSIBILITY STATEMENT:

- (i) Your Directors have followed the applicable accounting standards alongwith proper explanation relating to material departure if any while preparing the annual accounts;
- (ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the Profit of the Company for the period;
- (iii) Your 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) Your Directors have prepared the annual accounts on a going concern basis.

(10) DIRECTORATE :

Mr. Abbas A. Sheikh, Director of the Company retires at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

(11) AUDITORS :

M/s. Parikh Shah Chotalia & Associates, Chartered Accountants, Vadodara, retire at the conclusion of this Annual General Meeting.

A written Certificate is obtained from the Auditors, M/s. Parikh Shah Chotalia & Associates, Chartered Accountants to the effect that in case of their re-appointment as Auditors the same would be within the limits laid down in Section 224(1B) of the Companies Act, 1956. You are requested to appoint Auditors and fix their remuneration.

(12) ACKNOWLEDGEMENTS:

Your Directors place on record their sincere gratitude to bank, financial institutions, shareholders, the employees and all the associates of the Company for their hard work and continual support to the Company.

FOR AND ON BEHALF OF THE BOARD

Place : Vadodara.
Date : 30.07.2009

KAYUM R. DHANANI
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Welterman International Limited is committed to attain the highest standard of Corporate Governance. It recognizes that the Board is accountable to all the Stockholders for good governance. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make appropriate disclosure and enhance share holders value without compromising in anyway and in compliance with laws and regulations.

2. BOARD OF DIRECTORS

COMPOSITION AND CATEGORY OF DIRECTORS

The Board of Directors consists of Four Directors

Name of Directors	Category
Shri Kayum R. Dhanani	Promoter Executive Director
Shri Biji Paul	Independent Non Executive Director
Smt. Shamim Sheikh	Promoter and Non Executive Director
Shri Abbas Sheikh	Non Executive Independent Director

Meetings and Attendance

The Board of Directors meets at least once in quarter to approve the financial results in compliance with Listing Agreement and more often, if considered necessary, to transact any other business.

No Director is a member of more than ten committees or Chairman of more than five committees in other Companies in which they are Directors.

During the year under review, seven Board meetings were held on 30/06/2008, 31/07/2008, 24/09/2008, 27/10/2008, 12/12/2008, 31/01/2009 and 11/02/2009.

Attendance of directors at the meetings of the Board of Directors held during the year and Annual General Meeting held on 30th September 2008 is as follows.

Name of Director	No. of Board Meetings attended during 2008-09	Whether Present at the last AGM
Shri Kayum R. Dhanani	7	Yes
Shri Biji Paul	7	Yes
Smt. Shamim Sheikh	7	No
Shri Abbas Sheikh	7	Yes

AUDIT COMMITTEE

The terms of reference of the Audit committee apart from those specified in the Listing Agreement of the Stock Exchange broadly pertain to review of business practices, review of investment policies, review of compliance and review of systems and controls. The Audit committee consists of three Non-executive Directors viz. Shri Biji Paul, Smt. Shamim Sheikh and Shri Abbas Sheikh. In addition to the Audit committee members, the Managing Director, Head of accounts and the Statutory Auditors attend the meetings.

During the year under review, Audit committee meetings were held **four times** on 30th June 2008, 31st July 2008, 27th October 2008 and 31st January 2009 under the Chairmanship of Shri Biji Paul, which were attended by all the Members of the Audit committee.

REMUNERATION COMMITTEE

At present there is no Remuneration committee. No Executive Director is paid any remuneration. However, the said committee will be constituted as and when required.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance committee is headed by Shri Biji Paul, a non executive Independent Director In order to expeditiously approve transfer etc the Board of Directors at its meeting held on 30th June, 2008 has individually, authorized Mr. Asif Razzak Dhanani, Mr. N.M. Patel and Mr. Biji Paul, officers of the company in the best interest of the investors and dissolved share transfer committee. The said authorized persons will approve transfer / transmission/ transposition/ issue of duplicate share certificates in lieu of lost /misplaced/ worn out etc. Share certificate, issue of fresh share certificate in lieu of rematerialization of shares, consolidation and division and incidental matters relating to shares.

GENERAL BODY MEETINGS

Locations and time, of last three Annual General Meetings held.

Details of AGM*	Location	Date & Time
Fourteenth	Regd. Office of the Company at Plot No.1135, At & Post Lamdapura, Near Manjusar, Taluka Savali, Dist. Vadodara	30/9/06 at 12.00 Noon
Fifteenth	-do-	29/9/07 at 12.00 Noon
Sixteenth	-do-	30/9/08 at 12.00 Noon

NOTES ON DIRECTORS APPOINTMENT /RE-APPOINTMENT

Mr. Abbas A. Sheikh, Director of the company is retiring by rotation and is eligible for re-appointment.

DISCLOSURES

None of the transactions with any of the related parties were in conflict with the interest of the Company.

There has been no non-compliance by the Company, no penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during last three years.

GENERAL SHAREHOLDERS INFORMATIONS

17th Annual General Meeting :

Date : 29th September, 2009
Time : 12.00 Noon
Venue : *Registered office of the Company*
at Plot No. 1135,
At & Post: Lamdapura,
Near Manjusar,
Ta. : Savli, Dist: Vadodara.

Financial calendar

Unaudited results for the quarter ending on 30th June, 2009	July, 2009
Unaudited results for the quarter ending on 30 th September, 2009	October, 2009
Unaudited results for the quarter ending on 31 st December, 2009	January, 2010
Unaudited results for the quarter ending on 31 st March, 2010	June, 2010

Dates of book closure : Monday, the 28th September, 2009 to Tuesday, the 29th September, 2009 (both days inclusive)

Listing on the Stock Exchanges

The Bombay Stock Exchange Ltd.
Vadodara Stock Exchange Ltd.
Ahmedabad Stock Exchange Ltd.
Madras Stock Exchange Ltd.

Stock code BSE-526431

ISIN No. of the Company's Equity: INE662D01013
Shares in demat form :

Depository Connectivity : CDSL

Registrar and share transfer Agent : **LINK INTIME INDIA PRIVATE LTD.**
308, 1ST Floor, Jaldhara Complex,
Opp. Manisha Crossing,
Old Padra Road, Vadodara- 390015.
Ph : 0265-2250241 Fax: 0265-2250246
Vadodara@intimespectrum.com

Share transfer, transmission and dematerialization of shares are registered and returned well within the stipulated period.

Stock Market Data.

Since no trading of shares has taken place at any of the stock exchanges where shares of the company are listed, stock market data have not been furnished.

Distribution of Shareholding: (as on 31st March, 2009)

Range of Holding	No.of Shareholders	% to total shareholders	No. of shares	% to total shares
1-500	3666	93.4013	624500	14.0612
501 – 1000	142	3.6178	116300	2.6186
1001 – 2000	40	1.0191	63100	1.4207
2001 – 3000	08	0.2038	19700	0.4436
3001 – 4000	14	0.3567	55500	1.2496
4001 – 5000	13	0.3312	64300	1.4478
5001 – 10000	11	0.2803	91100	2.0512
10001 & above	31	0.7898	3406800	76.7073
TOTAL	3925	100.0000	4441300	100.0000

Shareholding pattern (as on 31st March, 2009)

Category	No. of shares held	% of total shares
Promoters	695700	15.66
Financial institutions	60000	1.35
Bodies Corporate	2547000	57.35
Indian Public (Resident Individual)	1107600	24.94
Non-Resident Individuals/OCBs	31000	0.70

Break up of shares in physical and Demat Segment (As on 31st March, 2009)

Segment	No. of Shares held	% to total Shares
Physical	3036000	68.36 %
Demat	1405300	31.64 %
Total	4441300	100.00 %

Address for communication:**LINK INTIME INDIA PRIVATE LTD.**

308, 1st Floor, Jaldhara Complex,
Opp. Manisha Crossing,
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Vadodara- 390015.
Ph : 0265-2250241
Fax: 0265-2250246
E-mail: Vadodara@intimespectrum.com

Secretarial Department**WELTERMAN INTERNATIONAL LIMITED**

Plot No. 1135,
At & Post Lamdapura,
Near Manjusar,
Taluka Savali, District. Vadodara.
Ph 02667-262228
Fax 02667-264020

Outstanding GDR/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

Not Applicable as the company has not issued such instruments.

Project location

Plot No. 1135,
At & Post Lamdapura, Near Manjusar,
Taluka Savali, Dist. Vadodara. Gujarat.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Industry structure and Developments**

India is the second largest footwear manufacturer in the world next to China. However, China, contributing around 58% market share of world, has mainly concentrated in small and cottage industries without brand image. The Indian Leather industry growing at around 10% p.a. has been carving its share by focusing on innovative designs, state of the art production and reliable delivery schedules.

Opportunities, outlook and Threats

With the opening up of FDI in the retail sector, the Company in industry is facing stiffer competition from foreign and domestic retail players. Moreover large chunk of income is eaten away in the payment of interest. The Company has also repaid to some of the lenders which would reduce the interest burden of the company. Reference of the Company with the Board for Industrial & Financial Reconstruction (BIFR) as a sick company is also pending and on sanction of Rehabilitation scheme for which your Company has already been negotiating; financial position of the company may improve.

Threats and Risks

Stiff competition, increasing input costs and delay in the sanction of the scheme has worsened the financial position of the company.

However, your Directors have been putting their best efforts to tide over the situation and are optimistic for the better future on sanction of the scheme.

Financial performance with respect to operational performance

In view of stiffer competition, total income of the previous year of the Company has reduced from Rs. 3,00,82,763 to Rs. 2,79,39,006 during the year under review by around 7.3 %. However the Company has been able to reduce loss from Rs. 2,05,13,383 of the previous year to Rs. 70,18,507 which works around 65.79%. However with the payment of part of the loan and likely sanction of Rehabilitation scheme, interest burden of the Company is likely to reduce. But in the meantime in view of persistent unviability of the Business, operations of the Company are presently suspended.

Internal Control system and their efficacy

The Company has by and large adequate internal control procedures commensurate with the size of the Company and nature of business especially with regard to purchase of inventory, fixed assets and for sale of goods.

Statutory Compliances

The Company has been by and large compliant of laws including payment of all statutory dues except sales tax dues payable in view of expiry of tax holiday period.

Quality

The Company has been focusing on upgradation of quality and innovation.

Material Developments in Human Resources/ Industrial Relations

Industrial Relations remained cordial throughout the year under review.

Cautionary statement

Statement in this management analysis detailing the Company's objectives, projections, estimates, expectations, or predictions may be "forward looking" statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that may influence your Company's operations include Global and domestic supply and demand conditions affecting selling prices, input availability and prices, changes in Government policies, regulations, tax regimes, economic development within and outside the country and other allied factors. The Company assumes no responsibility to publicly amend, modify or revise the forward looking statement on the basis of subsequent developments, information or events.

CEO CERTIFICATE

This is to certify to the best of my knowledge and belief:

- a. That I have reviewed the Balance Sheet and Profit and Loss Account and all its schedules and notes on accounts, as well as the Cash Flow Statement and the Directors' Report;
- b. That these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
- c. These statements together present a True and Fair view of the Company and are in compliance with the existing accounting standards and / or applicable laws / regulations;
- d. I am responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the company and I will disclose to the auditors and the audit committee, deficiencies in the design and operations of internal controls, if any, and will also disclose the measures taken to rectify those deficiencies;
- e. There is no instance of significant fraud that involves management or employees having a significant role in the Company's internal control system; and
- f. I have indicated to the auditors, the Audit Committee and in the notes on accounts, whether or not there were significant changes in internal control and / or of accounting policies during the year.

For WELTERMAN INTERNATIONAL LTD.

Place : Vadodara
Date : 30.07.2009

(Kayum R. Dhanani)
Managing Director

AUDITORS' CERTIFICATE

To:

The Shareholders,

We have examined the compliance of conditions of Corporate Governance by Welterman International Limited for the year ended on 31st March, 2009 as stipulated in the Listing Agreement of the said Company with stock exchange.

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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that in respect of investor grievances received during the year ended 31st March, 2009, no investor grievances are pending against the Company as per the records maintained and information given by the Company and presented to the Shareholders' Grievance Committee.

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

**For PARIKH SHAH CHOTALIA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**(D. P. SHAH)
PARTNER**

VADODARA, 30TH JULY, 2009

AUDITORS' REPORT

To,
**THE MEMBERS,
WELTERMAN INTERNATIONAL LIMITED
VADODARA.**

We have audited the attached **BALANCE SHEET** of **WELTERMAN INTERNATIONAL LIMITED**, as at **31st March, 2009** and also the **PROFIT AND LOSS ACCOUNT** of the Company for the year ended on that date annexed thereto both of which we have signed under reference of this report. 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex here to a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. 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. In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of these books and the aforementioned Balance Sheet and Profit and Loss Account are in agreement therewith.
 - ii. In our opinion, these accounts have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except **Accounting Standard 28 Impairment of Assets**.

The effect due to non-compliance of AS 28 could not be quantified in absence of availability of carrying amount and recoverable amount of the Assets.

- iii. On the basis of our review of the confirmations made available to us from the companies in which the directors of the Company are directors and the information and explanations given to us, none of the directors of the Company is prima facie as at 31st March, 2009, disqualified from being appointed as director of the Company under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- iv. In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with the notes appearing in the Schedule of Significant Accounting Policies and Notes on Accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fairview in conformity with the accounting principles generally accepted in India:
 - a) in the case of Balance Sheet, of the **STATE OF AFFAIRS** of the Company as at 31st March, 2009;
 - b) in the case of the Profit and Loss Account, of the **LOSS** of the Company for the year ended on that dateand
 - c) in the case of Cash Flow Statement, of the **CASH FLOWS** for the year ended on that date.

**For PARIKH SHAH CHOTALIA & ASSOCIATES
CHARTERED ACCOUNTANTS**

VADODARA, 30TH JULY, 2009

**(D. P. SHAH)
PARTNER**

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 OF WELTERMAN INTERNATIONAL LIMITED :

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that :-

i. Fixed Assets

- (a) *The Company has been in the process of updating the maintenance of records showing particulars, including quantitative details and situation of fixed assets, however they are yet to be updated.*
- (b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification-programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. ***According to the information and explanations given to us, discrepancies could not be ascertained on physical verification as book records are being updated.***
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.

ii. Inventory

- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account.

iii. Loans and Advances

- a) The Company has not granted any unsecured loan to any party covered under Section 301 of the Companies Act, 1956. During the year under Report.
- b) The Company has taken Secured Loan from one party covered under sec.301 of the Companies Act, 1956. The Maximum outstanding during the year for such Loan was Rs. 921.72 Lacs. The year end balance of the Loan was Rs. 921.72 Lacs.
- c) According to the information and explanations given to us, the Company had to its credit unsecured loans amounting to Rs.925.57 Lacs at the beginning of the year, accepted from five parties listed in the register maintained under Section 301 of the Companies Act, 1956. The year end balance from such parties was Rs. 323.62 Lacs.

- c) Interest on these loans is not paid nor has been provided because of the stipulations in the Loan Agreements of the financial institutions, other terms on which they have been accepted are not prejudicial to the interests of the company

iv. Internal Control

In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of our audit, no major weakness in internal control has come to our notice.

v. Related Transactions

- (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations made to us, we are of the opinion that, the transactions in which directors were interested as contemplated under Section 297 and sub-section (6) of Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.

vi. Deposits from Public

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit to which the provisions of Section 58A of the Companies Act 1956 and Rules made thereunder and also the directives of Reserve Bank of India apply.

vii. Internal Audit

In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii. Cost Records

In our opinion and according to the information and explanations given to us, the provisions for maintenance of Cost Records and Accounts as prescribed by the Central Government under Section 209 (1)(d) do not apply.

ix. Payment of Statutory Dues

- (a) According to the records of the Company, it has been regular in depositing undisputed statutory dues including provident fund, Income tax, Sales tax, Excise Duty, Customs Duty, Cess and other Statutory Dues and there are no arrears outstanding as at year end for a period of more than six months from the date they became payable. ***However the Company has not paid Sales Tax amounting to Rs.70,06,695 /- which the company is liable to pay upon expiry of the tax holiday availed by the Company as deferment of Sale tax as prescribed by the State Government***

x. Accumulated Losses / Cash Losses

As at 31st March, 2009, the accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash loss in the year under report. However it has not incurred cash loss for the preceding financial year.

xi. Default in payments of dues

Company has repaid to UBI and IFCI on One Time Settlement basis and has been in process of repaying to GSFC under similar terms.

xii. Grant of Secured Loans and Advances

As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.

xiii. Special Statute-Chit Fund Companies, Nidhis/Mutual Benefit Fund/Societies

Not Applicable to Company.

xiv. Company dealing in Trading in Shares, Securities, etc.

Not Applicable to Company.

xv. Provision of Guarantee

According to the information and explanations given to us, and the representations made by the management and as per the books of account verified by us, the Company has not given any guarantees for loans taken by others from bank or financial institutions.

xvi. Term Loans

During the year under reference, Company has not borrowed any amount by way of Term Loan.

xvii. Usage of Funds

According to the information and explanations given to us and upon examination of the books of accounts of the Company, no Long Term funds have been introduced in the Company during the year.

xviii. Preferential Allotments

The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix. Creation of Security for Debenture Issue

The company has not issued debentures.

xx. Disclosure of End use of Funds

The Company has not raised any money during the year through any public issue.

xxi. Frauds

According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.

**For PARIKH SHAH CHOTALIA & ASSOCIATES
CHARTERED ACCOUNTANTS**

VADODARA, 30TH JULY, 2009

**(D. P. SHAH)
PARTNER**

BALANCE SHEET AS AT 31ST MARCH, 2009

		AS AT 31.03.2009		AS AT 31.03.2008	
	Schedule	Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	43,982,500		43,982,500	
Reserves and Surplus	2	<u>2,500,000</u>	46,482,500	<u>2,500,000</u>	46,482,500
Loan Funds					
Secured Loans	3	95,992,186		32,671,755	
Unsecured Loans	4	<u>42,421,871</u>	<u>138,414,057</u>	<u>102,617,903</u>	<u>135,289,658</u>
			<u>184,896,557</u>		<u>181,772,158</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	73,270,136		73,242,636	
Less : Depreciation		57,196,572		<u>55,201,450</u>	
Net Block			16,073,564		18,041,186
Capital Work in Progress			20,135,932		20,135,932
Investments	6		7,696,000		
Current Assets, Loans and Advances					
Inventories		3,276,019		5,977,739	
Sundry Debtors		3,385,234		5,338,493	
Cash and Bank Balances		739,147		1,107,529	
Loans and Advances		<u>2,128,346</u>		<u>10,013,461</u>	
		9,528,746		22,437,222	
Less :Current Liabilities and Provisions					
Current Liabilities		8,677,990		10,405,903	
Provisions		<u>1,597,058</u>		<u>1,817,122</u>	
		10,275,048		12,223,025	
Net Current Assets			(746,302)		10,214,197
Miscellaneous Expenditure			1,752,019		448,006
Profit and Loss Account			<u>139,985,344</u>		<u>232,932,837</u>
			<u>184,896,557</u>		<u>181,772,158</u>

Notes on Accounts 15

As per our report of even date attached
For PARIKH SHAH CHOTALIA & ASSOCIATES
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

(D. P. SHAH)
PARTNER

(KAYUM R. DHANANI)
MANAGING DIRECTOR

(BIJI PAUL)
DIRECTOR

VADODARA, 30th JULY, 2009

VADODARA, 30th JULY, 2009

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

		FOR THE YEAR ENDED 31.03.2009	FOR THE YEAR ENDED 31.03.2008
	Schedule	Rupees	Rupees
INCOME	9		
Sales		27,752,122	29,979,396
Less : Excise Duty		34,674	-
Net Sales		27,717,449	29,979,396
Other Income	10	221,558	103,367
		27,939,006	30,082,763
EXPENDITURE			
Materials	11	12,130,588	7,537,442
Manufacturing Expenses	12	3,766,876	5,408,477
Employees' Emoluments	13	10,857,536	12,916,375
Interest		3,611,431	19,839,266
Selling and Administration Exp.	14	2,595,961	2,650,845
Depreciation	5	1,995,121	2,243,739
		34,957,513	50,596,144
Loss for the Year		(7,018,507)	(20,513,381)
Prior Period and Extra Ordinary Items			
Provisions for FBT		(34,000)	(30,000)
(LOSS) AFTER TAXES		(7,052,507)	(20,543,381)
Balance Brought Forward		(132,932,837)	(112,389,456)
Balance Carried to Balance Sheet		(139,985,344)	(132,932,837)
Notes on Accounts	14		

As per our report of even date attached

For and on behalf of the Board of Directors

FOR PARIKH SHAH CHOTALIA & ASSOCIATES
CHARTERED ACCOUNTANTS

(D. P. SHAH)
PARTNER

(KAYUM R. DHANANI)
MANAGING DIRECTOR

(BIJI PAUL)
DIRECTOR

VADODARA, 30th JULY, 2009

VADODARA, 30th JULY, 2009

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31.03. 2009 Rupees	AS AT 31.03.2008 Rupees
SCHEDULE ' 1 '		
SHARE CAPITAL		
Authorised		
60,00,000 Equity shares of Rs. 10/- each	<u>60,000,000</u>	<u>60,000,000</u>
Issued, Subscribed and Paid-up		
44,41,300 Equity Shares of Rs.10/- each, 44,413,000		44,413,000
Less : Allotment Money Due <u>430,500</u>	<u>43,982,500</u>	<u>43,982,500</u>
SCHEDULE ' 2 '		
RESERVES AND SURPLUS		
State Subsidy	<u>2,500,000</u>	<u>2,500,000</u>
	<u>2,500,000</u>	<u>2,500,000</u>
SCHEDULE ' 3 '		
SECURED LOANS		
TERM LOANS		
From industrial Finance Corporation of India Secured by way of First Charge by Creation of Equitable Mortgage of Factory Land and Building situated at village Lamdapura and all immovable properties of the Company both present and future and also by way of hypothecation of Plant and Machinery and other movable assets, save book debts, bills of exchanges, stocks of materials, stores, spares and parts both present and future and also secured by way of a Second Charge on all the Current Assets of the Company.		29,126,000(
From Sara Soule Private Limited.	9,217,2032	-
(Secured by way of Execution of an agreement to create mortgage and charged by the company in favour of the landers.)		
From Gujarat State Finance Corporation	3,820,154	3,545,755
(Secured by way of Hypothecation charge on few of the machines of the company under the hire Purchase scheme)		
Note: All the above loans are guaranteed by some of the Directors of the Company.		
	<u>95,992,186</u>	<u>32,671,755</u>

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31.03.2009		AS AT 31.03.2008	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE ' 4 '				
UNSECURED LOANS				
Loans from Body Corporates	17,272,110		77,468,142	
Loans from Director	18,143,065		18,143,065	
Sales Tax Deferred Loan	<u>7,006,696</u>		<u>7,006,696</u>	
		<u>42,421,871</u>		<u>102,617,903</u>
SCHEDULE ' 6 '				
INVESTMENTS				
LONG TERM INVESTMENTS IN				
SHARES (UNQUOTED)				
Equity Shares (Fully Paid Up)	7,696,000			-
Ahilya Hotels Limited				
[1,92,400 Equity shares of Rs. 10/- each		<u>7,696,000</u>		
(issued at Rs. 40/- each)				
SCHEDULE ' 7 '				
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories				
Raw Materials	1,063,745		2,309,795	
Consumable Stores	533,049		888,768	
Machinery Parts	612,591		765,307	
Packing Materials	43,440		74,967	
Goods in Progress	190,129		605,580	
Finished Goods	<u>833,065</u>	3,276,019	<u>1,333,322</u>	5,977,739
[Inventories taken, valued and certified by the Management.Method of Valuation is stated in Note 1(D) of Schedule 14.]				
Sundry Debtors				
UnSecured, Considered Doubtful	151,304		1,129,705	
UnSecured, Considered Good				
Over six months	381,060		29,928	
Others	<u>2,852,870</u>	3,385,234	<u>4,178,860</u>	5,338,493
Cash and Bank Balances				
Cash on hand	25,540		35,462	
Bank Balances With Schedule				
Banks in current accounts	<u>713, 607</u>	739,147	<u>1,072,067</u>	1,107,529
Loans and Advances				
(Advances recoverable in cash or in kind, or for value to be received)				
Advances to Suppliers	612,000		612,000	
Advance to Corporates	-		7,696,000	
Pre Paid Expenses	89,225		62,456	
Loans to Employees	490,700		502,569	
Deposits with Government Departments	170,851		170,551	
Balance With Excise Department	-		7,220	
Tax Deducted at Source and FBT	<u>765,570</u>	2,128,346	<u>962,666</u>	10,013,461
Total		<u>9,528,746</u>		<u>22,437,222</u>

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE '5' FIXED ASSETS AND DEPRECIATION

Sr. No.	DESCRIPTION OF ASSET	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
		As at 01.04.08 Rupees	Additions In 2008-09 Rupees	Deductions In 2008-09 Rupees	As at 31-03-09 Rupees	As at 01.04.08 Rupees	For 2008-09 Rupees	Recouped 2008-09 Rupees	As at 31.03.09 Rupees	As at 31-03-09 Rupees	As at 31-03-08 Rupees
1.	Land and Land Development	1,397,950	-	-	1,397,950	-	-	-	-	1,397,950	1,397,950
2.	Buildings	11,640,060		-	11,640,060	5,660,215	388,778	-	6,048,993	5,591,066	5,979,845
3.	Plant & Machinery	53,719,513	22,950	-	53,742,463	44,800,930	1,245,290	-	46,046,220	7,696,243	8,918,583
4.	Furniture & Fixtures & Dead Stock	5,909,201	4,550	-	5,913,751	4,675,838	298,578	-	4,974,416	939,335	1,233,413
5.	Computers	117,160	-	-	117,160	-	18,992	-	18,992	98,168	117,108
6.	Vehicles	458,752	-	-	458,752	64,467	43,483	-	107,950	350,802	394,285
	Total	73,242,636	27,500	-	73,270,136	55,201,450	1,995,121	-	57,196,571	16,073,564	18,041,184
	Previous Year	73,600,000	574,669	932,033	73,242,636	53,889,144	2,243,739	931,433	55,201,452	18,041,186	19,710,856
	Capital Work in Progress	20,135,932			20,135,932					20,135,932	20,135,932

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31.03.2009		AS AT 31.03.2008	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE ' 8 '				
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors		8,677,990		10,405,903
Provision for FBT		64,000		30,000
Provision for Gratuity and Leave Encashment		1,533,058		1,787,122
		<u>10,275,048</u>		<u>12,223,025</u>

	For the year ended 31.03.2009		For the year ended 31.03.2008	
	Rupees	Rupees	Rupees	Rupees

SCHEDULE ' 9 '
SALES

Domestic Sales	16,022,688		14,763,325	
Export Sales	719,464		862,236	
Processing Charges (TDS Deducted Rs.)	7,369,970	24,112,122	14,353,835	29,979,396
Traded Goods		3,640,000		-
		<u>27,752,122</u>		<u>29,979,396</u>

SCHEDULE ' 10 '
OTHER INCOME

Duty Drawback	23,249		23,554	
Interest Earned	36,086		18,869	
Miscellaneous Income	162,223		47,380	
Discount	-		9,862	
	<u>221,558</u>		<u>99,665</u>	

SCHEDULE ' 11 '
MATERIALS
Raw Materials Consumption

Stock at commencement	2,309,794		873,571	
Add : Purchase	6,631,164		8,941,816	
	8,940,958		9,815,387	
Less : Closing Stock	1,063,745	7,877,213	2,309,795	7,505,592

Variance in Stocks
Stock at close

Work-in-process	190,129		605,580	
Finished Goods	833,065		1,333,322	
	<u>1,023,194</u>		<u>1,938,902</u>	

Less: Stock at Commencement

Work-in-process	605,580		316,914	
Finished Goods	1,333,322		1,653,838	
	<u>1,938,902</u>		<u>1,970,752</u>	

Stock decreased by		915,708		31,850
Purchases of Traded Goods		3,337,667		
		<u>12,130,588</u>		<u>7,537,442</u>

**SCHEDULES FORMING PART OF ACCOUNTS**

	For the year ended 31.03.2009	For the year ended 31.03.2008
	Rupees	Rupees
SCHEDULE ' 12 '		
MANUFACTURING EXPENSES		
Power and Fuel	1,004,849	1,269,428
Repairs to:		
- Machinery	502,617	584,560
- Building	<u>37,569</u>	<u>53,201</u>
Dies and Tooling Expenses	11,662	127,336
Job Work Charges	-	939
Stores Consumption	2,192,714	3,361,072
Factory Expenses	17,465	11,941
	<u><u>3,766,876</u></u>	<u><u>5,408,477</u></u>
SCHEDULE ' 13 '		
EMPLOYEES' EMOLUMENTS		
Salaries, Wages, Bonus etc.	10,108,539	10,408,594
Contribution to P.F and Other Funds	497,954	545,424
Workmen and Staff welfare Expenses	251,043	175,236
Gratuity and Leave Encashment	-	1,787,121
	<u><u>10,857,536</u></u>	<u><u>12,916,375</u></u>
SCHEDULE '14'		
SELLING AND ADMINISTRATION EXPENSES		
Rates and Taxes	15,712	49,000
Printing and Stationery	86,656	118,736
Postage and Telephone Expenses	96,984	110,329
Travelling and Conveyance Expenses	147,094	175,330
Vehicle Expenses	439,734	391,814
Insurance Premium	73,220	77,987
Bank Charges	44,113	21,988
Audit Fees and Professional Charges	798,595	617,329
Others Repairs	13,795	47,113
General Expenses	257,869	187,264
Security Expenses	282,719	283,074
Packing and Forwarding Expenses	316,383	412,718
Selling Expenses	15,762	152,168
Banking Cash Transaction Tax	7,325	5,995
	<u><u>2,595,961</u></u>	<u><u>2,650,845</u></u>

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

PARTICULARS	FINANCIAL YEAR (Rs. in Lacs)			
	2008- 2009		2007- 2008	
	Amt. Rs.	Amt. Rs.	Amt. Rs.	Amt. Rs.
A) CASH FLOW FROM OPERATING ACTIVITIES				
NET LOSS BEFORE TAX AND EXTRAORDINARY ITEMS		(70.53)		(205.43)
Add:- Adjustments for:				
Depreciation	19.95		22.44	
Interest paid	36.11		198.39	
Interest received	(0.36)		(0.19)	
Loss on Sale of Asset	-	55.70	-	220.64
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES (A)		(14.82)		15.20
Adjustments for:				
Trade and Other Receivables	98.38		(25.18)	
Inventories	27.02		(12.52)	
Trade payables	(19.48)	105.92	52.26	
(B)				14.56
CASH GENERATED FROM OPERATIONS C = (A+B)		91.10		29.76
Interest Paid	-		-	
Excess provision for income tax	-		0.30	
Payment on VRS to be Amortised in future years	(13.04)		(2.00)	
Prior Period and Extra Ordinary Items	0.01	(13.03)	-	(1.70)
NET CASH FROM OPERATING ACTIVITIES		78.07		28.06
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Increase in Investments	(76.96)			
Purchase of Fixed Assets	(0.28)		(5.75)	
Sale of Fixed Asset	-		-	
Interest received	0.36		0.19	
NET CASH FLOW FROM INVESTING ACTIVITIES		(76.88)		(5.55)
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	(36.11)		(198.39)	
Short Term Borrowings accepted	319.76		575.47	
Long Term borrowings repaid	(288.52)	(4.87)	(398.71)	(21.63)
NET CASH GENERATED FROM FINANCING ACTIVITIES				
Net Increase in cash and cash equivalents		(3.68)		0.88
Cash and Cash equivalent as at the beginning of the year		11.07		10.19
Cash and Cash equivalent as at the end of the year		7.39		11.07

Notes: Figures in brackets indicate disposition of funds and others indicate generation of funds except the figures of cash and cash equivalents at the beginning and at the end of the years

For and on the behalf of the Board of Directors

KAYUM R. DHANANI
MANAGING DIRECTOR

BIJI PAUL
DIRECTOR

VADODARA, 30TH JULY, 2009

AUDITORS' CERTIFICATE

We have verified the attached Cash Flow Statement of Welterman International Ltd. for the year ended 31st March, 2009. This statement has been compiled by the Company from the audited financial statement for the year ended 31st March, 2009 and 31st March 2008. We found the same to be in accordance with the requirement of clause 32 of the listing agreement with stock exchange.

**For PARIKH SHAH CHOTALIA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**(D. P. SHAH)
PARTNER**

VADODARA, 30TH JULY, 2009

SCHEDULES FORMING PART OF ACCOUNTS**SCHEDULE ' 15 '****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES****(A) Basis of Presentation**

The accounts have been prepared using historical cost convention and on the basis of a going concern, with revenues recognised and expenses accounted for on accrual, including for committed obligations.

Where changes in presentation are made, comparative figures for the previous year have been regrouped accordingly.

(B) Fixed Assets

- (a) Capitalized at acquisition cost including directly attributable cost such as freight insurance and specific installation charge for bringing the asset to its working condition for use.
- (b) Expenditure relating to existing fixed assets is added to the cost of the assets where it increases the performance/life of the assets as assessed earlier.

(C) Depreciation

Depreciation is charged on Plant and Machineries as per Written Down Value method and on the Other Assets as per the Straight Line Method from the date of installation/use asset at the rates and in the manner prescribed under schedule X1V to the Companies Act, 1956.

(D) Investments

Long Term Investments are stated at cost less provision, if any, for decline other than temporary in their value.

(E) Valuation of Inventories

Inventories are valued as under :

- (a) Raw Materials, Work in Progress, Trading Goods and Finished Goods are valued at lower of Cost or Net Realisable Value using First in First Out Method.
- (b) Stores and Spares, Machinery Parts and Packing Materials are valued at cost using First in First out method.

(F) Sales

Sales are inclusive of Excise duty and exclusive of Sales Tax, VAT if any.

(G) Contingencies and Events Occurring After the Date of Balance Sheet

Accounting for contingencies (gains and losses) arising out of contractual obligations are made only on the basis of mutual acceptance.

Where material, events occurring after the date of Balance Sheet are considered up to the date of adoption of the accounts.

(H) Benefits to Workmen

Gratuity and encashment of earned privilege leaves are the retirement benefits available to the employees when they leave the job. Liabilities in respect of such benefits as on the last day of the year under report have been determined on the basis of actuarial valuation and have been provided in the books of accounts.

(I) Foreign Currency Transactions

Transactions in foreign currency are recorded at the rates of exchange in force at the time of occurrence of the transactions. Upon realisation, the resultant gain/loss are adjusted in the respective account.

(J) Payments made under VRS Scheme

Payments made under Voluntary Retirement Scheme, are amortised over a period of 5 Years commencing from the year of payment.

2. During the year Company paid Rs.18,00,018/- towards the Voluntary Retirement Scheme to the workmen who opted retirement. U/s 35DDA of the Income Tax Act, 1961, 1/5th of such amount becomes allowable in each year from the year in which such payments have been made. Accordingly, for the year under review, an amount of Rs. 3,60,004 has been debited under revenue for the year under report and similarly Rs.1,36,001 have been debited for the Previous Year.
3. Due to persistent unviability of the production unit, the Directors decided to close down the entire plant in May,2009 and hence the purchase – production – sales activity is closed.
4. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
5. Debit and Credit balances in party accounts are subject to confirmation and reconciliation. In absence of taxable income, provision for Income Tax has not been made.
6. No interest has been paid/ provided on unsecured loans obtained from the Promoters and Associate Companies as per the conditions imposed by financial institutions.
7. The Company has yet to comply provisions of Section 383-A of the Companies Act

1956 in respect of appointment of Company Secretary and provisions of Section 205-A of the Companies Act, 1956 in respect of payment of Dividend for the year 1995-96. However a Practicing Company Secretary has been appointed as a retainer.

8. In the absence of sufficient information, disclosure of particulars regarding unpaid amounts exceeding for 30 days to Small Scale Industrial Undertakings as defined under the Industries (Development and Regulation) Act, 1951 could not be made.
9. Interest on the Term Loan obtained from the Gujarat State Finance Corporation has not been provided for by the Company during the year just like in the previous years as the lender has treated Advance to the Company as Non-performing asset and has not intimated the Company for the charges of the interest. The Company being a sick industrial undertaking, it has been felt that such interest in all likelihood will be waived. However company is under the process of repaying the same on One Time Settlement basis.
10. Sara Soule Private Limited repaid the Company's Secured loan of Industrial Financial Corporation of India (IFCI) amounting to Rs. 9.21 Crores (Including Principal Rs. 5.02 Crores and Penal Interest of Rs. 0.33 Crore) at the behest of the Company. Sara Soule Pvt. Ltd. paid to IFCI Rs. 324.76 Lacs afresh during the year whereas the balance Rs. 596.96 Lacs has been paid by the company from the unsecured deposit of Sara Soule Pvt. Ltd. lying with the Company. The process of handing over the documents of title of property of the Company from IFCI to Sara Soule Pvt. Ltd. and creation of charge in its favour with the Registrar of Companies has been in progress, meanwhile interim legal document for creation of the charge in favour of Sara Soule has been executed.

11. Accounting for Taxes on Income AS – 22

The Company has not been liable to pay any Income-tax for the year as the Company has been in loss. Further the Company has huge Unabsorbed Business Losses and Unabsorbed Depreciation under the Income tax Act and hence its Deferred Tax Assets are much in excess of Deferred Tax Liabilities. Net deferred tax asset has not been recognised by the way of prudence in accordance with Accounting Standard – AS 22 relating to "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, in absence of virtual certainty of future profits.

12. Quantitative information in regard to class of goods manufactured by the Company.

Class of Goods	Unit of Measure	Installed Capacity Qty.	Manufactured Qty. for Job work		Manufactured Qty. for Sales	
			2008-2009	2007-2008	2008-2009	2007-2008
Soles	Pair	1200000	1,03,082	2,35,833	97,953	90,706
Heels	Pair	1200000	559	548	7,130	6,164
Welt	Mts.	1800000	93,750	2,50,295	2,000	27,203

13. Quantities and Sales value in respect of each class of goods dealt with by the Company.

Class of Goods Manufactured	Unit of Measure	2008-2009		2007-2008	
		Qty.	Sales Value Rupees	Qty.	Sales Value Rupees
Soles	Pair	100581	1,59,02,091	92206	1,50,34,564
Heels	Pair	7130	4,15,387	6210	4,00,381
Welts	Mts.	2000	29,000	27203	1,90,616
Job Work					
Soles	Pair	103900	71,47,292	235188	1,37,24,038
Heels	Pair	559	11,739	548	11,508
Welts	Mts.	93750	2,10,940	250295	6,18,289
Raw Material Sales	MT	10	20,80,000		
	PCS	5000	15,60,000		
Tunit Rubber Sheet	Sheet	1805	3,61,000		
Total			<u><u>2,77,17,449</u></u>		<u><u>2,99,79,396</u></u>

14. RAW MATERIALS CONSUMPTION

		Unit of Measure	2008-2009		2007-2008	
			Qty.	Value Rupees	Qty.	Value Rupees
(i)	Leather	Kgs.	24964	52,52,988	28017	51,65,957
(ii)	Massonite sheet	Nos.	4739	8,92,508	3923	10,56,782
(iii)	Rubber Sheet	Nos.	6247	12,10,107	4111	8,43,707
(iv)	Rubber Top lift	Nos./Pair	860	14,434	7872	1,56,966
(v)	Welt Sheet	Nons.	331	77,304	709	1,08,467
(vi)	Ready made Welts	Mtrs	753	12,965	1520	25284
(vii)	Leather Board	Nons.	27	2,86,391	16	1,48,429
(viii)	Horse shoes & Trips	Nons.	1275	1,30,516		
Total				78,77,213		75,05,592

All the Raw Materials consumed have been procured from indigenous sources and no imports have been made during the year.

15. Quantitative details and value in regard to closing stock of finished goods.

Class of Goods	Unit of Measure	2008-2009		2007-2008	
		Qty.	Value Rupees	Qty.	Value Rupees
Soles	Pair	11159	8,20,682	13787	13,33,322
Heel	Pair	203	12,383	-	-
TOTAL			8,33,065		13,33,322

16. Related Party Disclosure as per Accounting Standard 18 – “Related Party Disclosures”
I)

Related Party and its relationship	
Name of Related Party	Sara Suole Pvt Ltd.
Key Management Personnel	Kayum R. Dhanani (Managing Director)

II) Material Transactions with Related Parties

	Particulars	For The Year Ended on 31st March, 2009 (Amt in Rs.)	For The Year Ended on 31st March, 2008 (Amt in Rs.)
1	Sales of Trading Goods - to Sara Suole Pvt. Ltd.	40,81,020	6,10,727
2	Secured Loan taken during the year - from Sara Suole Pvt Ltd.	3,24,76,000	6,21,47,225
3	Processing Charges	2,64,938	-
4	Purchase of Goods	-	9,27,000

III) Outstanding at the end of the year

	Particulars	As at 31 st March,2009 (Amt in Rs.)	As at 31 st March,2008 (Amt in Rs.)
a)	Receivables from: Sara Suole Pvt.Ltd (Trade A/c)	2,65,720	-
b)	Payable to: Sara Suole Pvt.Ltd (Secured Loan) (Unsecured Loan)	9,21,71,032 24,51,193	- 6,25,47,225
	Sara Suole Pvt. Ltd (Creditor)	9,94,275	9,94,275
	Sara Suole Pvt.Ltd (Debtor A/c)	4,35,865	6,97,249
	Mr.Kayum R Dhanani (Unsecured Loan, Interest free)	1,81,43,064	1,81,43,064

17. Auditors' Remuneration

	<u>2008-2009</u> <u>Rupees</u>	<u>2007-2008</u> <u>Rupees</u>
Audit Fees	19,500	19,500
Tax Audit	4,000	4,000
Income Tax Matters	10,000	10,000
Fringe Benefits Tax Matters	4,000	4,000
Total	<u>37,500</u>	<u>37,500</u>

18. Imports, Expenditure and Earning in Foreign Currencies.

	<u>2008 – 2009</u> <u>Rupees</u>	<u>2007 – 2008</u> <u>Rupees</u>
(a) Expenses in Foreign Currencies: C.I.F value of Consumable Stores and Parts	34,84,894	3,10,996
(b) Earning in Foreign Currencies F.O.B. Value of Exports	7,19,137	8,62,236

19. Figures for the previous year have been regrouped, rearranged and recast wherever necessary so as to make them comparable with those of the current year.

20. Balance Sheet Abstract and Company's General Business Profile:**I REGISTRATION DETAILS OF THE COMPANY**

1	Registration Number	17613
2	State Code	04
3	Balance Sheet Date	31.03.2009

II CAPITAL RAISED DURING THE YEAR**Amt Rs.**

1	Public Issue	NIL
2	Right Issue	NIL
3	Bonus Issue	NIL
4	Private Placement	NIL

III DETAILS OF MOBILISATION AND DEPLOYMENT OF FUNDS**Amt Rs.**

1	Total Assets	184,896,557
2	Total Liabilities	184,896,557

SOURCES OF FUNDS**Amt Rs**

1	Paid up Capital	43,982,500
2	Reserve and Surplus	25,00,000
3	Secured Loans	95,992,186
4	Unsecured Loans	42,421,871

APPLICATION OF FUNDS**Amt. Rs.**

1	Net Fixed Assets	16,073,563
2	Work in Progress	20,135,932
3	Net Current Assets	(7,46,302)
4	Profit and Loss Account	(139,985,344)
5	Miscellaneous Expenditure	17,52,020

IV PERFORMANCE OF THE COMPANY**Amt. Rs.**

1	Turnover (Including Other Income)	27,939,006
2	Total Expenditure	34,957,513
3	Provision for Taxation (FBT)	34,000
4	Loss for the Year	(70,52,507)
5	Earning per Share	(1.59)
6	Dividend Rate %	NIL

V. GENERIC NAMES OF PRINCIPAL PRODUCTS

Sr.No.	Item Code Number(I. T.C. No.)	Product Description
1.	64069930	Manufacturing of Leather Soles

As per our report of even date attached

For **PARIKH SHAH CHOTALIA & ASSOCIATES**
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

(D. P. SHAH)
PARTNER**(KAYUM R. DHANANI)**
MANAGING DIRECTOR**(BIJI PAUL)**
DIRECTOR**VADODARA, 30TH JULY, 2009****VADODARA, 30TH JULY, 2009**



17TH ANNUAL GENERAL MEETING WELTERMAN INTERNATIONAL LIMITED

Regd. Off. : Plot No. 1135, At & Post - Lamdapura, Lamdapura Road, Tal. Savli, Dist. Vadodara.

ATTENDANCE SLIP

17th Annual General Meeting on Tuesday, the 29th September, 2009

Regd. Folio No. _____ No. of Shares held _____

Mr./Mrs./Miss _____

I certify that I am a Registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 17th Annual General Meeting on Tuesday, 29th the September, 2009 at Plot No. 1135, At & Post - Lamdapura, Lamdapura Road, Tal. Savli, Dist. Vadodara at 12.00 noon

Member's Proxy's name in Block Letters _____

Member's/Proxy's Signature _____

NOTES :

1. This Meeting is of Members only and you are requested not to bring with you any person who is not a member.
2. A member/proxy/authorised representative wishing to attend the meeting must complete this Attendance slip before coming to the Meeting and hand it over at the entrance.
3. If it is intended to appoint a proxy, the Form of Proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the Meeting.

WELTERMAN INTERNATIONAL LIMITED

Regd. Off. : Plot No. 1135, At & Post - Lamdapura, Lamdapura Road, Tal. Savli, Dist. Vadodara.

PROXY FORM

Regd. Folio No. _____ No. of Shares held _____

I/We _____ of _____

_____ in the district of _____ being a member/members of
WELTERMAN INTERNATIONAL LIMITED hereby appoint _____

_____ of _____

_____ of _____

_____ In the district of _____ or

failing him _____ of _____

_____ In the district of _____ or

failing him _____ of _____

_____ In the district of _____

as my / our Proxy to vote for me/us, on my/our behalf at the **17th ANNUAL GENERAL MEETING** of the Company to be held on Tuesday, the 29th September, 2009 at 12.00 noon and at any adjournment thereof.

AS WITNESS my/our hand this _____ day of _____, 2009.

Signed by the Said _____

Affix
1 Rupee
Revenue
Stamp

Note : The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

Book-Post

To,

If undelivered, please return to,

WELTERMAN INTERNATIONAL LTD.

Plot No. 1135, Lamdapura Road,

Near Manjusar, At & Post : Lamdapura – 391 775

Tal. Savli, Dist. Vadodara.